

Section 11 – Procurement Strategy

Our Procurement Policy complies with the Public Contracts (Scotland) Regulations 2015, and the Procurement Reform (Scotland) Act 2014. We have an established Framework for Consultants (Architect, Engineer, Quantity Surveyor/Employers Agent) which was renewed in 2020. We also have a Framework for Contractors for new build, rehabilitation, repair and major planned projects, which is in place until 2023. The 2015 Regulations no longer allow for tenders to be awarded solely on the basis of price, all procurements have to be awarded on the basis of the most economically advantageous tender (MEAT), which takes account of quality as well as price/cost. In procurement we seek to ensure value for money by procuring sustainably thereby ensuring long term best value.

BACKGROUND: Under the terms of the Procurement Reform (Scotland) Act 2014 a contracting authority which is likely to spend in excess of £5,000,000 in the next financial year is required to have a Procurement Strategy before the start of the year. The strategy for the period 2022-2023 is detailed below and has been developed in line with guidance published by the Scottish Government. It sets out the overarching principles that will govern procurement reflecting the requirements of the Act. The strategy for 2022-23 has been updated with a new Procurement Schedule for the period and to reflect the revised thresholds under the Public Contracts (Scotland) Regulations 2015. This strategy sets out our framework for ensuring that all regulated procurement activities contribute to our strategic objectives of: -

- Providing a variety of affordable housing and related services in a responsive and efficient way
- Continually delivering value for money for all our customers.

TERMINOLOGY: Public procurement rules vary depending on the type and value of the contract advertised. When contracts are above the GPA contract threshold values (known as regulated procurements) the relevant Regulations apply. The threshold is different, depending on which public body is advertising the contract and what they are buying, but for the purposes of the Procurement Reform (Scotland) Act 2014 the contract threshold is £50,000 for goods and services contracts and £2 million for works contracts, (known as “regulated procurements”). All regulated procurements must be advertised on the Public Contracts Scotland website. Contracts which are worth less than these amounts are known as “non-regulated procurements” and are subject to fewer rules. Some other terminology is defined specifically within the 2014 Act, (e.g., ‘value for money’, ‘community benefit requirements’), and this should be referred to for any clarification that is required.

CARRYING OUT FUNCTIONS AND ACHIEVEMENT OF PURPOSE: The association intends to ensure that its regulated procurements will contribute to the carrying out of its functions and the achievement of its purposes by: -

- Ensuring that all regulated procurement for goods, services and works contracts are in response to business needs.
- Ensuring that all regulated procurement is carried out in accordance with the Procurement Policy.
- Ensuring that all procurement is proportionate to the size and scale of the requirement.
- Ensuring that there is a clear audit trail associated with the procurement of all contracts whether deemed to be regulated or not.
- Consider the use of Community Benefit Requirements in regulated contracts.

VALUE FOR MONEY: The association will ensure that all regulated procurements deliver value for money by: -

- Ensuring that the optimum combination of whole life costs and quality or fitness for purpose is considered for all regulated procurements.
- All contracts are awarded on the basis of the most economically advantageous tender which balances price and quality.

DUTIES UNDER THE PROCUREMENT REFORM (SCOTLAND) ACT 2014: The association will ensure that all regulated procurements are carried out in compliance with the following duties: -

- 1 To treat relevant economic operators equally and without discrimination by ensuring that all regulated procurement is advertised in compliance with the 2014 Act, the Public Contracts (Scotland) Regulations 2015, the Procurement (Scotland) Regulations 2016 and in accordance with the Policy on Procurement.
- 2 To act in a transparent and proportionate manner by ensuring that all regulated procurements are either:
 - i. Advertised on the Public Contracts Scotland website, or
 - ii. Awarded through a Framework established under the terms of the Public Contracts (Scotland) 2015 Regulations by the association, or to which the association has access.

All regulated procurements will:

- i. Use electronic communication when communicating with suppliers.
- ii. Be clear and precise in the language used to detail the requirements.
- iii. Utilise the Single Procurement Document (SPD) when seeking potential suppliers.

For unregulated contracts the association will use proportionate means to make our requirements known to the market for example by, but not limited to:

- i. Utilising the Quick Quotes facility.
- ii. Advertising in trade journals if appropriate.
- iii. Identifying local suppliers through open public and market engagement.

SUSTAINABLE PROCUREMENT DUTY: The association will ensure that in all regulated procurements it will consider how, when framing the contract requirements it could contribute to the following: -

- i. Improving the economic, social and environmental wellbeing in particular reducing inequality of the East End of Glasgow, our main area of operation.
- ii. Facilitating the involvement of small and medium enterprises, third sector bodies and supported businesses^[1] in the process.
- iii. Promoting innovation.

COMMUNITY BENEFIT REQUIREMENTS: These will deliver outcomes that are in the best interests of the local community and deliver more than economic benefits. The duration and value of the contract will be assessed to determine how the contract could contribute to the association's Community Regeneration Objectives of: -

- i. Increasing residents' digital skills and their ability to access the internet.
- ii. Increase the job readiness of people in our communities who are furthest from the labour market.
- iii. Help people and groups in our communities to improve their skills, abilities and confidence.

- iv. Maximise the income of people in our communities who are dependent on benefits.
- v. Improve the local environment in our communities.
- vi. Develop new funding streams in order to sustain our projects long term.

Such requirements may be specified to support the existing Community Regeneration programmes developed by the association either:

- a) By means of a financial contribution proportionate to the contract value and duration or
- b) By means of an in-kind contribution to be agreed and monitored by the association.

CONSULTATION AND ENGAGEMENT: Where our customers are affected by a procurement process we will consult and engage with those affected in line with our strategy for Customer Engagement and the requirements of the Scottish Social Housing Charter.

LIVING WAGE: In all regulated procurements we will seek information with regard to the policy of the economic operator in relation to payment of the living wage and where appropriate commitment to fair work practices. Payment of the living wage itself will not be a condition of any assessment process with regard to selection of the economic operator, but an assessment of fair work practises may be used to assess the contribution to the sustainable procurement duty in relation to improving the economic and social wellbeing of the area.

HEALTH AND SAFETY AT WORK: Promote compliance with the Health and Safety at Work Act 1974, (c37) by requiring information in relation to policies of the economic operators and details of any failures as part of the assessment process. For all works and services contracts the selection process will ensure that all contractors and sub-contractors invited to participate will have to demonstrate their compliance with the Health and Safety at Work Act 1974. For contractors this will be assessed at Pre-qualification stage by either a 3rd party accreditation or policy. At tender stage contractors will be required to confirm that all sub-contractors are compliant with the terms of the Act.

FAIRLY AND ETHICALLY TRADED GOODS AND SERVICES: Ensure that the procurement requirements relating to fairly and Ethically Traded Goods and Services are applied in a relevant, proportionate and legally compliant manner.

PAYMENTS: The association will as far as reasonably practicably ensure that:

- i. Regulated contracts include the provision to require the contractor to make payment to any sub-contractor within 30 days of invoice.
- ii. Regulated contracts include the provision that all sub-contractors of the main contractor will be required to make payments to their subcontractors within 30 days of invoice.
- iii. In accordance with the Financial Regulations ensure that payments under contracts are made timeously in accordance with relevant contract condition.
- iv. Where sub-contractors are involved a system of monitoring compliance by means of Key Performance Indicators will be agreed with the main contractor.

ANNUAL PROCUREMENT REPORT: We will produce an Annual Procurement Report as soon as practicable after the end of the financial year. Where regulated procurement exceeds £5 million in any financial year the report will be made as directed by Scottish Ministers. The report will cover the following: -

- i. A Summary of all regulated procurements where an award notice has been published.
- ii. A review of whether those procurements complied with the procurement strategy.
- iii. Where procurements did not comply, a statement how future procurements will comply.
- iv. A summary of community benefits imposed that were fulfilled in the year.
- v. A summary of any steps taken to facilitate the involvement of community businesses.

- vi. A summary of the regulated procurements that is expected to commence in the next two years.

PROCUREMENT ANTICIPATED 2022-23: The schedule that follows, lists all procurement activity it is proposed to undertake in 2022-23, and the mechanism that will be used in relation to the procurement process. All procurements listed have been agreed by the Executive Team and will be allowed for within the organisation's Business Plan for 2022-25. Any additional procurement that could not have been foreseen and may be required during the course of the year will be added to the schedule with the approval of the Executive Team. Such approval may be subject to an assessment of the financial impact of the proposed procurement process on the approved Business Plan. A final schedule of all procurements will be presented to the Board after the year end. The various thresholds that apply are: -

Regulated Contracts under the Procurement Reform (Scotland) Act 2014

| Type of Contract | Threshold |
|--|------------------|
| Public contract (other than a public works contract) | £50,000 |
| Public works contract | £2,000,000 |

Public Contracts (Scotland) Regulations 2015

| Type of Contract | GPA Threshold* |
|-------------------------|-----------------------|
| Supplies | £213,477 |
| Services | £213,477 |
| Works | £5,336,937 |

* indicates Threshold from 1st January 2022

This strategy is reviewed annually as part of the Business Planning process.

PLANNED AND ANTICIPATED PROCUREMENTS FOR 2022/23 Summary

| Contract type | Value | Description of Contract | Proposed timescale Start/Completion |
|---------------|-------|---|-------------------------------------|
| Works | £4.5m | New build development at Springfield Road (phase 1) | April-June 2022 |
| Works | £800k | External repairs to sandstone tenement blocks | April-June 2022 |
| Works | £2.1m | New build development at Ruchazie Place | April-June 2022 |
| Works | £1.7m | New build development at Springfield Road (phase 2) | August-November 2022 |
| Works | £2.5m | Major repairs programme – kitchens/boilers/bathrooms/windows | April-September 2022 |
| Works | £160k | Back-up reactive maintenance contractor | April-June 2022 |
| Services | £16k | Sprinkler systems and dry risers service and maintenance | April-June 2022 |
| Services | £450k | Ventilation service and maintenance | April-June 2022 |
| Services | £16k | Air conditioning and commercial ventilation | July-September 2022 |
| Services | £300k | Cyclical paintwork - Year 3 works from Thenue Framework. | Jan-Mar 2023 |
| Services | £20k | Firefighting equipment, fire alarms and emergency lighting service and maintenance | July-August 2022 |
| Services | £20k | Lightning protection inspection and testing | July-September 2022 |
| Services | £12k | PPM services automatic controlled entry doors | October-December 2022 |
| Services | £12k | Pat testing services | October-December 2022 |
| Services | £32k | Hoists and specialist baths service and maintenance | October-December 2022 |
| Services | £600k | Gutter cleaning and roof anchor testing | January-March 2023 |
| Services | £96k | Pest control services | April-June 2022 |
| Services | £33k | Gardening services | April-June 2022 |
| Services | £30k | Environmental cleans | April-June 2022 |
| Services | £70k | Roofing repairs | July-September 2022 |
| Services | £92k | Communal TV aerial service and maintenance | July-September 2022 |
| Services | £200k | Design Team Appointments for future development/major repairs contracts - tender to framework | April-December 2022 |