

# Procurement Strategy

**Date of Review/Approval: March 2020**

**Date of Next Review: March 2021**

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## 1.0 INTRODUCTION

1.1 This Procurement Strategy is designed to ensure that Southside Housing Association comply with our duties under Section 15 of the Procurement Reform (Scotland) Act 2014 (the Act), which states that:

- A contracting authority which expects to have significant procurement expenditure in the next financial year must, before the start of that year prepare a procurement strategy setting out how the authority intends to carry out regulated procurements,
- An authority has significant procurement expenditure in a year if the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5,000,000.

1.2 Southside Housing Association's procurement strategy covers the period from 1st April 2020 to 31 March 2021.

1.3 During this period we expect to start the following procurements, defined as regulated procurements under section 2 of the Act. A "regulated procurement" is the procurement of a contract with an estimated value equal to or greater than £2 million for a works contract or £50,000 for any other contract (not works).

1.4 Planned Procurement Activity – 2020/2021

Over the next year, we have the following procurement activity planned:

<b>Contract Title</b>	<b>Contract Term</b>	<b>Procurement Route</b>	<b>Anticipated Value</b>
St Andrews Drive, Ph 2 & 3 – New Build	24 months	SHA Contractors Framework	£24m
Tenement Improvement Works – Private Acquisitions	12 months	SHA Contractors Framework	£2.2m
Annual Insurance Cover (SHA Stock)	3 Year period	Traditional Tender Route	£1m
Tri Annual Stock Rebuild Valuation Report	8 Weeks	Traditional Tender Route	£65k
Air Source Heat Pump Installations	12 Months	PFH - Framework	£2.61m
Air Source Heat Pumps Consultancy	12 months	SPA- Framework	£75,000

Fees			
Reactive and Void Repairs Contract	3 years	Public Procurement	£3.55m

1.5 Section 15 of the Act sets out twelve topics the Procurement Strategy should cover.

1.6 The Strategy sets out how we will ensure that our regulated procurements will:

- contribute to the carrying out of our functions and achievement of our purposes
- deliver value for money
- enable us to treat tenderers equally and without discrimination
- ensure we act in a transparent and proportionate manner
- be carried out in compliance with the sustainable procurement duty

1.7 The Strategy also includes statements of our policies relating to regulated procurements and:

- the use of community benefit requirements
- consulting and engaging with those affected by our procurements
- the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements
- promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974
- the procurement of fairly and ethically traded goods and services
- regulated procurements involving the provision of food.

1.8 The Strategy also indicates how we will ensure that payments made by us to our contractors, by our contractors to sub-contractors, and between sub-contractors, are made within 30 days of invoices being issued.

## 2.0 VISION & STRATEGIC OBJECTIVES

2.1 At Southside Housing Association we recognise that we operate in a constantly changing environment, and we currently face a number of difficult challenges in terms of the quality of some of our homes, service delivery constraints and resource considerations. Nevertheless we have a strong vision of where we want to be.

2.2 At Southside Housing Association our mission is to provide quality, affordable homes and to work with communities and partners to maintain safe and popular neighbourhoods.

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2.3 At Southside Housing Association we care about place and community and we want:

- Our homes to be popular and affordable;
- Our customers to be extremely satisfied with the service they receive
- Our staff to be well trained and highly motivated;
- Strong engagement and participation from the communities we serve;

### **STRATEGIC OBJECTIVES**

2.4 The Association's Business Plan is constructed around five strategic objectives that the Board has set. These are set out below.

1. *To provide excellent services to Southside Housing Association's customers.*
2. *To provide high quality energy efficient homes*
3. *To build and / or acquire new homes to meet local need*
4. *To sustain and support communities*
5. *To support all of Southside Housing Association's activities with sound governance, high ethical standards and effective financial, administrative and personnel systems*

2.5 The Association will align our regulated procurement activity with these aims so as to better use our procurement activity as a lever for delivering our objectives.

### **3.0 VALUE FOR MONEY**

3.1 Our regulated procurements will be assessed by means of a balance of quality and price in order to deliver the most economically advantageous tender.

3.2 An appropriate balance of quality and price will be set for each contract.

3.3 Any contracts that are the subject of regulated procurements will be advertised on the Public Contracts Scotland portal. The balance of price and quality, the quality scoring criteria and the scoring calculations to be applied, will be set out clearly in the contract documents.

3.4 Where options are available, option appraisals, including the option not to procure, will be carried out to ensure that resources are not wasted and that contracts are subject to regulated procurement processes only when they are required.

### **4.0 EQUAL TREATMENT AND NON-DISCRIMINATION**

4.1 The Association will aim to achieve better outcomes from our procurement by treating potential tenderers equally and without discrimination.

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- 4.2 This we believe will ensure greater competition, promote innovation, and encourage a wider range of tenderers to become involved in our procurements.
- 4.3 For all regulated procurements we will do this by advertising contracts at each relevant stage on the Public Contracts Scotland Portal and, when required, in the Official Journal of the European Union (OJEU).
- 4.4 We will use clear and precise language and apply Plain English principles to all our tender and contract documentation.
- 4.5 We will use electronic communication at all stages of the procurement process.
- 4.6 We will ensure that any questions relating to the regulated procurement are logged in the questions and answers section of the portal, responded to timeously and copied to all potential tenderers.

## **5.0 TRANSPARENCY AND PROPORTIONALITY**

- 5.1 The Association will promote transparency and proportionality in all our procurements in order to encourage competition, achieve better value for money and act in an open and inclusive manner.
  - 5.2 To achieve this we will ensure that all our forthcoming regulated procurements are advertised through Contract Notices on the Public Contracts Scotland Portal (and in the OJEU where required). We will also advertise all forthcoming procurements on the Contract Register on our website.
  - 5.3 The Association will use the question and answer facilities on the portal to ensure that all interested parties are simultaneously updated with any additional information.
  - 5.4 All contract documentation will be uploaded directly to the portal and all prequalification and tender returns will be managed via the portal's post box.
  - 5.5 Contract award notices will be lodged on the portal timeously and feedback requests from unsuccessful tenderers will be responded to timeously.
  - 5.6 The Association will avoid using standard contract documents for all types and sizes of contract. We will review our pre-qualification questionnaires, quality questionnaires and contract requirements for each contract to ensure that our requirements are in proportion to the scale of value of the contract being procured.
  - 5.7 The Association will eliminate barriers to participation in our procurements by small and medium enterprises, third sector bodies and supported business by carefully analysing our contract requirements and establishing whether we have included any unnecessary or potentially discriminatory requirements, (e.g. excessive insurance cover).
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5.8 When deciding what requirements to include we will first determine whether a requirement is appropriate and relevant to the contract; and second, whether it is necessary to achieve the successful delivery of the contract. Only if it is both relevant and necessary will a requirement be included.

## **6.0 SUSTAINABLE PROCUREMENT**

6.1 The requirement to comply with the sustainable procurement duty is in Section 8(2) of the Act and the detail of the duty is set out in Section 9.

6.2 This requires the Association to consider, before we start a regulated procurement, how we might use the process to further the following goals to:

- improve the economic, social and environmental well-being of our area,
- facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses,
- promote innovation.

6.3 This duty requires the Association to develop a robust, achievable approach to sustainable procurement that is relevant and proportionate to the scope of our contracts and area. Therefore, the Association will assess each contract that is to be subject to a regulated procurement to identify what activities might be included within the procurement process to further the above goals.

6.4 Any activities arising from this duty must be relevant to what is being procured and proportionate to the size of the contract in question.

6.5 As part of that assessment, when developing our specifications for building components, we will refer to the Association's Sustainability Policy.

6.6 The duty to promote innovation is designed to encourage us to use our procurement activity to influence the market towards innovative solutions.

6.7 The majority of the Association's contracts involve tried and tested components. The Association, alongside our procurement activities, will research new innovative ideas, e. g. in heating technology, smart building services, energy efficiency and modern methods of construction.

## **7.0 COMMUNITY BENEFIT REQUIREMENTS**

7.1 The purpose of community benefit requirements is to ensure that our procurement activities contribute as far as possible to the economic and social regeneration of the areas in which we operate.

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- 7.2 Southside Housing Association is committed to maximise Community Benefits from its procurement activities.
- 7.3 Prior to the commencement of a regulated procurement process, the Lead Officer will consider whether Community Benefit Requirements can be included in the contract.
- 7.4 There is no formal requirement for the consideration of Community Benefits in contracts with an estimated value of less than £4 million, however the Association will consider Community Benefits for each contract that is subject to regulated procurement and apply these where applicable.
- 7.5 The following conditions must be met prior to including community benefits in contracts:
- Community benefits are directly related to the 'core purpose' of the contract.
  - Community Benefits do not directly or indirectly, disadvantage or discriminate against any bidder.

## **8.0 PAYMENT OF THE LIVING WAGE**

- 8.1 Southside Housing Association is a Living Wage accredited employer.
- 8.2 We believe that those organisations whose staff are well rewarded, well-motivated, well led, and who have appropriate opportunities for training and skills development, are likely to deliver higher quality services. One of the clearest ways an employer can demonstrate that it takes a positive approach to its workforce is by payment of the Living Wage. Therefore, the Association will encourage all contractors appointed through its regulated procurement processes to become Living Wage accredited employers.
- 8.3 The Association shall have regard to the Scottish Government publication: "Statutory Guidance on the Selection of Tenderers and Award of Contracts - Addressing Fair Work Practices including the Living Wage in Procurement" in its procurements.
- 8.4 Where relevant and in line with the Statutory Guidance, the Association will make a tenderer's "fair work practices" an award criterion in its regulated procurements. A strong indicator of a tenderer's fair work practices is the payment of the Living Wage, and this will be reflected in the scoring allocated. That said, it is acknowledged that fair work practices also include fair and equal pay, respecting employee rights, avoiding exploitative employment practices (which, in some cases, could include avoiding zero-hour contracts), supporting progressive workforce engagement, and so on. Where included, tenderers' fair work practices will be assessed against a score of a minimum of 5% (for contracts valued over the OJEU advertising limit) or 2% (for contracts valued below the OJEU advertising limit) of the total score available.
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## **9.0 COMPLIANCE WITH HEALTH & SAFETY LEGISLATION**

- 9.1 Southside Housing Association will promote compliance by its contractors with the Health and Safety at Work Act 1974 and any provision made under that Act by ensuring that all Health and Safety documentation, risk assessments and processes relevant and proportionate to the contract are in place before the contract is awarded.
- 9.2 All contractors' previous Health and Safety record will be taken into account as part of any Quality assessment process.
- 9.3 The Association will require all tenderers to provide evidence to demonstrate that they comply with current health and safety legislation and to provide details of how they actively promote and manage good health and safety practice.e.g. through training and the communication of relevant information to staff.
- 9.4 Where there are specific health and safety concerns relating to a particular procurement, we will require tenderers to detail, as part of the procurement process, the measures they will implement to respond to the identified risks.
- 9.5 Contractors will be required to respond to specific risks and provide risk management plans, and proposals for managing Health and Safety during the contract term, along with their tender returns.
- 9.6 Monitoring of compliance with Health and Safety requirements during the contract term will be the responsibility of the Contract Manager or Principal Designer where the Construction (Design and Management) Regulations 2015 apply.
- 9.7 At all site meetings and progress meetings relating to works contracts there will be standing agenda item covering Health and Safety.
- 9.8 All contractors will be required to disclose to the Contract Manager any incidents, near misses, concerns, or newly identified risks arising during the contract term.
- 9.9 The Contract Manager will maintain and update a comprehensive risk management plan for each contract. We will ensure that the measures taken to ensure the promotion of health and safety are relevant, proportionate and not overly burdensome, meeting current legislation as a minimum.

## **10.0 CONSULTATION AND ENGAGEMENT**

- 10.1 The Association will consult and engage with those affected by our procurements as set out in this section of the Strategy.
  - 10.2 The Association will carry out consultation with its Management Committee as part of the procurement process for all our regulated contracts.
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10.3 Before contract notices for regulated procurements are lodged, the Association will consult on the content and delivery mechanisms for these contracts with:

- the relevant Management/ Sub Committee, through the appropriate Committee reporting and decision making procedures, and
- where appropriate, with our customers, by means of public events and meeting, focus groups, surveys and requests for feedback on our website and from our newsletters.

10.4 Where possible recommendations arising from the consultation process will be included in the contract terms itself or in the contract preliminaries.

10.5 We will consult customers and other stakeholders on the form, content and design of new buildings as part of the planning application and, where required, pre-planning consultation.

## **11.0 FAIRLY AND ETHICALLY TRADED GOODS AND SERVICES**

11.1 Where relevant and proportionate to a regulated contract, the Association will encourage fair and ethical trading principles in its procurement requirements.

11.2 The Association will seek assurances of fair and ethical practices in supply chains by including (where relevant and proportionate to the subject matter of the contract) contract conditions requiring contractors to comply with relevant social, environmental and employment law.

## **12.0 REGULATED PROCUREMENTS INVOLVING FOOD**

12.1 None of the Association's regulated procurements during the period covered by this Strategy involve the provision of food. If that were to change, the Association would have regard to any relevant Scottish Government Guidance on procurements involving food.

## **13.0 PAYMENTS WITHIN 30 DAYS**

13.1 The Association is committed to paying our suppliers promptly, and will include a clause in its standard terms and conditions stating that Southside Housing Association will pay undisputed invoices within 30 days from receipt.

13.2 The Association will ensure effective contract management and monitoring throughout the term of its regulated contracts to ensure that prompt payment continues to be applied throughout the duration of the contract.

## **14.0 MONITORING AND REVIEW OF STRATEGY**

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- 14.1 The implementation and use of this Strategy during the current period will be monitored by the Associations Head of Development.
- 14.2 Any significant departures from the Strategy, or failures to comply with it, will be reported to the Association's Committee together with recommended actions to address the issue identified.
- 14.3 Prior to the start of the year following the period of this Strategy (i.e. before 1 April 2021) the Association will assess whether it expects to have significant procurement expenditure in that next year.
- 14.4 If such expenditure is anticipated, then this Strategy will be reviewed as required by Section 15 of the Act.
- 14.5 If such expenditure is not anticipated, the Association may still review the Strategy (but is not statutorily required to do so). In any event, the Strategy will be reviewed at least once every 3 years.
- 14.6 The implementation and use of the Strategy during the period will be reviewed at the end of that period (i.e. after 31 March 2021) and a report compiled as required by Section 18 of the Act, including:
- a summary of the regulated procurements completed in the period reported on;
  - a review of whether those regulated procurements complied with this Strategy;
  - to the extent that they did not comply, how the Association will ensure future procurements do comply;
  - a summary of community benefit requirements imposed that were fulfilled;
  - a summary of steps taken to facilitate the involvement of supported businesses;
  - a summary of further regulated procurements expected to commence in the next 2 years;
  - Any other information required by Scottish Government in the report.