



PROCUREMENT STRATEGY 2016-2019

(Ref: TS 15)

Purpose of Strategy: To introduce a Procurement Strategy detailing the main areas of focus for all procurement activities and promote a methodology which will ensure that the Association follows best practice in both EU and Scottish procurement legislation.

Strategy Monitoring Details	
Department:	<i>All teams</i>
Author:	<i>Amanda Hay Technical Services Manager Strategy</i>
Status:	<i>Group Strategy</i>
Date Approved by Management Committee:	February 2017
Updated:	<i>Amended to Strategy template 31 March 2017</i>
Planned Review Date:	<i>December 2019</i>
Regulatory Outcomes being achieved:	Regulatory Outcomes <i>3 Management of resources 4 Good quality information and advice</i> Charter Outcomes <i>4 Quality of Housing 13 Value for Money</i>
Tenant Consultation Required:	No
Equalities Impact Assessment	<i>Initial/Full/Not Required</i>

Content List:

- 1.0 Introduction
- 2.0 Procurement Vision
- 3.0 Strategy Context
- 4.0 Aims, Objectives and Key Priorities
- 5.0 Implementation

6.0 Budgetary Implications

7.0 Monitoring, Review and Reporting

8.0 Other Relevant or Related Policies

Appendix 1 Procurement Strategy Objectives

Appendix 2 National Procurement Policies

Appendix 3 Procurement Reform (Scotland) Act 2014 – Mandatory Requirements

1. Introduction

1.1 This Procurement Strategy has been developed in line with the Association's Corporate Plan and provides the corporate vision and focus for all procurement activities undertaken by the Association setting out the strategic direction for all procurement activity during the next three years.

1.2 This strategy is the Association's route plan to ensure that all procurement activities across the organisation are performed in a fair, transparent and cost effective manner.

It takes account of the Scottish Government ambition to support the delivery of high quality public services that offer value for money, in a sustainable way. It promotes a methodology which will ensure that the Association follows best practice in both EU and Scottish procurement legislation.

In addition it provides a framework for the Association to develop a plan to achieve continuous improvement in all its procurement activities to the benefit of front line services

Embracing this strategy requires the application of consistent corporate responsibility and of close partnership working.

The Association's expenditure on works and services will invariably vary from year to year, and in the current economic context there is the ongoing expectation of reduced financial revenues in the economy.

This strategy sets out a focused procurement process providing a framework for the effective management of risks, regulatory compliance, and on the delivery of quality works and services.

1.3 The Scottish Government recognises that whilst they want all public contracting organisations to meet the Procurement Reform guidance, they expect organisations having a smaller spend profile to mimic published systems and set control levels relevant and proportionate to each organisations spend profile. This strategy will illustrate options of compliance and good practice.

1.4 The Association has had substantial assurances that whilst the bulk of Scotland's rules on Procurement stem from our membership of the EU, they have been transferred

to statute and will remain in place post-Brexit. The principles of open competition, transparency, equity and proportionality will be maintained regardless of future political arrangements.

1.5 It is intended that this strategy will be implemented with immediate effect.

2. Procurement Vision

2.1 Successful procurement performance is prerequisite to achieving the Associations aim *“to provide good quality housing and services which help improve people’s lives and that of their local communities.”*

2.2 To aid the Association in achieving the Strategic Objectives of:

- Investing our resources effectively to maintain good quality homes and local environments, and
- To ensure effective governance and financial management is established to secure the long term future of the organisation

and improved procurement performance, this strategy will require consistent application and delivery across the organisation. Through its use the Association aims to secure any available financial savings and contribute to its corporate social responsibility.

2.3 The Association will work towards using Public Contracts Scotland (PCS) and the Scottish Government’s “Procurement Journey” as the base process for all procurements.

2.4 A Corporate Social Responsibility Policy and renewed focus on sustainable procurement including the use of Community Benefits Clauses and prompt payments to Contractors, Consultants and Suppliers will be established in conjunction with this Strategy.

3. Strategy Context

3.1 This strategy is a performance management framework to be used across the Association and through the complete procurement cycle, supporting the Association in achieving effective and efficient procurement services :

- outlining what will be done, how and when it will be achieved.
- identifying the outcomes that the Association aims to achieve
- applying strategic thinking to procurement choices and assessing the best value option – singular, partnership framework
- identifying the value of adding community benefits
- working towards sustainable procurement
- meeting conditions on obligations to pay
- taking account of legal obligations to publicly advertise contracting opportunities
- encouraging local companies and organisations to compete for our business
- assessing for continuous improvement and future delivery

4. Aims, Objectives and Organizational Priorities

4.1 Aim

It is the Association's aim to develop a Procurement Strategy to deliver our front line service within the boundaries of best value and to formulate a **Procurement Action Plan**, refer **Appendix 1**, to ensure procurement objectives and highlighted areas for improvement are delivered over the period of this Strategy.

4.2 Organisation's overall procurement objectives

- Develop strategy to comply with all European, UK, and Scottish Procurement Legislation ensuring that best value/value for money is being obtained consistently when works, goods and services are purchased.
- Ensure compliance with all mandatory requirements, see **Appendix 3** Procurement Reform (Scotland) Act 2014 – Mandatory Requirements
- Where feasible and possible, adopt PCS as the tool for advertising procurement activity and for public display

4.3 Organisational Priorities

The Association will look for outcomes across the following headings to demonstrate the effective implementation of the Procurement Strategy:

- **Contracts** – ensuring that all spend that can be positively influenced by procurement activity has a corresponding contract
- **Compliance** - ensuring that all procurement activity complies with statutory and regulatory requirements
- **Accessibility** - ensuring that contracts can be structured in such a way as to assist wherever practical small and medium enterprises
- **Community Benefits** - ensuring that all relevant contracts are arranged to include community benefits
- **Sustainability** - ensuring that all relevant contracts are arranged to include sustainable procurement requirements
- **Savings** - ensuring that where possible savings can be identified they are monitored through to delivery, and evaluation

5. Implementation

5.1 Procurement Strategy Plan

The Association will develop and maintain a five year procurement delivery plan – covering contracts for each area of spend identified and review this quarterly with the Senior Management Team and annually through a formal report to Management Committee. Further detailed in the Procurement Policy.

5.2 Continued Development of Staff Skillset

The Association is a small business with staff tasked to cover many specialisms. Whilst it is not wholly feasible to become expert in public procurement at the outset of this Strategy, the Association will seek through training and guidance to ensure the organisation operates to high standards of compliance. The staff training plan will address improvements in the staff skillset in the area of Public Procurement, and ensure that staff are kept up to date with developments in the legal framework and to ensure they are equipped to meet legal and regulatory obligations.

Procurement competencies will be linked through the Corporate Plan and personal objectives of the staff team.

6. Budgetary Implications

6.1 Utilising the Association's historical spend profile of the last year 3 years demonstrates that the Total Annual Spend falls below the Scottish Government Reform threshold for documenting a formal procurement strategy (below £5m), however as previously noted the Association will undertake to map out a 5 year programme of its public contracting opportunities, the Procurement Strategy Plan, and publish a timetable for those that are above Scottish and EU thresholds.

The Procurement Strategy Plan (PSP) will be reviewed quarterly and updated with each years' budget review.

6.2 In relation to our overall procurement spend, it would not be proportionate to set a specific percentage savings target on future procurements. Each procurement opportunity will be assessed in its own right and targeted improvements listed against current projected contract cost.

6.3 The SMT will review the PSP each quarter and identify :

How the organisation will minimise cost and maximise value

- Practices, processes and compliance
- Specifications

Who does the organisation want to contract with?

- Sourcing existing and new Contractors and Suppliers
- Available frameworks
- Contract available to SME's / supported businesses
- Collaboration with other parties

Financial tools, systems & processes and can these be improved?

- Planned budget allocation
- Accountability and auditability – previous results and projections

7. Monitoring, Review and Reporting

7.1 This is a new Strategy written to comply with Procurement Reform legislation and in this regard documents new practices. Whilst the outline of the expected detailed procedures and guidance is available, there will be an element of development which will come from running these new practices. In this regard the Policy, Procedures and Guidance Notes will be monitored closely and further developed and supplemented through the period of this Strategy, and future revisions of the Strategy and Policy will fall into a regular agreed timetable.

7.2 The Association will operate this Procurement Strategy broadly within the reporting timetable and guidance of the Scottish Government – Annual Report including 5 year overview for 31 December each year, on a rolling cycle.

7.3 The Association will promote visibility of current and future regulated public expenditure by publishing on the Associations web page.

8. Other relevant or related policies

8.1 This strategy does not stand on its own – it should be read in conjunction with the following policies and procedures (this is not an exhaustive list):

- Risk Management
- Financial Regulations
- Gifts, Hospitality and Other Inducements
- Corporate Fraud
- Procurement Policy
- Approved Contractors and Consultants

Appendix 1 Procurement Strategy Objectives

Listing of Procurement Strategy Objectives setting out the overall “direction of travel” and specific actions to achieve our Procurement vision and Aims:

2016 / 17	Practice / Initiative	Measurement of Success	Timescale	Responsibility
	Consideration of ownership of contracts within each service team	Procurement Strategy Plan documented and populated	Feb / March 2017	AH / SMT
	Development of internal contracts register	Registers accessible	Feb / March 2017	AH / SMT
	Promote public contracting to current and future suppliers and links to SFHA event	Event January 2017 – letters issued to all current and known future suppliers and contractors	Jan 2017	AH / Repairs Team
		Future – working with Procurement Strategy Plan to undertake market consultation ahead of tendering	From Feb / March 2017 onwards	AH / SMT
	Agreed Procurement Strategy in place	Strategy document approved	Feb 2017	AH / Staff & Policy Sub Committee
	Draft Procurement Strategy Plan – listing future procurement requirements, robust timetable including both procurement and contract delivery timescales	Procurement Strategy Plan documented and populated	Feb / March 2017	AH / SMT
	Draft Procurement Policy in place	Policy document approved	Feb 2017	AH / Staff & policy Sub Committee
	Develop Procurement Guidance Notes, a series of template documents for utilising when publishing contract opportunities through PCS	Documentation collated and accessible for following	1 st draft Feb 2017	AH
	Seek out training and awareness sessions for those service staff actively involved in the tendering process	Staff able to undertake tendering process	March 2017	SMT

2017 / 18	Practice / Initiative	Measurement of Success	Timescale	Responsibility
	Review practice with guidance from Internal Audit	Enhance or amend documents	March 2017	AH
	Develop operation of Procurement Method Statements	Regularly completed across all work teams	December 2017	AH / SMT
	Develop quarterly review of Policy, Procedures and Guidance Notes by SMT with ideas for refinement and further development	Quarterly update included in SMT meeting schedule	Commence April 2017	AH / SMT
	Review all existing contracts, at suitable juncture, for procurement improvements, negotiation of additional savings and community benefits from key suppliers	Knowledge shared at SMT quarterly update	Commence April 2017	AH / SMT
	Link to Procurement Strategy on Associations web page	Working link	April 2017	AH / CP
	Integrate Procurement Strategy Plan (PSP) information to Associations web page	Summarised table available on web	June 2017	AH / CP
	Review anticipated community and sustainability considerations – include additions on PSP	Documented list of recent suggestions	June 2017	AH
	Develop Associations policy on corporate and social responsibility	Policy drafted	September 2017	AH / GR
	Assessment of future delivery – frameworks, collaboration and aggregation of need with other Local Associations / partner organisations	Collation and sharing of Associations delivery need	September 2017	AH
	Develop annual review and reporting to Management Committee including format to satisfy Scottish Housing Regulator and Scottish Government should future spends exceed £5m	Commenced regular reporting cycle and template information	August 2017	AH
	Collaborate with other local Associations to review and learn better practice	Sharing of Associations documentation and planned learning event	August 2017	AH

APPENDIX 2 National Procurement Policies

Links to the National Policies, Tools and Legislation can be found below (this is not an exhaustive list):

- [Scottish Model of Procurement](#)
- [Changes to European Directives](#)
- [Public Procurement Reform Programme](#)
- [Suppliers Charter](#)
- [EU Procurement Thresholds](#)
- [Procurement Journey](#)
- [PCIP](#)
- [Public Contracts Scotland](#)
- [Public Contracts Scotland – Tender](#)
- [Information Hub](#)

APPENDIX 3 Procurement Reform (Scotland) Act 2014 – Mandatory Requirements

- contribute to the carrying out of its functions and the achievement of its purposes (clause 2.5.1)
- deliver value for money (a balance of cost, quality and sustainability) (2.5.2)
- treat relevant economic operators equally and without discrimination (2.5.3)
- comply with duty to act in a transparent and proportionate manner (2.5.4)
- comply with the sustainable procurement duty (2.5.5) to contribute to improve the economic, social and environmental wellbeing of the organisation's area
- promote the organisation's general policy on the use of community benefit requirements (2.5.6)
- consult and engage with those affected by its procurements (2.5.7)
- payment of a Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements (2.5.8)
- promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 and any provision made under that Act (2.5.9)
- the procurement of fairly and ethically traded goods and services (2.5.10)
- facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses
- promote innovation
- undertake to make payments due by the organisation to suppliers, no later than 30 days after the invoice