



Procurement Strategy 2022- 2025

“Procurement is the act of obtaining goods or services, typically for business purposes.” Investopedia.com

Executive Summary

Policy Author

The Director of Maintenance Services holds the responsibility for developing this strategy and subsequent policies and procedures. The strategy is aimed at staff who has the authority to purchase goods and services on behalf of the association

Purpose of the Strategy

The purpose of this Strategy is to provide a clear path for the delivery of effective, consistent, best practice procurement across the whole organisation.

Aims and Objectives of the Policy

The benefits of good procurement is evaluated in the quality of items purchased or the service provided. The aim of this strategy is to emphasise the need for good procurement activities to provide a sustainable goods or service which lasts the life expectancy of that product/element or service whilst providing Value for Money.

This strategy and subsequent policy and procedures is important in ensuring that we maintain our objective of delivering open and transparent procurement processes to ensure compliance with procurement legislation.

Legislative and Regulatory Compliance

SHR Regulatory Standards

Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users

Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.

Standard 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness

Standard 5: The RSL conducts its affairs with honesty and integrity

Standard 6: The governing body and senior officers have the skills and knowledge they need to be effective.

Other Legislative and Guidance Documents–

- The Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- Guidance under the Procurement Reform (Scotland) Act (Scottish Government, March 2016)
- Procurement Reform (Scotland) Act 2014

Equalities

Elderpark Housing will ensure there is a consistent approach in promoting equality and diversity across all areas and this strategy will be administered in accordance with our Equality and Diversity Policy.

Privacy

This strategy has been developed and will be applied in compliance with General Data Protection Regulations (2018).

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1.0 Background

- 1.1 Under the terms of the Procurement Reform (Scotland) Act 2014 referred to as “the 2014 Act, a contracting authority which is likely to spend in excess of £5,000,000 in services and goods is required to have a Procurement Strategy.
- 1.2 The association has in previous years surpassed the £5 Million threshold that triggers the need for a procurement strategy. However, as we may not sustain this threshold on an annual basis, it is considered good practice to develop a procurement strategy, as we will inevitably exceed the threshold when undertaking development works in the future. This strategy will inform our stakeholders and suppliers of the processes we will use for various contracts in terms of value and procurement route.
- 1.3 This Strategy sets out the overarching principles that will govern procurement reflecting the requirements of the Act. The strategy will be published on our website and publicise this in our newsletters and any feedback from all our stakeholders will be taken into account when reviewing the Strategy. It is proposed that as future Strategies are developed that there will be relevant and proportionate consultation and engagement with the various stakeholder groups.

2.0 Introduction

This strategy aims to demonstrate clear and structured approaches to Elderpark Housing Association’s procurement activities outlining what process we shall use and how we aim to ensure compliance with the responsibilities and arrangements for procurement activities.

In developing a Procurement Strategy, the following principle objectives have been set and are included for procurement exercises:

- To ensure that in the first instance, the procurement process is clear, transparent, unbiased and structured in meeting the objectives of fair and equal treatment for all economic entities involved in the processes.
- To procure in such a way as to achieve the best value for money for each pound spent by the association
- To ensure that each procurement exercise is properly researched to consider alternatives and market forces which may impact on the exercise;
- To ensure that existing specifications are challenged and to seek out emerging sources of supply and methods of delivery;
- To ensure that contracts are appropriately managed during the full life-cycle of the procurement;
- To ensure that senior staff recognise and deliver on their responsibility to fulfil contractual obligations to pay creditors on time;
- To ensure that procurement is carried out by appropriately trained staff.

The strategy is intended to ensure our compliance with the 2014 Act and the following statutory guidance and regulations:

- Addressing fair working practices, including the living wage, in procurement (Scottish Procurement Policy Note SPPN 1/2015 Scottish Government)
- The Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- Guidance under the Procurement Reform (Scotland) Act (Scottish Government, March 2016)

3.0. Procurement Strategy Aims

- 3.1 Elderpark’s aim in its procurement approach is to provide a high quality, fit-for-purpose procurement Service which will provide best value for the association and to support in the delivery of its corporate aims and objectives.
- 3.2 We will also apply this strategic thinking in all procurement efforts with the desired outcome to achieve value for money. Value for money (VFM) is defined as the best balance of cost, quality and sustainability. The aim is to reflect this within our strategy, which shall be evidenced via our reporting and procurement processes.
- 3.3 Other strategy aims include the responsible stewardship of Elderpark’s resources, protection of the health and safety of staff, stakeholders and members of the public
- 3.4 Just as important is our commitment to provide customer-focused services, promoting innovation amongst our suppliers, maintaining organisational and regulatory compliance, and ensuring that sustainability and diversity is central to everything we do.
- 3.5 As Elderpark invests substantial sums of money in procurement activities, we are committed to delivering “Community Benefits” where applicable.
- 3.6 This approach will help to deliver against each of the associations 7 key strategic objectives where the aim is to:
- Enhance our range of high-quality, modern services
 - Provide desirable & sustainable homes and neighbourhoods
 - Work with others effectively and innovatively
 - Support our people achieve their full potential
 - Remain financially-strong, well-governed and resilient
 - Encourage customers and communities to engage and participate
 - Strive to meet the needs and aspirations of our communities

4.0 Procurement Strategy Objectives

- 4.1 The purpose of the strategy is to:
- Provide a framework for the association to develop a plan which will achieve continuous improvement in procurement activity;

- Enable procurement to contribute to the associations overall vision
- Provide efficiencies to assist in delivering key priorities and front line services;
- Enhance compliance with relevant policies and procedures; Further extend collaboration with other organisations in generating volume procurement like framework agreements, in achieving economies of scale;

4.2 The objectives of the strategy are therefore to:

- Build on current levels of performance in terms of procurement activity;
- Ensure procurement activities are aligned to corporate priorities and strategies and to support the Association in achieving its targets and goals;
- Ensure all procurement activity is carried out as efficiently as possible to deliver continuous improvement and sustainable components and services
- Ensure compliance with legislation and regulation

5.0 Outcomes

5.1 The following outcomes demonstrate the effective implementation of the Procurement Strategy and can be summarised as follows:

1. **Value for Money** – ensuring that most economically advantageous solution is achieved through effective procurement activity;
2. **Contracts** - ensuring that all spend that can be positively influenced by procurement activity has a corresponding contract;
3. **Compliance** - ensuring that all procurement activity complies with statutory and regulatory requirements;
4. **Suitability** - ensuring that contracts can be structured in such a way as to ensure suppliers have sufficient resources and are committed to improving the service provided to customers;
5. **Community Benefits** - ensuring that all relevant contracts are arranged to include community benefits;
6. **Sustainability** - ensuring that all relevant contracts are arranged to include sustainable procurement requirements;
7. **Equality** – ensure equal treatment of all suppliers whilst maintaining transparency and proportionality for all aspects of the procurement process.

6.0 Spend / Targets

6.1 Currently the association procures a wide range of services, supplies and works. The following table provides a breakdown of each service/contract in terms of contract type and value.

SPEND CATEGORIES	ESTIMATED TOTAL ANNUAL SPEND	PROCUREMENT INFLUENCE-ABLE
New Build Development	*Potentially £16Million over the next 3 years	YES

Planned maintenance and cyclical contracts	£2,012M	YES
Professional fees (Development & Planned Maintenance)	£150K – based on proposed New Build developments being approved and on-site.	YES
Reactive and Void Repairs service – including re-decoration at void stage.	£640K	YES**
Telecommunications	£18K	YES
Health & Safety – Training, PPE, FRA's, firefighting equipment	£40K	YES
Stationery	£8k	YES
IT supplies and support	£80K	YES
Legal fees	£25K	YES
Energy costs landlords supply and office (s)	£27k	YES***

* Depends what build phase we are in and what projects go ahead.

** Current contract ends July 2022 – extension to be initiated

*** Current arrangement runs until 2022

- 6.2 'Procurement Influence-able' is the amount of spent on goods, services and works in the year which could be influenced by longer procured contracts for some or all of said goods, services and works. Procurement that is not influence-able is spend where procurement has previously been carried out, due to long term partnerships already in place.
- 6.3 Value engineering opportunities - Elderpark acknowledges that Value for Money and quality of service delivery are of significant importance in the current operating environment. As well as these significant requirements, best practice requires efficiencies to be considered by each department.

The tables below provide each category and the potential for value engineering.

Category	Value engineering achievable
Development	Fees and Building
Planned maintenance and cyclical contracts	Possibly, but down to individual projects and the term contract dates. Cogniscance should be taken regarding the final accounts of each programme and not the original tendered prices. Revision of specifications required to determine value for money over the full life cycle cost of each element

Professional fees (Development & Planned Maintenance)	Not a lot of scope. Fees are consistently estimated at around 5% of contract values.
Reactive and Void Repairs service	Extension planned July 2022 plus one other year, reactive costs continue to decline slowly, as we continue to invest in our stock.
Medical Adaptations	Yes, there are more contractors competing for this specialist installation service and so should generate competition.
Telecommunications	This can be a very competitive field. Contracts tend to be 3 years for mobile provider contracts, research is done prior to contract expiration and tenders are invited. The hardware side of telecommunications is non-contract based and handsets/sim cards are obtained as required. For landlines, again contracts tend to be for three years, research undertaken before contract expiry, and tenders sought.
Health & Safety–Training, PPE, firefighting equipment	Scope for better rates for training, PPE and firefighting equipment are pretty standard in terms of frequency and costs. Implementing e-learning will result in cost savings and more ease of delivery for refresher and new starts training.
Stationery	The Association has several stationery suppliers and is not committed to a particular one and the best price is sought at the point of ordering. We are members of buying consortiums framework agreements for items like bulk postage.
IT supplies and support	The Association has bespoke software for the provision of Housing, and some departmental specific ICT needs which restricts the purchase of support. The Association uses MS products elsewhere which again restricts purchases of licences and support. Hardware supplies are intermittent and the best price is sought at the time of purchase via market research or framework agreements.
Legal fees	Yes, Elderpark procured our current legal advice providers in 2019 for a period of 5 years, and will continue with continuous procurement for this service.
Energy costs landlords supply and office (s)	Yes energy costs are tied in until September 2022

- 6.4 Delivery of Targets - In order to deliver the savings identified it is necessary to consider how this will be achieved. Measures to be considered when considering a procurement exercise and the potential savings to be achieved are listed below.
- Following an open and transparent process;
 - Using the Public Contracts Scotland portal where possible to seek quotes and tenders
 - Creating attractive contract opportunities for bidders;
 - Considering long term arrangements;
 - Exploring partnerships and framework agreements;
 - Procurement is proportional to requirement;
 - Cashable savings for each contract;
 - Contracts established for all areas of spend where possible
 - Community Benefits or other added value bidders may provide
- 6.5 Electronic Communications - We will, wherever possible, use the Public Contracts Scotland portal to manage our quotation and tender process as set out in our Procurement Policy. This will assist to demonstrate Elderpark's transparent approach to regulated procurement exercises.
- 6.6 Benefits - There are a range of benefits associated with good compliant procurement which are;
- Advertising procurement opportunities to a wider audience, creating Interest and promoting Elderpark as a responsible purchaser.
 - By widening up the procurement to open competition we could generate more interest from otherwise unknown and unused suppliers;
 - Creating partnerships with suppliers and negotiating longer arrangements resulting in less on-going procurement with the desired outcome of generating savings and efficiencies.
 - Minimising legal challenges, by being open, transparent and compliant with all procurement procedures.
 - By including community benefits associated with the length and value of the contract. Longer term agreements will provide more or substantial community benefits.
 - Joint procurement with others, for example, Scottish Procurement Alliance, Scotland Excel, Link Group Wheatley Group, HubWest, etc.
 - Post contract learning will provide information to consider improvements for the future. This may include:
 - Learning from occasions when targets and expected outcomes for a contract have not been achieved;
 - Using experience where targets and expected outcomes have been achieved in future
 - Procurement exercises.
 - By providing a clear route for purchasing goods and services resulting in less involvement from inexperienced purchasers. To meet this objective Elderpark will consult with existing organisations delivering Contracts, we will also consult with the Market prior to inviting tenders and aim to support SME's (Small to medium Enterprises) in completing tender documentation i.e. Meet the Buyer Events,

directing them to procurement training opportunities, Scottish Governments helpline, etc.

6.7 Minimising Costs and Maximising Value - Delivering Value for Money is at the core of the procurement exercises undertaken by Elderpark. We will follow a robust procurement regime to ensure the optimal use of resources to achieve intended outcomes. To achieve this, Elderpark will always award regulated contracts based on a quality/cost basis and comply with relevant legislation. The Quality/Cost matrix may change depending on the type and length of contract being procured; however, we shall refer to the guidance available on the Scottish Governments procurement journey on the appropriate Quality/Price ratios to use in each type of procurement.

6.8 Improving Spend Profile - Elderpark aims to reduce unplanned spend and will endeavour to capture all proposed budgets annually prior to committee approval. Elderpark shall review all service and goods contracts with a view to improving the service requirements and generating savings and will accessing how all purchases are made across all departments.

6.9 SME's (Small and medium size enterprises) and Local Suppliers - Elderpark are committed to SME's and local suppliers and who will be considered for all contracts. Elderpark have a number of contracts and arrangements in place that are particularly suited to SME's and local suppliers. Conversely there are also contracts and arrangements that are suited to larger suppliers due to value and type of requirement.

To encourage SME's and local suppliers, Elderpark will:

- Ensure requirements are proportional to deliverables;
- Openly advertise opportunities;
- Consult and engage with those affected by our procurement.
- Look at introducing banding for smaller value contracts

6.10 Community Benefits - All public sector contracting authorities are required to consider including community benefit requirements for all regulated procurements where the estimated value of the contract is equal to or greater than £4 million.

Ederpark is committed to improving equalities and the economic prosperity of the communities in which we operate and will ensure that Community benefits are built into all contract requirements wherever possible.

6.11 Financial Systems - Elderpark uses the Open Housing Financial management software In terms of finance and procurement this is used to hold supplier information, issue orders, record and log payments and provide reports on spend.

Ederpark is in the process of investigating new financial modelling Software that's available on the market to enable modelling the medium to long term financial and scenario planning. Each Department uses various aspects of the Capita financial and housing management system to monitor spend and budgets.

- 6.12 Areas for improvements - The following are identified areas for improvement:
- Improved monitoring of spend through Open Accounts;
 - Robust coding of expenditure to appropriate budget headings;
- 6.13 Delegated Authority - Elderpark has a schedule of delegated authority which sets out the authorisation levels for:
- The appointment of suppliers, including contractors and consultants;
 - Applications and acceptance of offers of funding;
 - Payment to suppliers.
- 6.14 Budget Allocation - Elderpark's Financial Regulations Policy sets out the financial planning, budgetary control and management accounting arrangements that are followed.
- 6.15 Mandatory Requirements (Section 15(5) of the 2014 Reform Act.

It is Elderpark's policy to adhere to all mandatory requirements as set out in the 2014 Reform Act

To contribute to the carrying out of its functions and the achievement of its purposes (2.5.1 of the Guidance under the Procurement Reform (Scotland) Act) this could include, effective contract and supplier management;

- deliver value for money (a balance of cost, quality and sustainability) (2.5.2)
- ensure processes are carried out in compliance with its duty to treat relevant Economic operators equally and without discrimination (2.5.3); undertake to comply with its duty to act in a transparent and proportionate manner (2.5.4);
- comply with the sustainable procurement duty (2.5.5);
- adhere to community benefit requirements (2.5.6);
- consult and engage with those affected by its procurements (2.5.7);
- promote that we support suppliers pay the Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements (2.5.8);
- Promote compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 and any provision made under that Act (2.5.9);

- 6.16 Freedom of Information Requests – In April 2019 the Scottish Government extended the Freedom of Information (Scotland) Act 2002 to RSL's Scotland. This will come into effect in November 2019. Whilst there are financial sensitivities related to suppliers' rates and prices, we may receive requests on how a contract was awarded that provides "value for money", or even how we select areas for investment works. Our aim is to publicise as much information as possible on our website and newsletters relating to procurement and contracts.

Other situations regarding FOI requests may come from un-successful contractors who bid for tenders and lost out can receive more detail relating to their quality

submission and scoring. Our clear objective is to consistently remain open and transparent and provide this information which is a fundamental outcome in procurement legislation. This information may assist a contractor to understand where they fell short with their submission and learn for future tender submissions.

7.0 Additional Elements for Consideration

In addition to the mandatory requirements, other common elements that Elderpark will consider are:

- 7.1 Defining Supply Need - Supply need is determined by operational need and the criteria set out in Elderpark's Business Plans.
- 7.2 It is acknowledged that the various departments within each Elderpark partner have differing supply needs. Most departments purchase goods, services or works however at varying levels of expenditure and at different frequencies.

A contracts register will be established and is to be maintained by all departments that procure goods and services. The information contained within the register details the level of expenditure being considered and if there is a contract already in place or if another needs to be established.

The approach to determining supply will differ across various departments.

- 7.3 Elderpark's Procurement Capabilities - The core function of Elderpark is not procurement however we will comply with legislation and best practice. Procurement responsibility falls to a wide range of staff including the Chief Executive, Directors, Managers and Officers. Elderpark do not employ a dedicated Procurement Officer and all procurement will be carried out by existing staff as part of their role.

Procurement competency will be assessed within the organisation periodically using tools such as the Scottish Procurement Competency Framework.

- 7.4 People and Skills - Staff within Elderpark are experienced and skilled in their area of expertise. It is acknowledged by Elderpark that procurement is a separate skill set and training has been and will continue to be provided to those who carry out procurement exercises. Identification of skills gaps and determining what training is required will be identified and rolled out as procurement legislation and best practice changes.
- 7.5 Roles and Responsibilities - Governance of the procurement process will be achieved by clearly identified roles and responsibilities of the individuals involved. A summary of this is below.

Management Committee

Provide support and ensure appropriate governance and organisational arrangements are in place. Ensure sufficient skilled resources and that the procurement function is recognised in wider organisational policies.

Chief Executive

Ensure that the function is appropriately staffed, organised and supported to deliver procurement requirements.

Directors and Managers

Deliver user requirements whilst ensuring compliance with legislation and achieving Best Value.

7.6 Organisational Enhancements

Elderpark has established levels of delegated authority which are linked to staff position within the organisation and laid out in the Delegated Authority within the Standing Orders. The purpose of this is to ensure that any major spend, plan to spend or procurement exercise is either overseen or approved by the appropriate staff member.

8.0 Identification and Management of Risks and Opportunities

8.1 Elderpark recognises that risk is an inevitable part of its work, and effective risk management optimises the balance between risk and control. The Risk Management Strategy sets out:

- Elderpark's risk appetite;
- Risk management process;
- Key roles and responsibilities;
- Procedures for assessment, evaluation, monitoring and reporting;

8.2 Project Risk Appraisal Policy - Contained within the risk management strategy is a Project Risk Appraisal Process. This sets out the risk appraisal process to be followed for capital and other projects dependent on the value of the project.

9.0 Implementation, Monitoring, Reviewing and Reporting

9.1 Implementation - Implementation of the Procurement Strategy and Policy will be the responsibility of the Chief Executive at Elderpark.
Each Director, will be responsible for ensuring that the function and therefore the strategy is appropriately staffed, organised and principles are supported to deliver procurement requirements.

9.2 Monitoring - Monitoring will be carried out annually and will consider targets that have been set for the year and the criteria set out in the Annual Report Requirements. A contracts register will be maintained to keep an accurate record of all contracts entered to plan for future procurement activity along with an annual Procurement Report in April

The Contracts Register can be found at the following location www.Elderpark.co.uk on our website.

9.3 Annual Procurement Report - The Procurement Reform (Scotland) Act 2014 states that purchasing organisations must report on procurement activity annually, if procurement activities surpass £5,000,000. In line with best practice Elderpark will produce an annual report. Specific measures to be reported by Elderpark via the Annual Report are:

9.4 To prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of that financial year.

9.5 The report will include:

- summary of the regulated procurements that have been completed during the year covered by the report;
- A review of whether those procurements complied with the authority's procurement strategy;
- To the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply;
- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the
- report;
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the
- report;
- A summary of the regulated procurements the authority expects to commence in the next two financial years;

9.6 For the purposes of subsection 2 a, a regulated procurement is completed when the award notice is published or when it otherwise comes to an end.

9.7 Reviewing and Reporting

The Annual Procurement Report will provide the information required to review and identify any areas where performance has improved or fallen short of the desired level. This information will then be utilised to review the Procurement Strategy annually. Each Department will prepare an Annual Procurement Report and provide information to inform the strategy

10.0 Policies & Procedures

10.1 Procurement requires Departmental wide consideration. Policies and procedures are in place that are integral to the procurement function and the deliverables of Elderpark and the sections therein.

Applicable Policies & Procedures are as follows:

- Elderpark Procurement Policy – under review
- Elderpark Equality and Diversity Policy
- Elderpark Entitlements, Payments and Benefits Policy
- Elderpark Staff and Committee Code of Conduct
- Elderpark Financial Regulations Policy
- Elderpark Delegated Authority Policy
- Elderpark Risk Management Policy
- Elderpark Health & Safety Policy

Applicable National Policies, Tools, Legislation and guidance notes

- Scottish Model of Procurement
- Changes to European Directives
- Public Procurement Reform Programme
- Suppliers Charter
- EU Procurement Thresholds
- Procurement Journey
- Public Contracts Scotland
- Public Contracts Scotland – Tender Information Hub
- Scottish Government with the Procurement Reform (Scotland) Act 2014
- Scottish Governments Procurement strategy guidance

11. Action List

11.1 The following table below sets out a list of action points with key milestones to deliver the aims and objectives of this Strategy and our Procurement Policy:

Action	Person Responsible	Timescales	Status
Committee and Board Approvals of Procurement Strategy	DMS	April 2022	To be presented to Management Committee at April meeting for approval
Publish Strategy on Website	DMS	May 2022	Following approval from the Management Committee

Develop and review Contract Register	DMS	May 2022	To be presented to the Management Committee in May 2022
Identify key stakeholders and issue them with the Procurement Strategy for comment	DMS	May 2022	Following approval identify key stakeholders from contractors, tenants and owners
Prepare draft of Annual Report to check relevant outcomes are being tracked	DMS	April 2022	To be presented to the April Management Committee
Develop and implement Procurement Policy.	DMS	May 2022	Following approval from Management Committee at May Management Committee meeting
Ensure departmental procedures (where appropriate) include steps to ensure compliance with Procurement Policy and Strategy	DMS	May 2022	To coincide with policy being presented to May Management Committee
Ensure procurement training is provided to staff undertaking procurement exercises	DMS	June 2022	Sourcing training for all staff responsible for purchasing goods and services
Ensure contract management training is provided to staff managing contracts that have been procured	DMS	Ongoing	No suitable formal training identified yet. Continuing with in-house training

12.0 Review

12.1 The Procurement strategy will be reviewed annually and amended where applicable, taking into account:

- Legislative, regulatory and good practice requirements;
- Association performance; or
- The views of any stakeholder in the procurement process.