

Procurement Strategy

Procurement Strategy – 2016-2019

1. Executive Summary

This document outlines the procurement strategy for West of Scotland Housing Association for the financial year 2016-2019. The overall aim for the Association is to have a strategy which is sustainable and delivers social, economic and environmental value. The strategy outlines the following key procurement objectives:

- To ensure value for money is being achieved by the Procurement Strategy
- To establish a framework for delivering, monitoring and reporting community benefit
- To ensure tenant involvement in procurement that directly impacts our tenants
- To ensure minimal environmental impact
- To effectively monitor and improve contractor and supplier performance
- To ensure a consistent and robust approach to procurement

The strategy also outlines Planned Procurement Activity for 2016-2019.

2. Introduction

The Association's mission is not for financial gain; it seeks to make a difference to people's lives and make society a better place to live. This ethos and the values of the Association underpin the Procurement Strategy. It is important to us that the impact of our procurement is greater than the actual transaction and that it supports a wide range of social, economic and environmental agendas.

It is also essential that the Association achieves value for money in all procurement activities.

The vision of the Association is to have:

- Great homes
- Strong communities
- Inspired people

Through our procurement strategy we want to support the Association to achieve this vision.

Our procurement activity will always be underpinned by the principles of non discrimination, equal treatment, transparency, mutual recognition and proportionality. We will achieve these principles through the implementation of our Procurement Policy and Procedures.

3. What is Procurement?

Procurement is defined as “the process of acquiring goods, works and services”

Procurement includes activities and events before and after the issuing of a contract as well as the general management activities associated with a range of contracts.

Effective procurement can deliver the following core benefits leading to increased tenant/end user satisfaction:

- Security of supply
- Reduced life cycle costs
- Reduced risk
- Improved quality
- Greater Added Value
- Increased efficiency
- Reduced environmental impact
- Innovation
- Compliance
- Transparency and integrity of process

In WSHA, procurement is about having a sustainable approach to the supply of goods and services. Sustainable procurement is defined as achieving value for money in terms of life cycle costs, social impact and environmental factors. This approach ensures that we procure goods and services in a way that is aligned to the Association's vision, mission and values. We will work to continuously improve our approach to procuring the goods and services we need.

We will consider how we might improve the economic, social and environmental wellbeing of our communities prior to every key procurement process. Where possible, we will facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses. We will also consider how we can promote innovation through our procurement processes. An impact assessment will be carried out prior to any key procurement competition to assess how we can comply with the sustainable procurement duty as outlined above.

4. Value for Money

One of the key strands of our strategy is to achieve value for money. We will follow the Association's strategy on Value for Money and will support it as a strategic priority for the Association by ensuring that we procure goods and services adopting the 3 'E's principles alongside social and environmental impacts:

Economy – the price paid for what goes into providing a service. It is also about minimising the cost of resources of an activity.

Efficiency – a measure of productivity i.e. how much you get out in relation to what is put in.

Effectiveness – measure of the impact achieved, both quantitative and qualitative or a measure of outcomes.

Over the next three years we will evidence and report on value for money to ensure we are achieving this.

5. Procurement Objectives

We have identified 6 procurement objectives to ensure sustainable procurement is achieved:

5.1 Ensure value for money is being achieved by the Procurement Strategy

It is essential that we ensure that we are achieving value for money through all our procurement activities. This is further underpinned by the Association's Value for Money Strategy. In order to ensure we are achieving value for money we will:

- Develop a framework that identifies financial and non financial efficiencies
- Develop a process which assists us to monitor and report on Value For Money

5.2 Establish a framework for delivering, monitoring and reporting community benefit

One of the key strands of our Procurement strategy is to make a difference in peoples' lives and to benefit the wider community In order to achieve this objective we will:

- Ensure community benefit is embedded in all appropriate procurement processes
- Monitor community benefit performance as a key part of overall contract monitoring
- Record and report on community benefit activity
- Engage with current suppliers on community benefit, targeting high or engaged suppliers
- Work in partnership with third sector organisations to provide employment and training opportunities for our communities

5.3 Ensure tenant involvement in procurement that directly impacts our tenants

It is important to the Association that our tenants are involved in procurement particularly where the procurement will directly impact them for example grounds maintenance, day to day repairs, planned repairs and painting contract. To achieve this objective, we will:

- Develop a process to support tenant involvement in procurement activity that directly impacts our tenants
- Identify in advance which procurement activity requires tenancy involvement
- Work in partnership with TAG (Tenant Advisory Group) to involve tenants in developing the tender specification and service standards
- Obtain feedback from tenants involved in the process

5.4 Ensure minimal environmental impact

At West of Scotland Housing Association we're committed to becoming smarter in the way we consume resources, and to reducing the negative impacts we have on the planet.

West of Scotland Housing Association is committed to making our direct and indirect operations less environmentally damaging. Everyone in West of Scotland Housing Association is working internally to reduce our direct operational impact, and we also wish to work with our partners, suppliers and subcontractors to reduce our wider impacts.

We consider these things not only an environmentally responsible thing to do as an organisation, but also things which make great business sense.

We intend to work with all our partners, suppliers and subcontractors of goods and services to make sure that all of the work we do is done with minimal environmental impact. As part of this process we wish to work together with suppliers and subcontractors to realise continual and measurable, reductions in organisational environmental impacts.

5.5 To effectively monitor and improve contractor and supplier performance

We need to ensure that our tenants are receiving the best level of service from all contractors and suppliers. To ensure that this happens we will:

- Implement a robust Contract Management Policy and Procedure
- Establish KPIs for all key contractors and monitor on a regular basis
- Implement post inspection process for all repairs and maintenance contracts
- Further develop customer satisfaction processes to allow us to gain customer feedback on our key contractors

5.6 Ensure a consistent, robust and transparent approach to procurement

It is important that we comply with the relevant regulation and legislation and that our procurement is carried out in a correct manner. In order to do this we will:

- Implement new procurement policies and procedures in line with the new Scottish Regulations
- Deliver regular training for relevant staff on procurement policies and procedures
- Centrally monitor all procurement activity
- Maintain a Contracts Register

6. Contractor/Supplier Requirements

Health and Safety Compliance

Health and Safety is of paramount importance to the Association and any contractors or suppliers that enter into an agreement with the Association must fully comply with relevant health and safety regulation and legislation. Compliance will be assessed as part of the procurement process.

Payment of Living Wage

As a minimum, the Association would require contractors to pay Living Wage as a minimum hourly rate to all operatives for the contracted hours worked on the Association's contract. Proof of payment of the living wage will form part of the procurement process.

Payment of invoices

The Association will pay contractors and suppliers within 30 days of being invoiced. The Association requires contractors to pay sub-contracts within 30 days of being invoiced.

Ethical Trade

The Association requires that all goods and services purchased are traded in an ethical manner and this will be assessed as part of the procurement process.

7. Procurement Activity 2015/16

During 2015/2016 we procured the following works and services

Award Date	Contract Title	Contractor	Value	Procurement Route	End Date
14/01/16	Planned Maintenance 15/16	Carillion	£1.061m	SCAPE Framework	31/5/16
01/04/16	Gas Services, Maintenance & Electrical Inspections	City Technical Services	£1.138m	Competitive tender	31/3/20
5/10/15	Contractor's Framework	-CCG -Lovell Partnership -Cruden -McTaggart	Zero	Competitive tender	4/10/18 + 2 yr option
1/12/16	Architect's Framework	-ABC -Collective -Robert Potter	Zero	Competitive tender	31/11/18 + 2 yr option
1/12/16	Clerk of Works Framework	-DA Gilmore	Zero	Competitive tender	31/11/18 + 2 yr option

		-Hickton -Ross QC			
1/12/16	Eco Homes Framework	-ADA -Langmuir & Hay -Reid Associates	Zero	Competitive tender	31/11/18 + 2 yr option
1/12/16	Employer's Agent Framework	-ABC -Collective -Robert Potter	Zero	Competitive tender	31/11/18 + 2 yr option
1/12/16	Engineers Framework	-Peter Brett -Punch PRD -Scott Bennett	Zero	Competitive tender	31/11/18 + 2 yr option
1/12/16	QS Framework	-ADA -Naylor & Devlin -Reid Associates	Zero	Competitive tender	31/11/18 + 2 yr option
01/04/16	Grounds Maintenance Contract	ISS	£746,080	Competitive tender	31/03/19
01/05/16	Major Repairs Frameworks – Kitchens, Boilers & Bathrooms	Carillion	£4m	SCAPE Framework	31/04/20
01/08/16	Gutter Cleaning	Patersons	£300k	Competitive Tender	31/07/20
01/08/16	Day to day Repairs	Carillion	£3m	SCAPE	31/07/20
01/09/16	Window & Door Replacements	Sidey	£2m	SPA Framework	31/08/20
01/10/16	Stock Condition Survey	JMP	£45k	Competitive Tender	3 month contract

8. Planned Procurement Activity – 2016/2017

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

Contract Title	Contract Term	Procurement Route	Anticipated Value
Major Works - Anniesland Refurbishment	Dependent on Decant Strategy	Competitive Tender	Currently being scoped
Major Works - Barrachnie Refurbishment	Dependent on Decant Strategy	Competitive Tender	£560k
Major Works - Mainholm Court – refurbishment	Short term	Competitive Tender	£50k
Legionella Disinfections	3 yr	Competitive Tender	£60k
Asbestos Surveys	Agreed Programme (3 years)	Competitive Tender	£200k
Lifts – services and inspections	3 year	Competitive Tender	£35k
Fire Alarms	3 year	Competitive Tender	£150k
Re-brand	Short term contract	Competitive Tender	£40k
External Audit	3 year	Competitive Tender	£60k
Internal Audit	3 year	Competitive Tender	£60k

9. Planned Procurement Activity – 2017/19

Over the next two years, we have the following procurement activity planned:

Contract Title	Contract Term	Procurement Route	Anticipated Value	Comments
Refurbishment of Nursery Avenue, Kilmarnock	6 months	Competitive Tender	£500k	
Major Works – Crookston Road – external bin bays	Short term	Competitive Tender	£120k	
Door Entry Systems – Repair & Replacement	3+1 yr Framework	Competitive tender	£450k	
Void Repairs	3 + 1 year	Competitive tender	£1.2m	
Medical Adaptations	3 + 1 year	Competitive tender	£300k	
Legal Services	5 years	Competitive	£300k	

		tender		
Painting Contract	3 years	Competitive tender	£900k	
Grounds Maintenance	3 years	Competitive tender	£750k	
Electrical Inspections and smoke alarms and detectors	3 years	Competitive Tender	£150k	
Day to Day Repairs	3 years + 1 year			Option to extend current contract by 1 year (2020)
Major Repairs Framework	3 years + 1 year	Competitive tender	£3m	Option to extend current contract by 1 year (2020)

10. Key Performance Indicators

The key performance indicators for procurement are as follows:

- Tender processes being carried out in line with the tender programme
- % of savings achieved through procurement processes
- Customer satisfaction with key contractors and suppliers
- Number of community benefit opportunities

This year will provide us with a baseline in these areas. In future financial years, we will set targets to achieve on each of the above.

11. Risk Management

In order to ensure that we comply with the new legislation, carry out procurement activity consistently across the Association and mitigate risk in this area. We will do the following:

- Develop our people and skills around procurement to ensure that we have a breadth of knowledge across all Managers in the Association who are involved in procurement.
- Implement the reviewed policies and procedures to ensure improved accountability and auditability across the Association
- Maintain central records in relation to procurement to ensure compliance across the Association
- Retain specialist support

12. Relevant Policies and Procedures

This strategy is linked to the following WSHA policies and procedures:

- Procurement Policy and Procedures
- Contract Management Policy and Procedure
- Contractors Assessment Policy

13. Monitoring and Reporting

The Corporate Services Manager will lead on the implementation of this strategy. Progress on the key strategic objectives will be monitored by CMT.

A report against progress on the strategy will be provided to Management Committee on a 6 monthly basis.

A report on performance against the strategy will be delivered annually in April and published on our website.

If you require any more information regarding this strategy please contact Jennifer Cairns, Corporate Services Manager on 0141 550 5625 or at Jennifer.cairns@westscot.co.uk.