



CORPORATE PROCUREMENT STRATEGY

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1. Introduction

- 1.1. The Corporate Procurement Strategy for Eildon Housing Association Ltd will provide a framework for future planning for all purchases across Eildon and has been informed by and prepared pursuant to the Procurement Reform (Scotland) Act 2014 (the Act). This strategy covers the period April 2018 – March 2020.
- 1.2. This strategy will support Eildon's strategic objectives, which are as follows:
 - 1.2.1 **Governance** – ensure the highest standards of governance and partnership working are adhered to, including compliance with our regulatory framework.
 - 1.2.2 **Viability** – ensure it operates within a sound financial framework protecting our long-term viability whilst prudently utilising the inherent financial strength of the organisation in order to meet existing commitments and potential new opportunities.
 - 1.2.3 **Housing and Support** – ensure the delivery of high quality, responsive and affordable housing and support services.
 - 1.2.4 **Care** – ensure the delivery of high quality responsive and affordable care services.
 - 1.2.5 **Property** – ensure the delivery of high quality new homes and property asset management services.
 - 1.2.6 **Continuous Improvement** – will further develop its organisational capacity by reviewing existing practices and investing in people and the technical infrastructure.
- 1.3. The strategy will be reviewed and updated annually to ensure compliance with relevant legislation, Eildon's goals and stakeholder's feedback.
- 1.4. Procurement begins when a need to buy is identified and is the process of acquiring goods, services and works from external suppliers or in-house providers at best whole life costs, in the right quantity, at the right quality, at the right time, in the right place. It provides the best service for the benefit of Eildon and its customers and continues throughout the management of the contract.

2. Procurement Vision

- 2.1. To achieve superior procurement performance through advanced sustainable procurement practices for the benefit of Eildon, its customers, the communities in which it operates and its wider stakeholders.
- 2.2. Eildon is a 'contracting authority' for the purposes of the Act and the Public Contracts (Scotland) Regulations 2015 (the Regulations). Both the Act and the Regulations specify legal procedures which Eildon must follow when buying supplies, services and works over certain estimated contract values.

- 2.3 Where a contracting authority has an anticipated annual spend of more than £5m on contracts regulated by the Act (regulated contracts), it is obliged to prepare and publish a procurement strategy. Eildon anticipates that it will have such an annual spend and this strategy aims to fulfil that obligation.

3. Key Drivers Shaping Procurement

- 3.1 The Procurement function has responsibility to facilitate the delivery of savings and efficiencies through good procurement practice across Eildon whilst mitigating operational, commercial and compliance risk.
- 3.2 There are a number of key drivers influencing and shaping procurement for organisations like Eildon. These are in the main legislative but must also be driven by Eildon's need to remain viable and provide services which are affordable and cost effective to our customers.
- 3.3 Legislatively Eildon's procurement is guided by:
- EU Treaty Obligations
 - EC Procurement Directives
 - Public Contracts (Scotland) Regulations 2015
 - Procurement Reform (Scotland) Act 2014
- 3.4 All procurement activity must comply with European Union (EU) principles of:
- Accountability;
 - Integrity;
 - Efficiency;
 - Openness;
 - Fairness;
 - Transparency;
 - Equal treatment and non-discrimination; and
 - Proportionality.
- 3.5 To meet these standards Eildon will ensure that all staff with purchasing responsibilities understand their responsibility in applying the key principles of public procurement. This is in the delivery of value for money, appropriate quality and service to meet business needs and appropriate governance.

4. Strategic Aims

The purpose of this strategy is:

- 4.1 To enable procurement to contribute to Eildon's overall vision and to provide efficiencies to help Eildon deliver its key priorities and front-line services.
- 4.2 To procure goods and services in a lawful and ethical manner that complies with public sector procurement requirements and which encourages participation and sustainable economic growth.

- 4.3 To ensure that procurement initiatives deliver best value for Eildon, balancing cost and quality of service.
- 4.4 To provide a framework for Eildon to develop a plan to achieve continuous improvement in its procurement activity.

5. Strategic Objectives

The main strategic aims of this strategy will be supported by key strategic objectives:

- 5.1 Ensure all procurement activities including tendering, awards, contract management and reporting procedures are in accordance with legislative and ethical requirements and comply with good procurement practice across Eildon.
- 5.2 Ensure that procurement initiatives consider whole life costs and deliver best value for money for Eildon.
- 5.3 Ensure effective contract and supplier management so that business is conducted professionally, and contractors comply with environmental, social and employment law throughout the life of a contract.
- 5.4 Investigate joint working initiatives and opportunities where appropriate.
- 5.5 Open up opportunities for the majority of its procurement activity to suppliers (in particular, small and medium-sized enterprises (SMEs)) by advertising tender opportunities for regulated contracts on the Public Contracts Scotland website, where possible.
- 5.6 Ensure that procurements regulated by the Act (regulated procurements) are carried out in accordance with this strategy, so far as reasonably practicable.

6. Procurement Objectives

- 6.1 Eildon will always consider its functions, this strategy and its procurement policy at the outset of, and during, any procurement activity.
- 6.2 Contracts must be awarded through genuine and effective competition unless there are exceptional reasons to the contrary and will be clear, concise and unambiguous.
- 6.3 Each regulated procurement will record details of how Eildon has met the key standards of value for money, equality, sustainability, transparency, health and safety, community consultation, fair and ethically traded goods, fair working practices and community benefits. This information will be used to inform Eildon's annual procurement report.

Value for money

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

- 6.5 The balance of value for money will be considered on a case by case basis, whilst ensuring consistency and transparency in procurement activity. Eildon will select the most economically advantageous tender, considering a balance between price and quality.
- 6.6 Eildon will achieve value for money through effective contract monitoring, management and performance.

Equal and non-discriminatory treatment

- 6.7 Eildon considers equality throughout its procurement activity to ensure compliance with the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.
- 6.8 Eildon uses standard tender documentation drafted in clear and precise language to allow all reasonably well-informed and normally diligent tenderers to interpret the documentation in the same way.
- 6.9 Contracts will be split into smaller lots, when appropriate, to maximise competition, minimise purchasing cost and optimise efficient allocation.

Transparency and proportionality

- 6.10 Eildon will continue to use modern methods of electronic procurement, in particular the Public Contracts Scotland website, to support process improvement across Eildon.
- 6.11 EHA will ensure that clear and precise language is used throughout its procurement activity and make use of inclusive, not overly burdensome, and known award criteria to ensure transparency from the start of a procurement process until contract award.
- 6.12 Once implemented, the actions required under this strategy shall evidence that Eildon ensures compliance with legislative and best practice requirements and Eildon's commitment to ensuring transparency, equal treatment, non-discrimination and proportionality in all procurement activity.

Sustainability / Community benefits

- 6.13 Eildon will always have regard to its sustainability strategy and the statutory guidance on the sustainable procurement duty under the Act at the outset of, and during, any regulated procurement activity.
- 6.14 Eildon will investigate and embed into our contract requirements ways of improving contract performance.
- 6.15 Eildon will explore opportunities for innovation and consider the tools provided by the Scottish Government in relation to the sustainable procurement duty, for example,

the Scottish Government prioritisation tool, life-cycle mapping, sustainability test and the Scottish flexible framework.

- 6.16 Community benefit clauses will be incorporated into all contracts with a value in excess of £2M if appropriate. Such clauses may include contractual requirements relating to training and recruitment, the availability of sub-contracting opportunities or otherwise intended to improve the economic, social or environmental wellbeing of Eildon's area in a way which is additional to the main purpose of the contract in which the requirement is included.

Consultation / Engagement

- 6.17 Consultation on individual contracts will vary depending on the nature of the works and services being procured. However, Eildon is committed to engaging with all its stakeholders in all procurement activity to understand the needs of Eildon's area and analyse the impact of our procurement strategy.

Living wage

- 6.18 As a living wage accredited employer Eildon encourages all contractors to pay the living wage to their employees.
- 6.19 Eildon 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 its procurement activity.

Health and safety

- 6.20 Tender evaluations will include criteria promoting compliance with Health & Safety at Work Regulations, Eildon's customer service requirements and when appropriate and relevant will include Corporate Social Responsibility criteria.
- 6.21 Eildon will ensure that any measures taken to ensure the promotion and compliance of health and safety requirements in its procurement activity are relevant, proportionate and not overly burdensome. The specific health and safety criteria set down by Eildon will vary according to the goods, services or works being purchased and be considered by Eildon on a case by case basis.

Fairly and ethically traded goods

- 6.22 Where relevant, Eildon will consider how, by including fair and ethical requirements, Eildon can promote fairness, dignity and the rights of workers and producers in international trading.
- 6.23 Eildon will, if appropriate, include fair and ethical trading requirements in contract award criteria, subject always to the requirements of the Act and the Regulations.

Ensuring prompt payments to contractors and sub-contractors

- 6.24 Eildon is committed to paying contractors within 30 days of invoicing which is a provision within our standard T & Cs. Eildon will remind contractors of their obligation to pay sub-contractors within 30 days of invoicing.

7. Strategy Ownership, Structure, Roles & Responsibilities

- 7.1 The Corporate Procurement Strategy and policy as approved by the Board and all related guidance documents as approved by the Executive Team have been circulated to the Leadership Group. The Business Assurance Analyst will have clear reporting lines to the Director of Property Assets and in conjunction with him will ensure that Eildon has policies and procedures in place to comply with the Act and the Regulations.
- 7.2 Procurement activity will take place under the leadership of the Director of Property Assets.
- 7.3 Eildon is currently operating a decentralised approach to purchasing activities. Each department manages their individual budget and makes purchasing decisions aligned with business needs. Every department has staff responsible for purchasing at an operational level.
- 7.4 Department Directors will be responsible for ensuring that all purchasers in their departments are aware of and comply with relevant procurement processes and procedures to ensure best value for money.
- 7.5 Purchasers (staff with purchasing authority) will be responsible for complying with relevant purchasing processes and procedures and seeking help from the Business Assurance Analyst throughout the procurement process, if necessary.

8. Policies & Guidance

- 8.1 Eildon's procurement policy and guidance can be found in the Procurement Document Library on the intranet. Link below:-

<http://sharepoint.eildon.org.uk/Procurement%20Document%20Library/Forms/AllItems.aspx>

9. Conclusion

- 9.1 The Procurement Strategy provides a framework for Eildon for implementing processes and procedures for ensuring best practice and best value in its procurement activity.
- 9.2 To achieve this continuous improvement and development of purchasing it is important that there is support for this approach from the most senior levels of Eildon and that this support is cascaded across the organisation consistently.

Appendix 1 - Procurement Thresholds and Timescales

Estimated Value ¹	Definition	Tender Process	Tender Activity	Minimum Advertising Requirements	Guide Timescales
£0 - £999	Works, Services and Supplies	Work may be authorised within individual officer limits and contractor may be directly engaged without any form of public procurement exercise.	Ability to directly appoint a supplier.	Direct approach to suppliers	1-2 weeks
£1,000 - £9,999	Works, Services and Supplies	Quotation – minimum of 1 quotations to be received – with a direct appointment allowed subject to this being a one-off commission or purchase.	Ability to directly appoint a supplier following receipt of a quotation in writing. Subject to ET approval.	Direct approach to suppliers	1-2 weeks
£10,000 – 24,999	Works, Services and Supplies	Minimum of 3 competitive quotations to be invited using standardised documentation and processes (for example, a specification and return date to be sent to all contractors being asked to provide costs. Lowest priced contractor to be appointed.	Ability to directly appoint a supplier.	Direct approach to suppliers	1-2 weeks
£25,000 - £50,000	Services and Supplies	Quick Quote	Use of ITT document incorporating price/quality ratio and tender questionnaire document	On-line Quick Quote using the public contracts website	Minimum 2 weeks
£25,000 - £2,000,000	Works	Quick Quote (Note: EHA Internal limit of £150,000 for Works via Quick Quote)	Use of ITT document incorporating price/quality ratio and tender questionnaire document	On-line Quick Quote using the public contracts website	Minimum 4 weeks
£50,000 - £181,302	Services and Supplies	Formal Tender Process (Below £181,302 Scottish Level) (Above £181,302 EU Level)	Use of ESPD and ITT document incorporating price /quality ratio.	To be advertised on the public contracts website	6-8 weeks
£2,000,000 - £4,551,413	Works	Formal Tender Process (Below £4,551,413 Scottish Level) (Above £4,551,413 EU Level)	Use of ESPD and ITT document incorporating price /quality ratio.	To be advertised on the public contracts website	6-12 weeks

Appendix 2 - Eildon Group Planned Contracts April 2018 – March 2020

EILDON GROUP PLANNED CONTRACTS APRIL 2018 - MARCH 2019

CONTRACT TITLE / SUBJECT MATTER	ESTIMATED VALUE OF CONTRACT	PROCUREMENT METHOD	Job Role with Delegated Purchasing Authority
Window replacement at 3 Sites	£380,000	Competitive Tender through PCS/ Framework	Property Manager
Boiler Replacement, various sites	£70,000	Competitive Tender through PCS/ Framework	Property Manager
Fire Panel Upgrade	£45,000	Competitive Tender through PCS/ Framework	Property Manager
Warden Call System Upgrade	£28,000	Competitive Tender through PCS/ Framework	Property Manager
Vans upgrade	£22,000	Competitive Tender through PCS/ Framework	Property Manager
Rent Affordability Research	£20,000	Competitive Tender through PCS/ Framework	CEO
Legal Services for 3 years	£100,000	Competitive Tender through PCS/ Framework	Director of Property Assets
Grounds Maintenance Contract for 3 years	£330,000	Competitive Tender through PCS/ Framework	Property Manager
External Decoration	£150,000	Competitive Tender through PCS/ Framework	Property Manager
Stock Modernisation Works for 3 years	£3,330,000	Competitive Tender through PCS/ Framework	Property Manager
Smoke Detection upgrade to general stock	£300,000	Competitive Tender through PCS/ Framework	Property Manager
Shower upgrade to general stock	£150,000	Competitive Tender through PCS/ Framework	Property Manager
Works, Springfield Terrace, St Boswell	£429,000	Competitive Tender through PCS/ Framework	Development Manager
Architect, Stirches, Hawick	£123,000	Competitive Tender through PCS/ Framework	Development Manager
Structural Engineer, Stirches, Hawick	£65,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Stirches, Hawick	£49,000	Competitive Tender through PCS/ Framework	Development Manager
M&E Engineer, Stirches, Hawick	£49,000	Competitive Tender through PCS/ Framework	Development Manager
Principal Designer, Stirches, Hawick	£6,000	Competitive Tender through PCS/ Framework	Development Manager
Architect, Springwell Brae, Broughton	£34,000	Competitive Tender through PCS/ Framework	Development Manager
Structural Engineer, Springwell Brae, Broughton	£21,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Springwell Brae, Broughton	£21,000	Competitive Tender through PCS/ Framework	Development Manager
Principle Designer, Springwell Brae, Broughton	£4,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Jedwood Terrace, Denholm	£15,000	Competitive Tender through PCS/ Framework	Development Manager
Architect, Westruther	£47,000	Competitive Tender through PCS/ Framework	Development Manager
Structural Engineer, Westruther	£16,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Westruther	£16,000	Competitive Tender through PCS/ Framework	Development Manager
Principle Designer, Westruther	£3,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Clovenfords	£18,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Kelso	£60,000	Competitive Tender through PCS/ Framework	Development Manager
Architect, St John's Manse, Galashiels	£13,000	Competitive Tender through PCS/ Framework	Development Manager
Building Surveyor, St John's Manse, Galashiels	£4,000	Competitive Tender through PCS/ Framework	Development Manager
Works, St John's Manse, Galashiels	£147,000	Competitive Tender through PCS/ Framework	Development Manager
Architect, Bank Street, Galashiels	£30,000	Competitive Tender through PCS/ Framework	Development Manager
Structural Engineer, Bank Street, Galashiels	£18,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Bank Street, Galashiels	£18,000	Competitive Tender through PCS/ Framework	Development Manager
Principle Designer, Bank Street, Galashiels	£4,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent, Newtown St Boswells	£98,000	Competitive Tender through PCS/ Framework	Development Manager
Works, Various Sites	£6,300,000	Competitive Tender through PCS/ Framework	Development Manager

EILDON GROUP INDICATIVE CONTRACTS APRIL 2019 - MARCH 2020

CONTRACT TITLE / SUBJECT MATTER	ESTIMATED VALUE OF CONTRACT	PROCUREMENT METHOD	Job Role with Delegated Purchasing Authority
Works, Springwell Brae, Broughton	£1,400,000	Competitive Tender through PCS/ Framework	Development Manager
Works, Westruther	£1,300,000	Competitive Tender through PCS/ Framework	Development Manager
Works, Bank Street, Galashiels	£1,200,000	Competitive Tender through PCS/ Framework	Development Manager

Appendix 3 - Strategic Objectives Action Plan:

Ref	Target 2018/20	Lead	How	Target Date	Comments
1.1	Ensure all procurement activities including tendering, awards, contract management and reporting procedures are in accordance with legislative and ethical requirements and comply with good procurement practice across Eildon.	Director of Property Assets/ Business Assurance Analyst	Formal training for key staff in the procurement process. Awareness sessions for all staff.	Ongoing	Procurement will be carried out in accordance with the relevant legislation, our Procurement Policy, Strategy and Guidance. We will ensure that all updates are in place by the required completion date. We will produce a procurement strategy on an annual basis and publish our forthcoming tenders widely We will continue to use and promote the use of e-tendering. We will where appropriate incorporate lots into tenders to ensure opportunities for SME's.
1.2	Ensure that procurement initiatives consider whole life costs and deliver best value for money for Eildon.	The Leadership Group	Ongoing Training and awareness sessions. Contractual obligations clearly set out in tender process and monitored through our supplier management arrangements	Ongoing	We will in compliance with legislation award all contracts on the basis of M.E.A.T. (Most Economically Advantageous Tender). Our cost quality assessments which will be applied to our tendering process will be developed to deliver best value and will consider the impact of life cycle costs on the services and supplies being procured
1.3	Ensure effective contract and supplier management so that business is conducted professionally, and contractors comply with environmental, social and employment law throughout the life of a contract.	The Leadership Group	Regular Meetings with supplier. Expanded use of the existing KPI monitoring regime	Ongoing	We will continue to ensure that our existing good working relationship with our suppliers is retained. We will regularly review the performance of our suppliers to ensure continued efficient and effective service delivery. We will work closely with our key supply and collaborative partners to ensure that opportunities are available to Borders SME's using meet the buyer events.

1.4	Investigate joint working initiatives and opportunities where appropriate.	Director of Property Assets/ Business Assurance Analyst	<p>We will continue to participate in the Borders procurement forum.</p> <p>We will engage with other local RSL's to seek opportunities to procure collectively</p>	Ongoing	<p>Working with the Borders procurement forum will allow us to identify opportunities to procure collectively with SBC, NHS Borders, Borders College and other RSL's. The procurement forum will also offer the facility for us to widely publish our tendering opportunities.</p> <p>Borders RSL's operate in the same geographic area and offer similar services. When we intend to offer a tendering opportunity, which has potential to be shared across organisations we will engage with our RSL partners to review the potential for joint working.</p>
1.5	Open up opportunities for the majority of its procurement activity to suppliers (in particular, small and medium-sized enterprises (SMEs)) by advertising tender opportunities for regulated contracts on the Public Contracts Scotland website, where possible	The Leadership Group	<p>The use of the PCS quick Quote system for lower value tenders</p> <p>Consider the potential to split larger tenders into a lot structure to assist in SME participation.</p> <p>Use of meet the buyer days to encourage SME sub-contracting opportunities</p>	Ongoing	<p>As one of the largest procuring organisations in the Scottish Borders we recognise the impact our expenditure can have within our local community. We will utilise a range of promotion vehicles to ensure that locally based companies are aware of the procurement opportunities that we offer and of their ability to access these opportunities.</p>
1.6	Ensure that procurements regulated by the Act (regulated procurements) are carried out in accordance with this strategy, so far as reasonably practicable.	Director of Property Assets/ Business Assurance Analyst	<p>Regular Internal Audit of our Procurement Process.</p> <p>Annual Procurement Report</p>	Annually	<p>As required by legislation we will produce an annual procurement report.</p> <p>To assist in improving our procurement performance we will undertake an internal audit of our procurement activity with the objective of improving that activity and to review and update our procurement guidance as required.</p>