

Organisational Strategy

PROCUREMENT STRATEGY

Our Commitment

The Argyll Community Housing Association Group is committed to provide equal opportunities across all services and to avoid discrimination. This document is intended to assist the Group in putting this commitment into practice. Compliance with this policy should also ensure that governing body members do not commit unlawful acts of discrimination.

This document can be made available in other formats, for example in large print, audio-format or Braille: the document may also be available in other languages, in full or summary form, as appropriate.

Organisational Strategy

Contents

1.0 Introduction	3
2.0 Purpose	3
3.0 Key Drivers Shaping Procurement	4
4.0 Strategic Aims	5
5.0 Strategic Objectives	6
6.0 Procurement Objectives	6
7.0 Procurement Value	7
8.0 Structure, Roles & Responsibilities	8
9.0 Development and training	9
11.0 Monitoring and Review	9
Appendix A – Procurement Activity	10

Organisational Strategy

1.0 Introduction

1.1 ACHA will spend over £28m on goods, services and works in the period of January 2017 to March 2018, of which £17m will be procured in that period. This Procurement Strategy and its associated action plan sets out how we will direct this expenditure and support our objectives.

1.2 Procurement covers all actions related to the acquisition of goods, works or services. Starting with the initial decision which may result in the provision of services by in-house means rather than supplied from an external source, procurement includes selection of third party suppliers, contractors and service providers, performance management of the supply chain and individual transactions.

1.3 It is recognised that good procurement is crucial to providing high quality and cost effective services:-

1.4 This new strategy has been designed to support ACHA's specific needs and ensures that our working practices align with legislative and regulatory requirements introduced by the Procurement Reform (Scotland) Act 2014 and the implementation of the EU Directives.

1.5 This procurement strategy should be read in conjunction with the following documents:

- Strategic Plan 2016-21
- Procurement Policy
- Asset Management Strategy
- Code of Governance & Financial Policies
- Sustainability Policy
- Risk Management Policy
- Payment and Benefits Policy
- Anti-Fraud Corruption and Bribery Policy

2.0 Purpose

2.1 The purpose of the procurement strategy is to support the objectives of ACHA as set out in its Strategic Plan

2.2 ACHA prepares a 5 Year Strategic Plan, which is updated annually and set out:

- The vision, aims and key strategic objectives for ACHA
- The main actions to be completed in the first years of the plan and how these complement the relevant key strategic objectives

Organisational Strategy

- The agreed budget for the first year of the plan and draft budget for the remaining four years.

2.3 Our strategic objectives for 2016/17 to 2020/21 are as follows:

Putting our Tenants and our Communities First by:

- Achieving the Scottish Government housing standards and addressing housing need in Argyll & Bute, through development and upgrading;
- Providing quality customer care and equality across all our services;
- Developing the financial strength and capacity to meet current and future objectives;
- Deliver progressive and sustainable business performance and service delivery;
- Improving strategic relationships and partnerships;
- Continuous improvement of Scottish Social Housing Charter indicators;

3.0 Key Drivers Shaping Procurement

3.1 Procurement is important in facilitating the delivery of efficiencies through good procurement practice whilst mitigating operational, commercial and compliance risk.

3.2 There are a number of key drivers influencing and shaping procurement which are in the main legislative but must also be driven by our requirement to be viable and provide services which are affordable and cost effective to our customers.

3.3 Legislatively the Association's procurement is guided by:

- EU Treaty Obligations
- EC Procurement Directives
- Public Contract (Scotland) Regulations (2015)
- Procurement Reform (Scotland) Act (2014)

3.4 ACHA must comply with the EU Public Procurement Regulations and the Procurement Reform Act (Scotland) 2014. Due to the minor differences between the legislation for 'EU Regulated Procurements' and Scottish 'Lower Value Regulated Procurements', it is our intention, as far as practicable, and in order to avoid confusion, to follow the full EU compliant processes for all contracts above the 'Lower Value Regulated Procurement' thresholds. We will refer to these as Regulated Procurements.

3.5 Contracts below the 'Lower Value Regulated Contracts' threshold will be procured in accordance with Procurement Policy following the same overall principles in

Organisational Strategy

terms of demonstrating probity and value for money, and in a manner proportionate to the nature of such smaller contracts.

3.6 All procurement activity must comply with European Union (EU) principles of:

- Accountability;
- Integrity;
- Efficiency;
- Openness;
- Fairness;
- Transparency;
- Equal treatment and non-discrimination; and
- Proportionality.

3.7 To meet these standards we will ensure that all staff with purchasing responsibilities understands their responsibility in applying the key principles of public procurement. This is in the delivery of value for money, appropriate quality and service to meet business needs and appropriate governance.

4.0 Procurement Aims

4.1 The aims of the strategy:

- We will ensure value for money, both in the commissioning of individual contracts, and as an organisation as a whole
- We will ensure the appointment of suppliers that are sufficiently competent, have sufficient resources and are committed to improving the service provided to customers
- We are committed to protecting the health and safety of our employees, customers, members of the public and suppliers employees
- We promote innovation in the delivery of services to customers
- We are committed to improving equalities, and the economic prosperity of the communities in which we work
- We ensure equal treatment of all suppliers, confidentiality of all information received from them, and transparency and proportionality for all aspects of the procurement process.

Organisational Strategy

5.0 Strategic Procurement Objectives

The main aims will be supported by key procurement objectives:

5.1 Ensure all procurement activities including tendering, awards, contract management and reporting procedures are in accordance with legislative and ethical requirements and comply with good procurement practice.

5.2 Ensure that procurement initiatives deliver best value for money.

5.3 Ensure sustainability principles align with our Sustainability Policy and are embodied within all procurement activities.

5.4 Ensure effective contract and supplier management so that business is conducted professionally and contractors comply with environmental, social and employment law throughout the life of a contract

5.5 Continue with successful current joint working initiatives whilst investigating further potential opportunities for future partnership working.

6.0 Operational Procurement Objectives

6.1 Contracts must be awarded through genuine and effective competition unless there are exceptional reasons to the contrary.

6.2 All procurement activity must be focussed on the delivery of value for money; conducted to professional standards, in accordance with relevant guidance and to the relevant legal requirements; and overseen by appropriately trained and authorised staff to minimise the risk of legal challenge.

6.3 We will ensure value through effective contract monitoring, management and performance.

6.4 We will continue to aim to pay contractors within 30 days of invoicing or in compliance with the relevant contract if it sets shorter timescales. The Association will remind contractors of their obligation to pay sub-contractors within 30 days of invoicing.

6.5 We will encourage all contractors to pay the living wage to their employees.

6.6 In accordance with our Communication and Customer Feedback Strategy, customers will be involved in the development of our policies and standards that affect our services.

Organisational Strategy

6.7 Tender evaluations will include criteria promoting compliance with Health & Safety at Work Regulations, our customer service requirements and, when appropriate and relevant, will include Community Benefits criteria such as apprenticeships and local employment opportunities.

6.8 We are committed to valuing diversity and ensuring fairness in all our business operations including our procurement.

6.9 Contracts will be split into smaller lots, when appropriate, to maximise competition, minimise purchasing cost and optimise efficient allocation and encourage SME involvement.

6.10 We are aware of the impact that our procurement has on the local economy and we will review the percentage of expenditure that is procured from Argyll and Bute based firms.

6.11 We will continue to use Public Procurement Scotland for electronic procurement to support process and procedure.

6.12 We will investigate ways of improving contract performance and embed these criteria in our contract requirements.

6.13 We will explore opportunities for innovation.

7.0 Procurement Value

7.1 In the period January 2017 to March 2018, we are investing £17m in a variety of procurement areas as listed in Appendix A.

7.2 We will use Public Contracts Scotland for all procurement and use their Contract Register facility.

7.3 Asset Management

The procurement approach for asset management and investment in existing stock is based on working with our existing contractor frameworks. The frameworks will be reviewed at the end of their current operational period.

7.4 New Build Development

Contractors for new build contracts are procured through negotiations on developer-led opportunities, tenders to contractors on our approved lists or advertised through Public Contracts Scotland. We will consider the establishment of a new build framework for contracts for future years.

Organisational Strategy

7.5 Term Maintenance Services provided through a Repairs Subsidiary

Argyll Homes for All, our Repairs Subsidiary, was created to improve our control and the consistency of delivery of repairs and maintenance. We were also able to take advantage of the savings on VAT related to in-house labour.

7.6 Service Contracts

We operate a number of on-going service contracts with contractors who carry out specialist services. These will continue to be selected through negotiation with our Repairs subsidiary, tenders to contractors on our approved list or advertised through Public Contracts Scotland. The majority of our servicing contracts are on longer term contracts and this has delivered cost efficiencies.

7.7 Central Supplies & Services

Budgets for central supplies and services are held centrally wherever practicable, simplifying ordering and reducing transactions. **We use Central Purchasing Bodies where appropriate to ensure procurement legislation compliance.**

7.8 ICT

ICT procurement strategy is driven by the risk benefit balance of improved value for money against service continuity. **We use Central Purchasing Bodies where appropriate to ensure procurement legislation compliance.**

8.0 Structure, Roles & Responsibilities

8.1 We currently operate a decentralised approach to purchasing activities. Each department manages their individual budget and makes purchasing decisions aligned with business needs. Every department has staff responsible for purchasing at an operational level.

8.2 The procurement activity will take place under the leadership of the Senior Management Team reporting through Directors to the Chief Executive.

8.3 The Procurement Strategy and related policy document will be presented to the Board for approval.

8.4 Department Directors will be responsible for ensuring that all purchasers in their departments are aware of and comply with relevant procurement processes and procedures to ensure best value for money.

8.5 Purchasers (staff with purchasing authority) will be responsible for complying with relevant purchasing processes and procedures.

Organisational Strategy

8.6 The purchasing levels of each member of staff are regularly reviewed and listed in Schedule of Delegated Authority, Purchasing Procedure and Financial Regulations.

9.0 Development and training

- 9.1 Staff involved in procurement will be suitably qualified and trained.
- 9.2 All ACHA staff will undertake mandatory Customer Care and Diversity training.
- 9.3 We will ensure that all contractors, consultants and suppliers working for us are qualified to supply all the goods and services relevant to a contract in a safe and appropriate manner.

10.0 Procurement Key Performance Indicators

10.1 It is important to agree on key performance indicators (KPIs) which can be used in measuring the success of the implementation and compliance of procurement best practice.

10.2 The list of current KPIs is provided in Appendix B.

11.0 Monitoring and Review

11.1 This Procurement Strategy will be reviewed every year by the Board with consultation with relevant stakeholders. Key actions arising from the strategy will be included in a Procurement Action Plan which will be monitored quarterly with annual reporting to the Board.

Organisational Strategy

Appendix A – Procurement Activity

Procurement Activity	Budget December 2016 to March 2018 £s	Procurement between Jan 2017 and March 2018 £s	Comments
Building Contracts for new housing developments	9700000	2300000	
Building Contracts for capital investment in existing houses	12125000	9700000	
Contractors for cyclical maintenance & service contracts	1700000	1200000	Includes contracts with subsidiary
Consultants for all of the above	235000	170000	
Reactive/void maintenance	2825000	2300000	Includes contracts with subsidiary
Insurance Services	600890	600890	
IT and Telephony	356750	356750	
Vehicle and Plant Leasing and Hire	1325	1325	
Legal Services	278339	278339	
Electricity and heating costs	189989	189989	
Professional Services	90438	90438	
Cleaning, Pest Control and Refuse Collection	111586	111586	
Printing and Photocopying	84466	84466	
Postages	52653	52653	
Community Alarms and Out of Hours Service	19429	19429	
Training	42673	42673	
Hire of Facilities and Hospitality	40340	40340	
Cash Collection	32500	32500	
Furniture & Fittings	31713	31713	
Consultants	30563	30563	
Stationery	27763	27763	
Advertising	14500	14500	
Total	28590914	17675914	

Organisational Strategy

Appendix B

Procurement Key Performance Indicators	Measure
Key Performance Area	
Compliance with procurement legislation (and best practice)	No legal challenges regarding procurement process
Contract compliance	No contracts terminated due to poor performance.
Customer satisfaction with performance of contractor	90% of customers satisfied with contractor performance
Payment of invoices	Average of 30 days

Organisational Strategy

Appendix C

Action Plan

Action	How	When	Who
Ensure Procurement Skills	Through 'Skills and Abilities' assessment at PDP and ensure appropriate training provided	May 17 – May 18	All Directors
Ensure sustainability	Review Sustainability Policy	Sept 17	Director I&R
Consistent and appropriate Procurement	Develop ACHA specific documents from Scottish Government 'Procurement Journey'	Mar 17	All Directors
Relevant Community Benefit	Review appropriate Community Benefit clauses for inclusion in Regulated tenders, including Living Wage	Jun 17	Director I&R
Sustain Local Economy	Review % of construction contracts procured locally	May 17	Director I&R