

PROCUREMENT STRATEGY

Classification: Management

Status: Approved

Policy Lead:	Director of Property Assets
Last Review Date:	April 2022
Review Due Date:	February 2024
Review Period:	1 year

REFERENCE PAGE

Document Title:	Procurement Strategy
Aim:	Ensure we procure in line with legislation and best practice
Objective:	5 Property Assets: Invest in our property assets to ensure a targeted approach to address needs
Scope of Policy:	Staff
Nominated Officer:	Neil Wilson-Prior
Approval Source:	Board
Legal & Regulatory References:	Procurement Legislation
Procedural References:	Procurement Manual
Consultation Completed:	N/A
Risk Implications:	1- Existing policy, minimal change
Equalities Assessment:	All Eildon policies and key documents are developed with the clear objective of ensuring that they do not discriminate against any person and have negative impacts for equality groups. We will always welcome comments on the impact of a policy on particular groups of people in respect of, but not limited to, age, disability, gender reassignment, race, religion, sex or sexual orientation, being pregnant or on maternity leave and children's rights and wellbeing.
Accessibility:	Accessible electronically/online and in print. All documents can be translated and made available in audio, braille and large print versions upon request.

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INTRODUCTION

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 2023 – March 2024.

This strategy will support Eildon's strategic objectives, which are as follows:

- **Governance** – ensure the highest standards of governance and partnership working are adhered to, including compliance with our regulatory framework.
- **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.
- **Housing and Support** – ensure the delivery of high quality, responsive and affordable housing and support services.
- **Care** – ensure the delivery of high quality responsive and affordable care services.
- **Property** – ensure the delivery of high-quality new homes and property asset management services.
- **Continuous Improvement** – will further develop its organisational capacity by reviewing existing practices and investing in people and the technical infrastructure.

The strategy will be reviewed and updated annually to ensure compliance with relevant legislation, Eildon's goals and stakeholder's feedback.

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.

PROCUREMENT VISION

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.

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.

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.

KEY DRIVERS SHAPING PROCUREMENT

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.

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.

Legislatively Eildon's procurement is guided by:

- The Public Procurement etc. (Scotland) (Amendment) (EU Exit) Regulations 2019
- Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014

All procurement activity must comply with the PPR 2019, as amended by the EU Exit Regulations, where the underlining principles of public procurement remain:

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

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.

STRATEGIC AIMS

The purpose of this strategy is:

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

STRATEGIC OBJECTIVES

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

- 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.
- Ensure that procurement initiatives consider whole life costs and deliver best value for money for Eildon.
- 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.
- Investigate joint working initiatives and opportunities where appropriate.
- 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.
- Ensure that procurements regulated by the Act (regulated procurements) are carried out in accordance with this strategy, so far as reasonably practicable.

PROCUREMENT OBJECTIVES

Eildon will always consider its functions, this strategy and its procurement policy at the outset of, and during, any procurement activity.

Contracts must be awarded through genuine and effective competition unless there are exceptional reasons to the contrary and will be clear, concise and unambiguous.

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

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.

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.

Eildon will achieve value for money through effective contract monitoring, management and performance.

Equal and non-discriminatory treatment

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.

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.

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

Procurement Thresholds

Following the UK's exit from the EU, Scottish Ministers must now revise the threshold values of the procurement regulations every two years to ensure that they remain aligned to thresholds set out in the World Trade Organisation's Government Procurement Agreement ("GPA").

Under the rules of the GPA, the procurement thresholds for goods and services over £50,000, and £2 million for works contracts must include VAT. Thresholds, detailed in appendix 1 were last updated in January 2022 and will be reviewed again in January 2024.

Transparency and proportionality

Eildon will continue to use modern methods of electronic procurement, in particular the Public Contracts Scotland website, to support process improvement across Eildon.

Eildon 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.

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

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.

Eildon will investigate and embed into our contract requirements ways of improving contract performance.

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.

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

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

As a living wage accredited employer Eildon encourages all contractors to pay the living wage to their employees.

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

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.

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

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.

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

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.

STRATEGY OWNERSHIP, STRUCTURE, ROLES & RESPONSIBILITIES

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.

Procurement activity will take place under the leadership of the Director of Property Assets.

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.

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.

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.

CONCLUSION

The Procurement Strategy provides a framework for Eildon for implementing processes and procedures for ensuring best practice and best value in its procurement activity.

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	Definition	Tender Process	Tender Activity	Minimum Advertising Requirements	Internal Guide Timescales
£0 - £999 Excl VAT	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 - £14,999 Excl VAT	Works, Services and Supplies	Quotation – minimum of 1 quotation 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
£15,000 – 24,999 Excl VAT	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 - £49,999 Excl VAT	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 - £1,999,999 Excl VAT	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 Incl VAT	Services and Supplies	Formal Tender Process (Below £213,477 Scottish Level) (Above £213,477 – <i>Find a Tender</i> Threshold)	Use of SPD and ITT document incorporating price /quality ratio.	To be advertised on the public contracts website	6-8 weeks
≥ £2,000,000 Incl VAT	Works	Formal Tender Process (Below £5,336,937 Scottish Level) (Above £5,336,937 – <i>Find a Tender</i> Threshold)	Use of SPD 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 2023 – MARCH 2024

EILDON GROUP PLANNED CONTRACTS APRIL 2023 - MARCH 2024			
CONTRACT TITLE / SUBJECT MATTER	ESTIMATED VALUE OF CONTRACT	PROCUREMENT METHOD	Job Role with Delegated Purchasing Authority
Grounds Maintenance Service	£650,000	Competitive Tender through PCS/ Framework	Property Manager
Air Source Heat Pump Supply	£500,000	Competitive Tender through PCS/ Framework	Property Manager
Mechanical and Electrical Services	£480,000	Competitive Tender through PCS/ Framework	Property Manager
Bathroom and Kitchen Materials for Home Improvement Team	£400,000	Competitive Tender through PCS/ Framework	Property Manager
Supply and Fit of New Windows and Doors	£300,000	Competitive Tender through PCS/ Framework	Property Manager
Internal & External Audit Services	£215,000	Competitive Tender through PCS/ Framework	Director of Business Services
External Decoration Works	£200,000	Competitive Tender through PCS/ Framework	Property Manager
Legionella Water Testing Service	£150,000	Competitive Tender through PCS/ Framework	Property Manager
Wide Area Network (WAN) Work	£130,000	Competitive Tender through PCS/ Framework	Digital Services Manager
Smoke Detection Upgrade Works	£120,000	Competitive Tender through PCS/ Framework	Property Manager
Out of Hours Call Handling Service	£65,000	Competitive Tender through PCS/ Framework	Director of Community Services
Mobile Phone Contract	£45,000	Competitive Tender through PCS/ Framework	Digital Services Manager
Triennial Pay & Benefits Review	£15,000	Quick Quote	Chief Executive Officer

EILDON GROUP PLANNED CONTRACTS APRIL 2023 - MARCH 2024

CONTRACT TITLE / SUBJECT MATTER	ESTIMATED VALUE OF CONTRACT	PROCUREMENT METHOD	Job Role with Delegated Purchasing Authority
Principal Contractor at Tweedbridge Court, Peebles	£4,400,000	Competitive Tender through PCS/ Framework	Development Manager
Principal Contractor at Edgar Road, Westruther	£2,000,000	Competitive Tender through PCS/ Framework	Development Manager
Architect at Stirches, Hawick	£240,000	Competitive Tender through PCS/ Framework	Development Manager
Employers Agent at Stirches, Hawick	£100,000	Competitive Tender through PCS/ Framework	Development Manager

APPENDIX 3 - STRATEGIC OBJECTIVES ACTION PLAN:

Ref	Target	Lead	How	Target Date	Comments
1.1	Aim for 90% of Company spend to be on contract	Director of Property Assets/ Business Assurance Analyst	Measure in quarterly key performance indicators	31 March 2024	Record in Annual Procurement Report, presented to Board.
1.2	Incorporate Scottish Government's Fair Work First Criteria into all public contracts where relevant and proportionate to do so	Director of Property Assets/ Business Assurance Analyst	Continue to develop internal procedures so that Fair Work First is further developed in all relevant procurement processes in financial year 2023/24	31 March 2024	Record in Annual Procurement Report, presented to Board.
1.3	Open up opportunities for the majority of procurement activity to suppliers, in particular SMEs by advertising tender opportunities on PCS	The Leadership Group	The use of the PCS quick Quote system for lower value tenders Where possible split larger tenders into a lot structure to assist in SME participation.	On Going	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.