



MARYHILL HOUSING

Annual Procurement Strategy

2017 - 2018

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1 Vision for procurement

Our vision is to inspire passion in people, for our homes and for our community. We want to create a real sense of community and help people to thrive and provide the best homes where people want to live, work and play. We also want to build a reputation for excellence and being ahead of the game.

We intend to work towards being recognised as a sector leader for procurement activity, taking a creative and collaborative approach to support the local economy of Maryhill and North Glasgow.

2.1 What is procurement?

Procurement is: *“The acquisition of goods, services or works from an external source. It is favourable that the goods, services or works are appropriate and that they are procured at the best possible cost to meet the needs of the acquirer in terms of quality and quantity, time, and location”*¹

2.2 Why is procurement important to us?

We recognise the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that improves the economic, social and environmental well-being (this includes reduction of inequality) of the communities in which we operate.

Procurement across the public sector in Scotland is valued at over £9 billion annually² As an activity, procurement plays a key role in contributing to value for money initiatives such as Efficient Government, Best Value Audits, Shared Services, Modernising Government and Public Sector Reform. In its 2012 Public Contract Regulations, the Scottish Government was clear that housing associations and co-operatives are relevant ‘Contracting Authorities’, and therefore organisations that should be listed as public bodies for the purposes of procurement. This brings with it specific compliance and reporting responsibilities.

2.3 Our current procurement activities

We already manage a considerable amount of procurement and in 2017/18 anticipate an annual procurement spend approximately on works, goods and services of around **£6m**

An independent review by MainStreet Consulting in 2015 stated that: *“given its increasing levels of expenditure, the significant impact of the changes as a result of Secondary Stage Transfer (SST) from 2011 onwards and large-scale investment activities such as the Maryhill Locks initiative, MH procures goods and services well corporately and at departmental levels.”*

However, in terms of procurement we recognised that there was room for improvement and a need to focus on some key areas, some of which have been formally communicated from the Scottish Government:

¹ Wikipedia definition: <http://en.wikipedia.org/wiki/Procurement>

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397079/Scotland_EnduringSettlement_acc.pdf

- We need to publish a Procurement Strategy and Procurement Report annually
- We need to place a stronger emphasis on community benefits and sustainability from our procurement processes
- We need to remove barriers to Small to Medium Enterprises (SMEs) participating in our procurement processes
- We should be maximising procurement efficiency and collaboration

Our Sustainable Procurement Policy, approved by the Board in May 2016 and our Procurement Toolkit, including Community Benefits Guidance manual, provides a compliance framework to ensure that our procurement processes are in line with Procurement Regulations and best practice.

A more detailed table setting out our compliance framework is attached as **Appendix 1**.

2.4 Purpose of this strategy

The purpose of the strategy and the associated action plan is to:

- Ensure compliance with relevant legislation, best practice guidance and policies and procedures
- Enable procurement to contribute to our overall vision
- Provide a framework and a plan to achieve Value for Money from our procurement activity and continuous improvement
- Facilitate further collaboration with other RSLs, public sector bodies and suppliers
- Encourage Sustainable Procurement and participation of SMEs in our procurement activity and help support local economic growth

2.5 Outcomes of the procurement strategy

The strategy has not solely been developed and reviewed for compliance reasons. We want to use the strategy as one of the mechanisms for service improvement. The strategy will therefore be used to deliver:

- Improved contracts resulting in improved services, outcomes and facilities for the residents and wider community of Maryhill and North Glasgow. We will develop a Contract Management Framework to support improved delivery.
- Achievement of procurement efficiencies, allowing further investment in front line services

- Assurance and evidence that contract strategies provide opportunities for SMEs and local providers to bid and benefit from contracts
- Improved standardisation of documentation to drive consistency and compliance through the implementation and audited use of Procurement Toolkit, Guidance and Documentation Templates. The Toolkit will be the subject of Internal Audit in August 2017.
- Recognition as a leading RSL in procurement practices and at the forefront of collaborative working between local RSLs and other public and voluntary bodies. We will consider putting ourselves forward for a relevant procurement excellence award by 2018

2.6 Structure of the Strategy

The Procurement Strategy has been developed by theme and then by Directorate. The four main themes are:

1. Strategy and Policy
2. Processes and systems
3. People, organisation and governance
4. Sustainable procurement

All of the themes are interdependent to ensure the Strategy is delivered in full and to maximum effect. From these themes, an accompanying action plan has been developed. The action plan will require full commitment from the Senior Management Team to ensure successful delivery. The Action Plan is attached as **Appendix 2**.

This section sets out the main themes of the procurement strategy:

3.1 Strategy and Policy

3.1.1 Key Elements

- Procurement Policy
- Rules and regulations
- Contract strategies
- Continuous improvement
- Collaborative procurement
- Savings and efficiencies

3.1.2 Procurement policy

Our procurement activity must link directly to our strategic priorities and long term aims, especially:

- *Creating a real sense of community and helping people thrive*
- *Providing the best homes and creating places where people love to live, work and play*
- *Building a reputation for excellence and being ahead of the game*

The Association has a new Sustainable Policy for the Procurement of Goods and Services approved by the Board in May 2016. The policy was developed following a comprehensive review of procurement activity across the organisation and to comply with the new procurement regulations.

MH staff and Board members must understand the context and direction for the Association's procurement policies as well as ensuring alignment and integration to service plans and priorities.

3.1.3 Rules and Regulations

Procurement is heavily influenced by legislation. Any changes from the EU, UK or Scottish Governments will be communicated across the Association as soon as it is practical to do so.

Of particular relevance for this initial Procurement Strategy for MH are the implications of the Procurement Reform (Scotland) Act². This requires the Association to publish and review regularly its Procurement Strategy, which should:

- Set out how regulated procurements will be carried out
- Set out how we will balance sustainability with quality and price
- Describe how procurement activity will deliver of value for money
- Comply with the Association's own and EU threshold duties
- Include statements on our general policies for:
 - Use of Community Benefits
 - Consultation with those affected by procurements (e.g. our tenants)
 - Payment of the living wage to persons involved in the production, provision or construction of the subject matter of regulated procurements
 - The promotion of Health & Safety compliance by contractors and sub contractors
 - The promotion of fairly and ethically traded goods and services
 - Ensuring that as far as reasonably practicable, payments due to contractors and sub contractors are paid within 30 days.

The Association will also prepare an annual procurement report for publication after the end of the financial year (that is, post 31st March every year, starting in 2018). This will include a summary of:

- Completed regulated procurements in that year
- Community benefit requirements and how these have been fulfilled
- Steps taken to facilitate involvement of supported businesses
- Regulated procurements likely to be undertaken in the next two financial years

The Scottish Government issues Scottish Public Procurement Policy Notes (SPPNs) and updates in relation to the Procurement Journey and these will be communicated across the Association in a timely manner.

3.1.4 Contract Strategies

To ensure that we procure in the most efficient manner possible MH will develop a Contract Strategy for all purchases over £20k (supplies and services) and £50k (works). The strategy will consider issues such as current spend, future spend, market research, supplier profile, sustainability, opportunities for collaboration, potential savings, insurance and legal requirements.

A Contract Strategy document template has been developed and is attached as **Appendix 3**.

² <http://www.legislation.gov.uk/asp/2014/12/section/2>

3.1.5 Continuous Improvement

To ensure continuous improvement in our procurement practices the Association will look at adopting a light-touch version of the Procurement Capability Assessment (PCA) or similar. MH participated in a Scottish Government PCA Pilot for RSLs in March 2016, to help to shape the assessment tool and make this more relevant for the sector.

The PCA is not mandatory for Housing Associations but its focus of improving capability across the wider public sector through collaboration, better use of technology, adoption of standard procurement practices and considering sustainability issues will aid our efforts to improve.

From 2018 we will also include a procurement improvement plan in the updated Procurement Strategy.

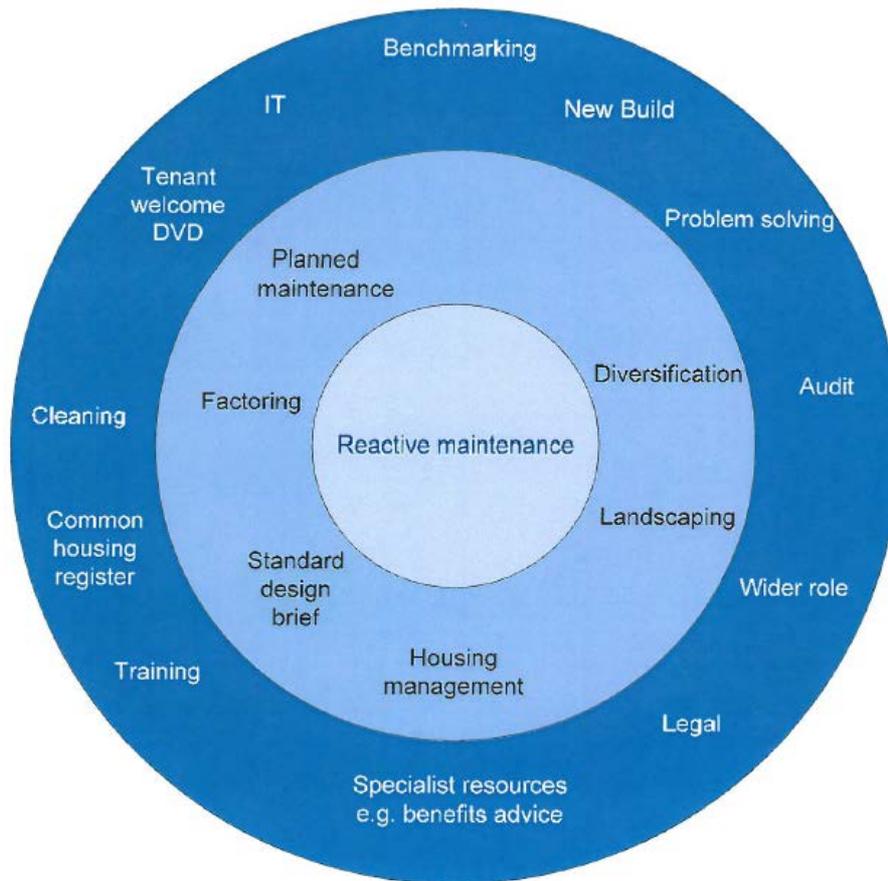
3.1.6 Collaborative Procurement

Collaborative procurement is an important aspect of the procurement strategy. The Association will continue to procure goods and services via national contracts such as Procurement Scotland³ and Scotland Excel⁴ where they offer value for money.

The principal area for collaboration should be with other RSLs. The different areas in which MH could collaborate are shown in the following diagram with the core in the light shadings and the periphery in the dark shading.

³ See <http://www.gov.scot/Topics/Government/Procurement>

⁴ See <http://www.scotland-excel.org.uk/>



While we have undertaken some collaborative procurement in some of the peripheral areas, for example; Legal Services, Asbestos Management, Consultants and Contractors for new development and planned investment contracts, MH should also investigate the potential for undertaking joint procurement in some of the core areas.

Opportunities with our neighbouring RSLs such as Queens Cross, NG Homes, Cadder, Partick, and Whiteinch and Scotstoun Housing Associations should be investigated first.

Furthermore, other public sector bodies with an interest in regenerating North Glasgow including Glasgow City Council and Scottish Canals should also be considered in relation to joint procurement opportunities, particularly in development.

Other collaborative procurements will also be considered with local authorities and public bodies where best value can be achieved.

3.1.7 Savings and efficiencies

It is important that procurement savings and efficiencies are captured in the budget process to enable savings to be used to support service delivery and make best use of tenants' rent payments.

From Financial Year 2016/17, a modest annual target for procurement savings of 2% has been set for MH, as agreed by the Senior Management Team (SMT) and from 2017/18 a Value for Money Strategy with more stretching targets will be developed. Progress against this will be reported to the SMT and Board quarterly.

3.1.8 Contribution to the Association's Key Priorities

To ensure that our Procurement activities, Strategy & Policy make effective contribution to the achievement of our Corporate Plans and objectives we will take the following action;

- Maintain the Association's Procurement Toolkit and ensure all staff involved in procurement are trained in the use of the Toolkit
- Ensure all relevant information, including changes to procurement legislation, is communicated effectively across the organisation and staff trained accordingly
- Communicate all Scottish Procurement Policy Notices (SPPNs) to relevant staff and action these policy notes accordingly
- Obtain Board approval of the Annual Procurement Strategy by 25th April 2017
- Standardise tender documentation by using the European Single Procurement Document (ESPD) to encourage SMEs and local companies to bid for work
- Develop individual contract strategies for all purchases over £20k (goods and services) and over £50k (works)
- Ensure collaborative procurement is considered for all procurement activity
- Ensure savings captured are reported to SMT and the MH Board quarterly
- Learn from Procurement Processes and develop a Procurement Improvement Action Plan in 2018
- Monitor and track Community Benefits from Procurement activities
- Give consideration to a submission for a Procurement Excellence award in 2018

3.2 Processes and systems

3.2.1 Key Elements

- Supporting Technology
- Processes
- Use of frameworks

3.2.2 Supporting Technology

In line with many RSLs of our size and status, MH does not have specific systems or technologies to support its' procurement processes. Instead, a range of tools and procedures are used – from the core Finance System, e-Tendering portals like

Public Contracts Scotland (PCS) where appropriate, and management information arranged via office tools (predominately MS Excel spreadsheets). We recognise that our reporting arrangements could be significantly enhanced.

We process upwards of 3000 invoices per year. This covers payments to suppliers, and grant payments and payments to other public bodies. This is a manual, time consuming process and the objective is to reduce the manual intervention and increase the use of electronic methods for processing payments. Likewise, MH has an obligation to pay suppliers within 30 days of receipt of a valid invoice as legislated by the Late Payment Commercial Debt Act. Manual processes can slow down the payment and make it more difficult to achieve this objective.

MH will explore electronic procurement and invoicing system in 2017-18. In line with the recommendations of the independent review of MH procurement by MainStreet Consulting, we believe that we can and should aim for:

- Quicker ordering
- Real time pricing
- Reduced errors in orders placed
- Better management information and reporting
- A purchasing audit trail

The first step in considering the adoption of an electronic procurement system is an initial exploration of the benefits of all orders being placed, approved, receipted and invoiced *electronically* – through a web based purchase order system, the Scottish Government’s Procurement Team’s PECOS system⁵ or an equivalent.

3.2.3 Public Contracts Scotland e tender

MH uses the Public Contracts Scotland e-tender facility for issuing tenders. All tenders over £10k in value are issued electronically to reduce paperwork and improve efficiency.

3.2.4 Contribution to the Association’s Key Priorities

To ensure that our processes and systems support effective procurement and assist us to deliver our Strategic plans and priorities we will;

- Use PCS e-tender solutions for all Association tenders over £10k from 2016/17
- Explore the business case for electronic procurement and invoicing in 2017/18

⁵ <http://www.gov.scot/Topics/Government/Procurement/eCommerce/PECOSP2P>

3.3 People and organisation

3.3.1 Key Elements

- Accountability & responsibility
- Resources and qualifications
- Training

The Association has to ensure we use our resources to maximum effect, and part of this means clarifying exactly who is responsible and accountable for procurement.

3.3.2 Accountability and responsibility

Procurement activity takes place across the Association, with all departments involved in purchasing goods and some involved in buying (and managing) services. Until 2016, there was no central procurement function or centre of excellence at MH: staff involved in buying and/or managing services were aware of the policy, approvals and thresholds and reported accordingly. However limited amounts of corporate or departmental management information were captured beyond what was contractually relevant.

The MainStreet review of procurement suggested that arrangements be formalised – not least given the requirements of the Procurement Reform (Scotland) Act. As a minimum, the Association will need to have processes in place to capture and analyse procurement provision across the year, and to be ready to report on activities and plans following the end of the financial year.

In the absence of guidance or recognised good practice in the RSL sector in Scotland, it was agreed that corporate accountability would reside in the area of highest spend. This is currently Investment & Regeneration, given the significant levels of investment and associated contract management being undertaken. Consequently, the Director of Investment & Regeneration (DIR) will encourage compliance with regulatory guidelines and best practice across the organisation. The DIR will be responsible for review of procurement policy and strategy, for the annual procurement report and for reporting to the Board, tenants and the Scottish Government. Corporate Services will continue to monitor expenditure.

The DIR will be the first point of contact for procurement related enquiries contact details below;

**Director of Investment and Regeneration
Maryhill Housing
45 Garrioch Road**

**Glasgow
G20 8RG**

Tel: 0141 946 2466

Direct Dial: 0141 948 1119

Email: dbirrell@maryhill.org.uk

MH is still a relatively small organisation. We do not have a corporate procurement unit and instead rely on all staff to procure compliantly and manage contracts effectively where their roles require it. In line with a new MH Procurement Toolkit, relevant staff will be asked to assist with the development of meaningful, accurate and timely management information to assist decision-making and reporting.

3.3.3 Resources and qualifications

Where staff are actively or become considerably more involved in procurement, they will be encouraged to enhance their skills by exploring and achieving membership of the Chartered Institute of Purchasing and Supply (CIPS).

3.3.4 Training

It is important that staff have adequate up to date qualifications and knowledge. Therefore all staff involved in procurement must attend at least one training course per year on EU and/or Scottish Government procurement legislation.

The Association has developed a Procurement Toolkit: all staff involved in procurement activities must be aware of that toolkit, trained in its use and follow it to ensure that the organisation adheres to the necessary guidance.

Training requirements will be identified through the appraisals process and training events co-ordinated on any new legislation or policies that are likely to have an impact on services. Procurement refresher training will be delivered annually. This will be targeted at all staff involved in the procurement process.

The Association will also equip the Board with knowledge and skills required in relation to Procurement. This training should be prioritised as part of ongoing Board Effectiveness training and delivered to Board members during the period of this strategy.

3.3.5 Contribution to the Association's Key Priorities

To ensure that our people and organisation support effective procurement and assist us to deliver our Strategic plans and priorities we will;

- Ensure procurement activity is in line with governance of the organisation, the Financial Regulations and Schedule of Delegation and aligned with Scottish Government requirements
- Encourage achievement of a professional procurement qualification (MCIPS)
- All staff involved in procurement to attend annual training on procurement legislation
- Training events to be delivered for the implementation of new legislation or policies
- Annual refresher training to be delivered for all staff involved in the procurement process
- Deliver Board training in relation to procurement

3.4 Sustainable Procurement

3.4.1 Key Elements

- Sustainable Procurement Policy
- Helping SMEs and Local Suppliers
- Working with the Voluntary Sector
- Community Benefits
- Consultation and Engagement
- The Living Wage
- Health and Safety
- Ensuring Prompt Payment to Contractors and Suppliers

As well as environmental issues, our approach to procurement should also tackle social issues such as reducing unemployment, supporting a viable local business community and helping people with disabilities into employment.

3.4.2 Sustainable procurement policy

The Association has in place a sustainable procurement policy, which was approved in May 2016. The policy includes environmental issues, community benefits and procurement related actions to reduce inequality in North Glasgow.

Sustainability must also be considered when developing tender evaluation criteria. This helps with reducing carbon miles and the Association's carbon footprint.

3.4.3 Helping SMEs and local businesses

Consideration is given to advertising all procurement opportunities above £10,000 through the national tender advertising portal, www.publiccontractsscotland.gov.uk. This helps businesses, as they know where to find opportunities and receive emails when adverts are placed for their chosen sphere of work.

MH will explore how best to ensure opportunities are open to all and that SMEs and local businesses are not be disadvantaged in any way in the tender process.

It is recognised that successful local businesses will help reduce unemployment. Economic development is one of the Association's key priorities and procurement can play an important part in developing this objective.

The Association will over the course of 2017/18 work to support or sponsor a local Supplier Development Programme (SDP) – preferably in collaboration with peer RSLs such as NG Homes, Queens Cross, Cadder, Patrick, Whiteinch and Scotstoun, or agencies like Jobs & Business Glasgow and with guidance from the SFHA's Procurement Forum - through events and 'Meet the Buyer' type presentations. In addition we will continue to offer debriefs to unsuccessful suppliers to help with future bids and review tender documents to ensure they are consistent and user friendly. MH will use standard tender documentation, including the ESPD, and will always consider contract size, including the opportunity to break requirements into smaller lots.

3.4.4 Working with the Voluntary Sector

A key part of the approach to sustainable procurement is to work with the voluntary sector. We have a good track record in those areas via the Maryhill Regeneration Forum. The MRF no longer have a regular meeting cycle however we will work to formalise relationships, including through partnering, with Scottish Council of Voluntary Organisations (SCVO), Glasgow Council for Voluntary Service (GCVS), Glasgow and West of Scotland Forum (GWSF) Community Learning Network and Glasgow Social Enterprise Network to;

- Improve the relationship and communication between the Association and the third sector
- Develop joint commissioning approaches where appropriate, involving all partners in the process
- Share learning and evaluate progress

3.4.5 Community Benefits

Community Benefit Clauses can be used to build a range of economic, social or environmental conditions into the delivery of contracts. Community Benefits can provide added value and contribute to the achievement of outcomes which benefit local communities and deliver wider social benefit.

One of our key objectives is to tackle employability and financial inclusion. MH believes that we should lead by example by employing trainees, offering apprenticeships and providing work placements and we therefore expect that our contractors will provide this kind of community benefit when they work with us. Projects and initiatives that stimulate the local economy will assist in the strengthening of the Maryhill Community and long term sustainability.

The Association will comply with the legal duty for explicit Community Benefits clauses required on all contracts above £4m that commenced on or after 1 June 2016.

We will also consider Community Benefits for all procurement when purchases are over £20k for goods and services, and over £50k for works. The Association recognises that Community Benefits must be proportionate to the value of the contracts being procured and that a one size fits all approach is not possible.

The Association has developed a specific policy statement on Community Benefits and developed in house guidance to support staff on securing maximum Community Benefits from procurement activity. Guidance provides examples of Community Benefits (Community Benefits which can potentially be included as contractual clauses include, but are not limited to; targeted recruitment and training, small business and social enterprise development, support for community initiatives and community engagement), sample Community Benefits clauses for consideration during the design and development of tendering documentation and methods of monitoring and evaluation to ensure a consistent approach is embedded across the organisation.

3.4.6 Consultation and Engagement

We will carry out appropriate consultation where procurement activity will impact on our tenants or other customers. Where appropriate, we will seek customer and supplier feedback to understand satisfaction and improve our processes.

3.4.7 The Living Wage

MH is committed to promoting the use of the Scottish Living Wage. MH will always have regard to the statutory guidance on the selection of tenderers and award of contracts addressing fair work practices, including the Living Wage, in procurement activity.

MH is a Living Wage Accredited Employer and promotes this through relevant public contracts. MH will always ensure a proportionate approach based on the nature, scope and size of the procurement activity.

3.4.8 Health and Safety

MH has a comprehensive health and safety policy and associated guidance/procedures which relate to staff and contractors. Health and safety policies and associated information are requested where relevant from suppliers as part of the procurement process and health and safety policies are covered in MH's standard terms and conditions to ensure that suppliers comply with all relevant regulations and best practice.

We will ensure that any measures taken to ensure the promotion and compliance of health and safety requirements in procurement activity is relevant, proportionate and not overly burdensome, and meets current legislation as a minimum. The degree to which health and safety requirements are specified within tender documents will vary according to the goods, services or works being purchased and will be considered on a case by case basis.

3.4.9 Fairly and ethically traded goods and services

In making procurement decisions we will seek to contribute to maintaining and improving the environment, both by purchasing recycled or 'environmentally friendly', fair and ethically traded goods whenever possible and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.

3.4.10 Prompt Payment

MH is committed to paying our suppliers promptly, and we include a clause in our standard terms and conditions stating that we will pay undisputed invoices within 30 days from receipt. MH will ensure effective contract management and monitoring throughout the contract term to ensure that prompt payment continues to be applied throughout the duration of the contract.

3.4.11 Contribution to the Association's Key Priorities

Sustainable procurement will assist us to deliver our Strategic plans and priorities and we will;

- Consider sustainability when agreeing tender evaluation criteria
- Identify future opportunities for voluntary sector collaboration
- Consider community benefit clauses for all tenders over £20K (goods and services) and £50k (works)
- Consult with those affected by procurements (e.g. our tenants and other customers)
- Encourage and support the payment of the living wage
- Promote Health & Safety compliance by contractors and sub contractors
- Promote the use of fairly and ethically traded goods and services
- Ensure prompt payment to contractors and suppliers

4.1 Corporate Services

Corporate Services includes Financial Management; Audit and Risk; Performance, Human Resources and Payroll; and Information Technology (IT). In addition, Corporate Services coordinate monitoring of overall contract financial viability, alignment with the MH business plan and overall value for money.

4.1.1 Priorities/Actions

The main procurement activities for Corporate Services for 2017/18 include;

- Joint Procurement of Legal Services
- Procurement of Utilities provider (Gas & Electricity)
- Procurement of Communications & Marketing (Publications and Social Media)
- Stationery Procurement
- Procurement of Board and Senior Management Team paperless meetings software
- Procurement of Customer Contact Centre software
- Procurement of Electronic Records Management Software and Archiving
- Procurement of ICT Software and Development Packages (including Brixx Financial Planning software, Fixed Asset Register software, Infrastructure and Networks Review and Web site development)

The estimated value of spend for the Corporate Services Directorate in 2017/18 is **£0.650m**

4.2 Investment & Regeneration

Investment & Regeneration has responsibility for Asset Management, New Build Development & Acquisitions, Planned Investment, Factoring, Community Regeneration and Development, Customer Engagement and Tenant Scrutiny.

4.2.1 Priorities/Actions

The main procurement activities for Investment & Regeneration for 2017/18 include;

- Continued delivery of the planned investment programme circa £3.7 M. The programme includes a range of works including roof and stone work repairs, central heating systems and installations, back court improvements, environmental and lighting improvements, controlled entry upgrading, window replacements, CCTV installation within multi storey blocks and a programme of medical adaptations. The Association reprocured a Contactor Framework in 2016/17 for planned maintenance Contractors.
- Reprocurement of Cost Consultancy and Principal Designer services for the planned programme in 2017/18
- Acquisitions of Private Property through GCC DRS Acquisitions Programme
- New Build feasibility studies and developments using Link Housing Association Framework for Contractors and Consultants
- Assessment of and requirement for Building Information Modelling (BIM) in construction procurement. BIM uses digital technology to equip designers and construction professionals with tools to more effectively design, construct and manage the construction of new build housing and significantly improve efficiency and decision making in projects.
- Securing and monitoring Community Benefits from procurement activity
- Scrutiny Accreditation and Training
- Development of Growing Spaces
- Initiatives to address Fuel Poverty

The Investment & Regeneration team will be procuring a Customer Satisfaction survey in 2018/19.

The estimated value of spend for the Investment and Regeneration Directorate in 2017/18 is **£4.7m**

4.3 Housing Services

Housing Services is responsible for Housing Management and Reactive and Cyclical Maintenance, Gas Safety, Neighbourhood/Facilities Management and Retirement Housing.

4.3.1 Priorities/Actions

The main procurement activities for Housing Services for 2017/18 include:

- Re-tender the landscaping contract to start on site May 2017 (spend c. £120k per annum)
- Re-tender close cleaning contract to start on site September 2017 (spend c. £200k per annum)

- Re-tender the M and E compliance contract to start on site October 2017 (spend c. £50k per annum)
- Exploring and using appropriate frameworks for smaller call-off initiatives
- Develop full GANT charts for reprocurement of cyclical contracts over the next five years
- Fully embed new contracts for Reactive Maintenance, Void Reservicing, Gas servicing and Maintenance and Lift Maintenance and Door Entry.
- Introduce supplier management meetings for medium and high risk contracts, using new contract strategy documentation
- Deliver the enhanced void standard project (spend c. £300k) through quick quotes for works to individual properties.
- Ensure effective contract management frameworks are in place and fully documented.

The estimated value of spend through external contracts for the Housing Services Directorate in 2017/18 is **£0.670m**

4.4 Annual Procurement Spend by Directorate

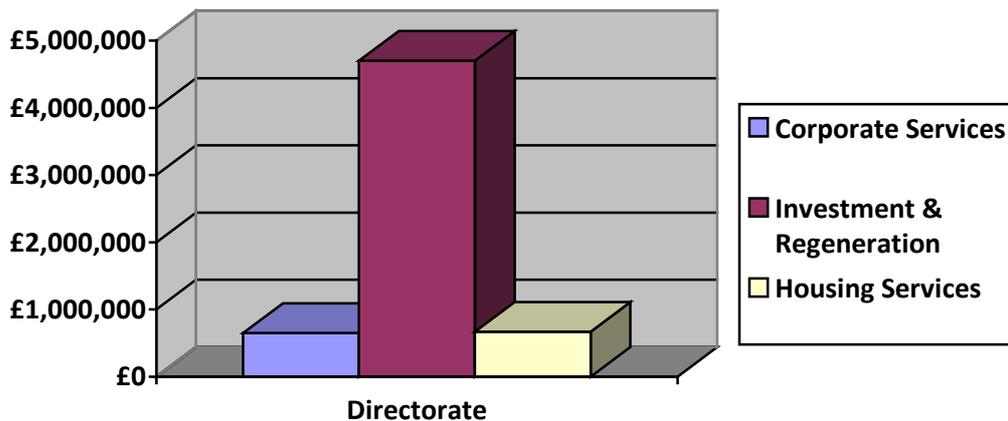


Figure 1 Annual Procurement Spend by Directorate

5 Monitoring of Strategy and Review

5.1 Monitoring of Strategy and Review

In line with the regulatory requirements, this strategy will be reviewed and updated on an annual basis. As part of this strategy development, an Action Plan has been developed to monitor and continually improve the strategy. The Action Plan is attached as **Appendix 2**.

An annual Procurement Report will also be developed to record progress.

APPENDIX 1 COMPLIANCE FRAMEWORK

Legislative Change	Current Practice	Impact on MH
VfM definition now balances cost, quality and sustainability	VfM has mainly focused on cost and quality	Emergence of sustainable procurement will be a key consideration for future procurement. Sustainable procurement has a wider definition than just environmental factors. The principle is that we must meet EU Treaty requirements whilst also demonstrating that we are procuring in a manner that improves the economic, social and environmental wellbeing (this includes reduction in inequality) of the area in which we operate. It should be noted that sustainable procurement should be proportionate to each procurement.
Emphasis on sub EU threshold and requirement to follow EU procedures	EU thresholds are mandatory levels above which we would use EU procurement process. We often uses EU procurement process for smaller value procurement	No real change in practice although clearer guidelines need to be set out in new procurement strategy with any procurement that has a lifetime value of over £50k (exc VAT) for goods and services, and £2m (exc VAT) for construction contracts having to adhere to an EU procurement process. Where MH has frameworks in place it

Legislative Change	Current Practice	Impact on MH
		does not have to go through an EU procurement process when calling off goods/services.
<p>All contracting authorities with a spend in excess of £5m pa have to have a procurement strategy that sets out how it will carry out its procurement to achieve its purpose, deliver VfM, and comply with EU legislation. In addition, the strategy will give details of the authority's policy in areas such as: community benefits; consultation with those affected by the procurement such as tenants; payment of the living wage; promotion by its supply chain of H&S, ethically traded goods/services, community wellbeing; payments by the authority within 30 days.¹</p>	<p>At present, MH has a procurement policy but no strategy.</p>	<p>MH spends more than £5m pa and so it is mandatory that a procurement strategy in place</p>
<p>Contracting authorities must produce an annual procurement report at the end</p>	<p>When requested, MH has completed the annual statistical return for</p>	<p>We will have to complete an annual procurement report that is published on our website.</p>

Legislative Change	Current Practice	Impact on MH
<p>of each financial year that includes: completed procurements; adherence to the procurement strategy; community benefits achieved; involvement of supported businesses; and expected procurements in the next two years.¹</p>	<p>Procurement Scotland (this procedure is currently suspended)</p>	
<p>In regulated procurements in excess of £4m, MH has to consider whether to impose a requirement for community benefits.</p>	<p>In recent procurement, MH has not always considered community benefits, and where it does, not to this scale.</p>	<p>MH will have a duty to consider including community benefits in all procurements over £4m. If it does include community benefits as a mandatory part of the procurement, then it must include the benefits that will be derived when publishing the contract award notice. Our Sustainable Procurement Policy approved May 2016 states that we will also consider Community Benefits for all procurement when purchases are over £20k for goods and services, and over £50k for works. The Association recognises that Community Benefits must be proportionate to the value of the contracts being procured and that a one size fits all</p>

Legislative Change	Current Practice	Impact on MH
		approach is not possible.
The legislation requires contracting authorities to maintain a contracts register that is to be published on the internet.	MH does not have a current contracts register and does not publish details of contracts on its website.	MH will put in place a system to create and maintain a contracts register, and publish the register on the website.

¹Source: Legislation wording sourced at www.Legislation.gov.uk/asp/2014/12/contents/enacted

APPENDIX 2 ACTION PLAN

Action	Owner	Timescale	Progress
Strategy and Policy Actions			
<ul style="list-style-type: none"> Update and review of the Association's Procurement Toolkit & relaunch 	DI&R	March 2017	Complete
<ul style="list-style-type: none"> Ensure all relevant information, including changes to procurement legislation, is communicated effectively across the organisation 	DI&R	As and when required	Ongoing
<ul style="list-style-type: none"> Ensure Procurement Guidance and Toolkit updated with respect to Scottish Procurement Policy Notices (SPPNs) 	DI&R	As and when required	Ongoing
<ul style="list-style-type: none"> Obtain Board approval of the Corporate Procurement Strategy by 25th April 2017 	DI&R	25 April 2017	Complete pending Board approval
<ul style="list-style-type: none"> Standardise procurement documentation by using ESPD to encourage SMEs and local companies to bid for work 	DI&R	May 2016	Complete ESPD V1.9 in use
<ul style="list-style-type: none"> Develop individual contract strategies for all purchases over £20k (goods and services) and over £50k (works) ensuring the needs of MH services are met in the most efficient manner 	SMT & HOS	May 2016	Complete subject to ongoing monitoring & review

<ul style="list-style-type: none"> Ensure collaborative procurement is considered for all procurement activity 	SMT & HOS	May 2016	Complete subject to ongoing monitoring & review
<ul style="list-style-type: none"> Develop MH Contract Management Framework 	DIR	Q1 2017/18	Contract Management Framework is under development
<ul style="list-style-type: none"> Capture savings in procurement, record and report to SMT and the Board quarterly 	SMT & HOS	From Q1 2017/18	Quarterly reporting format to be developed
<ul style="list-style-type: none"> Monitor and track Community Benefits 	CRM	From Q1 2017/18	Quarterly reporting format to be developed
<ul style="list-style-type: none"> Procurement Excellence Award 	DIR	Q4 2017/18	Consideration to be given to submission
<ul style="list-style-type: none"> Procurement Improvement Plan 	DIR	Q4 2017/18	Format to be developed
Processes and Systems			

<ul style="list-style-type: none"> • Use PCS e-tender solutions for all Association tenders over £10k from 2017/18 	DIR	May 2016	Complete subject to ongoing monitoring & review
<ul style="list-style-type: none"> • Explore business case for electronic procurement and invoicing system 	DCS	2017/18	Included in ICT Delivery Plan

People and Organisation			
<ul style="list-style-type: none"> Agree levels of delegated authority for procurement, aligned with Government requirements 	CEO	August 2015	Updated Financial Regulations and Delegated Authority approved by the Board in August 2015
<ul style="list-style-type: none"> Encourage achievement of a professional procurement qualification (MCIPS) 	SMT HOS	2017/18	To be considered as part of staff appraisals/one to ones
<ul style="list-style-type: none"> Ensure all staff involved in procurement attend annual training on procurement legislation 	DI&R	May 2016 March 2017	Completed Completed
<ul style="list-style-type: none"> Deliver training events on the implementation of new legislation 	DI&R	May 2016 March 2017	Completed Completed
<ul style="list-style-type: none"> Deliver refresher training for all staff involved in the procurement process 	DIR	March 2017	Completed
<ul style="list-style-type: none"> Provide training for Board on Procurement 	DIR	2017/18	To be included in Board excellence training plan
Sustainable Procurement			

<ul style="list-style-type: none"> Consider sustainability when agreeing tender evaluation criteria 	DIR	May 2016	Included as part of Procurement Toolkit Guidance
<ul style="list-style-type: none"> Identify opportunities for voluntary sector collaboration 	DIR	2017/18	
<ul style="list-style-type: none"> Review and update the Association's Community Benefits Policy 	CRM	August 2016	Complete Approved by Policy & Performance Committee August 2016
<ul style="list-style-type: none"> Consider community benefit clauses for all tenders £20k (goods and services) and over £50k (works). Comply with legal requirement above £4m 	DIR	May 2016	Complete MH Sustainable Procurement Policy approved by Board May 2016
<ul style="list-style-type: none"> Consult with customers affected by procurement activity 	DIR HOPI Development Consultant	Ongoing	In accordance with communication processes for planned investment and new build housing projects

<ul style="list-style-type: none"> Encourage payment of Living Wage 	DIR	May 2016	Complete MH Sustainable Procurement Policy approved by Board May 2016
<ul style="list-style-type: none"> Promote Compliance with Health & Safety Legislation 	DIR	May 2016	Complete MH Sustainable Procurement Policy approved by Board May 2016
<ul style="list-style-type: none"> Promote use of fairly and ethically traded goods 	DIR	May 2016	Complete MH Sustainable Procurement Policy approved by Board May 2016
<ul style="list-style-type: none"> Ensure prompt payment to contractors and suppliers 	DIR	May 2016	Complete MH Sustainable Procurement Policy approved by Board May 2016 MH Terms and Conditions

Corporate Services			
• Reprourement of Legal Services (in collaboration with other RSLs)	DCS	June 2017	
• Procurement of Utilities provider (Gas & Electricity)	CSM	August 2017	
• Procurement of Communications & Marketing (Publications and Social Media)	CSM	October 2017	
• Stationery Procurement	CSM	Ongoing	Currently using Scottish Government Framework
• Procurement of Board and Senior Management Team paperless meetings software	CSM	June 2017	Using Digital Market Place UK Government Framework
• Procurement of Customer Contact Centre software	ITM	Ongoing	Included in ICT Delivery Plan
• Procurement of Electronic Records Management Software and Archiving	CSM	December 2017	
• Procurement of ICT Software and Development Packages (including Brixx Financial Planning software, Fixed Asset Register software, Infrastructure and Networks Review and Web site development)	HOF/ITM	Ongoing	Included in ICT Delivery Plan
Investment & Regeneration			

<ul style="list-style-type: none"> Continue implementation of the planned maintenance programme 	HOPI	20107/18	5 Year Plan approved
<ul style="list-style-type: none"> Continue to bid for GCC Private Sector Acquisitions Programme 	DIR	October 2017	Subject to finding availability
<ul style="list-style-type: none"> Reprocure Cost Consultancy and Principal Designer services 	HOPI	October 2017	Ongoing, possible collaboration with NG Homes
<ul style="list-style-type: none"> Procure consultants and Design Teams for New Build feasibility studies, site acquisitions and developments 	Development Consultant	2017/18	Ongoing, being procured through Link HA Framework for Consultants and Contractors
<ul style="list-style-type: none"> Assess use of and requirement for BIM 	Development Consultant	2017/18	Assess requirement as part of SIP for new build development currently being developed.
<ul style="list-style-type: none"> Procure consultants to deliver Scrutiny Accreditation and Training 	CRM	2017	Complete TIS appointed
<ul style="list-style-type: none"> Develop Growing Spaces 	CRM	2017/18	In line with SIP

<ul style="list-style-type: none"> Develop initiatives to address Fuel Poverty 	CRM	2017/18	In line with Community Regeneration Strategy to be approved in August 2017
<ul style="list-style-type: none"> Procure three yearly Customer Satisfaction Survey 	CRM	2018/19	Next 3 year Survey due to be undertaken August 2018
Housing Services			
<ul style="list-style-type: none"> Re-tender the landscaping contract to start on site May 2017 (spend c. £120k per annum) 	HOR	Apr '17	Board decision in April 2017.
<ul style="list-style-type: none"> Re-tender close cleaning contract to start on site September 2017 (spend c. £200k per annum) 	HOR	Jul '17	ESPDs currently out
<ul style="list-style-type: none"> Re-tender the M and E compliance contract to start on site October 2017 (spend c. £50k per annum) 	HOR	Sep '17	ESPDs scheduled to be produced by May 2017
<ul style="list-style-type: none"> Exploring and using appropriate frameworks for smaller call-off initiatives 	HOR	Ongoing	

<ul style="list-style-type: none"> Develop full GANT charts for reprourement of cyclical contracts over the next five years 	HOR	Jan '17	Initial version complete for 2017/18. Ongoing project to ensure kept live.
<ul style="list-style-type: none"> Fully embed new contracts for Reactive Maintenance, Void Reservicing, Gas servicing and Maintenance and Lift Maintenance and Door Entry. 	HOR	Oct '17	New contacts successfully launched in April 2017.
<ul style="list-style-type: none"> Deliver the enhanced void standard project (spend c. £300k) through quick quotes for works to individual properties. 	HOR	Apr 17 – Mar 18	Post to deliver project currently out to recruitment.
<ul style="list-style-type: none"> Ensure effective contract management frameworks are in place and fully documented. 	HOR	Ongoing.	Contractor meetings held and documented for key contracts. Contract documentation currently being reviewed.

APPENDIX 3 CONTRACT STRATEGY TEMPLATE



MARYHILL HOUSING

CONTRACT STRATEGY

A Contract Strategy must be completed for all tendering opportunities over £20,000 (Supplies & Services) and £50,000 (Works) This simple process will be used to manage contracts into which we enter to ensure that the needs of the Association (in areas such as value for money, contractor performance and realising the anticipated community benefits) are met in the most efficient manner. The relevant Director should sign off all contract strategies before the tender exercise begins.

SECTION 1 – INTRODUCTION

1.1 Contract Details	
Contract Title	
Lead Officer	
Contract Reference No (If applicable)	
Date Created	

1.2 Background (Current Status)

This section should include details of the present position and highlight appropriate background information e.g. What volume is currently being procured, when and why. Current contract status (if applicable), highlighting where either current practice or contract could be improved (i.e. lessons learned from current contract, service area or suppliers).

1.3 Project Objective/Outcomes

This section should include details of the objectives and outcomes of this procurement.

1.4 Procurement Approach (Forward Plan)

This section should include a summary of the procurement approach and ensure that the plan going forward is in line with our future objectives and that the approach will deliver the objectives and outcomes for the project.

SECTION 2 – BUDGET & SAVINGS

2.1 Budget Details (New Contract)

Budget Amount		Budget Holder	
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Responsible Director			
Cost Centre		Nominal Code	

SECTION 3 – PROJECT CONSIDERATIONS

3.1 Supply Market Analysis

The officer with procurement responsibility should conduct a level of market analysis for any procurement in order to understand the market landscape and identify key players, although this will be proportionate according to the value and risk associated with the commodity.

Supply Market Analysis	
Details of research undertaken (sources/type of information analysed)	Results/outcomes of research

3.2 Collaboration

Collaboration Opportunity	<input type="checkbox"/> Yes <input type="checkbox"/> No
Local Authority	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other organisation's involved	

3.3 Community Benefits/Sustainability

The officer with procurement responsibility should give consideration to Community Benefits and consider the social, economic and environmental elements of the proposed procurement that should be addressed through the Specification/ Evaluation Criteria.

There a Legal Duty to consider Community Benefits for all contracts above £4m. Does a Legal Duty apply to this procurement? Yes No

Maryhill Housing will consider Community Benefits for all procurement when purchases are over £20k for goods and services, and over £50k for works. The Association recognises that Community Benefits must be proportionate to the value of the contracts being procured and that a one size fits all approach is not possible. Please consider the above and the type of Community Benefits that might be appropriate. Further guidance on community benefits can be found [here](#)

What type of Community Benefits is appropriate for this contract?

Employment & Training Opportunities

Community Initiatives

SMEs and Supplier Development

Please provide details of your selection:

Is there any legislation that could affect the specification of this procurement? E.g. Health and Safety legislation, Environmental, Equal Opportunities etc.

Yes No

If yes, please provide details:

Are there any diversity issues that need to be considered? E.g. accessibility needs. Religious/Cultural needs, etc.

Yes No

If yes, please provide details:

Public Contracts Scotland Regulations (2006) allows public bodies to restrict participation in the tendering process to supported businesses or factories only i.e. businesses or factories where more than 50% of the workers are disabled persons. Contracts awarded in this way are known as “reserved contracts”.

Is this procurement suitable as a reserved contract?

Yes No

If yes, please provide details:

3.4 Insurance

Standard insurance indemnities are outlined below: Is there any need to amend these for this tender exercise? The officer with procurement responsibility should consider with advice from our Insurance Broker what levels of insurances are required. This is to ensure Maryhill Housing’s (MH) Contingency Cover Insurance is not invalidated by the activities of Contractors.

A separate Contractor Checklist Procedure has been developed in relation to Liability Insurance. At contract award stage the contractor must provide satisfactory evidence that the relevant insurance for the nature of the works or services being undertaken is in place to ensure that our own insurance can be maintained. The link to the procedure can be found [here](#)

Public Liability £10M	
Employee Liability £10M	
Professional Liability £5M	

3.5 Stakeholders and Tender Evaluation Panel

The officer with procurement responsibility should identify key stakeholders who will be affected by the proposed procurement and provide details of the customer/members of the evaluation panel.

Key stakeholders identified	Evaluation Panel (who will evaluate bids from tenderers)

SECTION 4 – BENEFITS & RISKS

4.1 Potential Contract Benefits (Non – Financial) (If applicable)	
Description	Comment
E.g. Reduction in admin / overheads	

4.2 Contract Performance Measure		
Description	Type	Comment
E.g. Staged Payments / KPI's / Management Info		

4.3 Risks			
Risk	Probability (L/M/H)	Impact (L/M/H)	Actions required to manage and mitigate Risk

E.g. Financial stability of a supplier			
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SECTION 5 – PROCUREMENT PROCESS

5.1 Option Summary with Benefits

The officer with procurement responsibility should summarise the options available to progress the procurement. These may be based on the procurement route, the availability and use of collaborative arrangements and/or the cessation of service. *Note: The content of the template can be amended to suit the specific needs of the requirement.*

		Option	Benefits / Risks
1	Route to Market	<input type="checkbox"/> Use Existing Framework / Contract <input type="checkbox"/> Develop New Contract	
2	Procurement Route	<input type="checkbox"/> Open <input type="checkbox"/> Restricted <input type="checkbox"/> Other – please specify:	

3	Lots	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please provide details:	
4	Suppliers	<input type="checkbox"/> Single Supplier <input type="checkbox"/> Multiple Lot If multiple, please provide details:	
5	Award Criteria (Price/Quality Ratio)	<input type="checkbox"/> Lowest Compliant Price <input type="checkbox"/> MEAT	Cost 60% Quality 40%
6	Contract Duration (incl. Extension Period)		

5.2 Contract Procurement Implementation Plan

The officer with procurement responsibility should provide details of the key activities to be taken forward including approximate start and end dates, desired outcomes/deliverables and the benefits of undertaking the activities. An excel version of the Contract Implementation Plan can be found [here](#) **Please note that the template plan is for guidance only. The key stages and timescales will be determined by the specific project and procurement route.**

Implementation Plan			
Activity Description	Owner	Start Date	End Date

1				
2				
3				
4				

SECTION 6 – APPROVAL This section of the strategy requires sign off from the relevant Director.

Procurement Officer Signature	
Print	
Date	
Director Signature	
Print	
Date	

APPENDIX 1 – Contract Procurement Implementation Plan

Follow the link to access the excel document click [here](#)