

Cloch Housing Association Ltd

Procurement Strategy (April 2020 – March 2021)



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1. INTRODUCTION

Cloch Housing Association is a public contracting body in terms of Section 15 of the Procurement Reform (Scotland) Act 2014. The Act states that:

“A contracting authority which expects to have significant procurement expenditure in the next financial year must, before the start of that year prepare a procurement strategy setting out how the authority intends to carry out regulated procurements.”

The Act goes on to state that:

“An authority has significant procurement expenditure in a year if the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5,000,000.”

Regulated procurements are of £50,000 or more for goods and services and £2,000,000 or more for works. The statutory requirements for such procedures align closely with those higher value procurements for which the current European Union (EU) regulations apply, with existing thresholds of £189,330 for goods and services and £4,733,252 for works. (costs are as revised from 1st January 2020).

Section 15 of the Act sets out topics which the Procurement Strategy should cover and these are contained in the contents page and within this strategy. The Scottish Government has issued guidance on compliance with the legislation and this Strategy is structured with that in mind.

2. CONTEXT OF CLOCH HOUSING ASSOCIATION

Guidance from the Scottish Government is that contracting authorities should be encouraged to have a procurement strategy even when regulated procurement is likely to be below £5m. Cloch will endeavour therefore to always have a strategy in place regardless of the volume of regulated procurement activity.

This procurement strategy covers the period to 31st March 2021. At that time, an annual procurement report will be produced outlining how the aims and objectives of the strategy have been met. During the period of this strategy we expect to be involved with the following procurement activities:

- Reactive Maintenance Contract (Services)

As a result of the early termination of the contract on the 30th June 2020 which was due to run until 2024, it was necessary to ensure that a compliant procurement activity was carried out as a priority. A decision was also made to procure the reactive and voids contract separately.

At the time of writing this report we have concluded the exercise for the reactive repairs contract. The procurement route selected was an OJEU Open Procedure. The contract term is for an initial 2 years with an option to extend

by a further 3 single years. The contract value per annum is £558,000 with a contract term value of £2.8M.

- Voids Repair Contract (Works)

As mentioned above the void repair contract was procured separately. At the time of writing this report we have also concluded this exercise. The procurement route selected was a single stage open procedure. The contract term is also for an initial 2 years with an option to extend by a further 3 single years. The contract value per annum is £248,762 with a contract term value of £1.25M.

- Landscape Maintenance Contract & Garden Tidy Scheme (Services)

The contract had originally been due to end on the 31st March 2020 and scheduled to be procured through the new I-Flair Framework was originally planned to be available from April 2020. Due to a delay in the availability of the framework we agreed a single year contract extension until the 31st March 2021, after which the contract will be re-procured. The contract value for this year is £105,000.

- Close Door / Door Entry Renewals

We are currently engaged in an existing contract for the renewal of close doors and door entry systems. For 2020 and 2021 there is a planned expenditure of approximately £100,000 over these 2 years. Subject to satisfactory performance of the existing contractor we may utilise the option to extend the contract for the permitted 2 years and include these works. The alternative option will be to procure these works through the new I-Flair framework.

- Communal Heating System Replacement

Further to a recent options appraisal exercise the communal underfloor heating system which serves 15 flats at 58 Regent St / 5 Trafalgar St will be renewed including the installation of heat meters, and upgrade of electrical meters. The options appraisal has estimated a cost of £125,000

The total anticipated value for all planned procurement starting between 1st April 2020 and 31st March 2021 is in the region of £4.6M which requires that a strategy report is produced where expenditure will be above £5,000,000 in compliance with Procurement Regulations stated at Section 1 of the report. We will also be publishing this strategy on our website once approved.

3. ACHIEVING OUR AIMS AND OBJECTIVES

The Association's vision is:

Working together with our communities to continually improve quality and value in all that we do.

Our Strategic Business Objectives as detailed in our Business Plan are as follows:

Improve access to affordable, sustainable quality homes throughout Inverclyde

Make a positive contribution to people's lives as an employer, landlord and community organisations

Drive and deliver service excellence in all that we do

Ensure our organisation is well engaged, well governed and financially sound

Work in partnership with the Group and beyond to maximise benefits for customers and the business

We will update our objectives in conjunction with our Business Plan up to 2020.

Regulated procurements can only be made on Most Economically Advantageous Tender (MEAT) terms. Individual awards will not be made on price alone. Assessments will have due regard to both cost effectiveness and quality to obtain the best outcome for the Association.

An in-house Contract Manager will be designated for each contract and their role will be to ensure that the procurement process, tender preparation, appointment of any relevant contract supervisors, architects etc., relevant CDM preparation and any internal or external consultation is carried out prior to works starting.

The Contract Manager will ensure that the contract is delivered in line with the approved budget and the objectives contained within Cloch's business plan, and in accordance with the Procurement Reform (Scotland) Act 2014. The Contract Manager will develop a set of clear and measurable outcomes for each contract and ensure that these are met during the delivery of the contract. Progress of the contracts will be reported to the respective Sub Committee, when ongoing. However a summary of these will be reported on in our annual procurement report which will be received by the Board and published.

4. VALUE FOR MONEY

Most of our regulated contracts will be procured via existing frameworks to which we have access to and are members of; these are mainly I-FLAIR and Scottish Procurement Alliance (SPA). In these cases, relevant value for money issues were addressed prior to framework appointment. Utilising the frameworks is not always a simple call-off and can lead to "mini-competition". In our I-Flair framework, the balance of quality and price is 30% quality and 70% price; however, in other circumstances we may choose to either amend the ratio or the question sets to make up the quality.

Any directly procured contracts will be advertised openly on the Public Contracts Scotland portal. The balance of price and quality and the scoring criteria to be applied will be set out clearly in the contract documentation.

Life cycle costings are used by the Association for major component replacement to ensure that value for money is delivered over the course of the contract. Our

programme covers 30 years and is used to determine budget spend as well as influence contract specifications – window types, kitchen types, boiler types etc. all have a lifespan yet can differ dependant on quality – these are decisions which are taken both in our Asset Management Plan and in our contract considerations.

5. EQUALITIES & NON-DISCRIMINATORY PRACTICES

Our approach to regulated procurements will be to treat tenderers fairly, equally and without discrimination and this in turn, should encourage greater competition, innovation and reputation.

For all directly procured contracts we will advertise contracts at each relevant stage on the Public Contracts Scotland Portal (PCS) and in the Official Journal of the European Union (OJEU) when required.

We will use clear and precise language in our contract documentation and endeavour to use electronic communication at all stages of the procurement process. We will ensure that any questions relating to the procurement are logged in the questions and answers section of the portal, responded to timeously and copied to all potential tenderers.

We will promote transparency and proportionality in our procurements to ensure we are operating in an open manner. We will use the PCS portal as much as possible, and use the Q&A facilities which will ensure that all parties are simultaneously updated with additional and new information. All contract documentation will be uploaded directly to the portal and all prequalification and tender returns will be managed via the portal's post box. Contract award notices will be lodged on the portal and feedback requests from unsuccessful tenderers will be responded to timeously.

6. SUSTAINABLE PROCUREMENT DUTY

All works and major service contracts will reflect a commitment to the use of sustainable materials and energy and waste management. This requires us to consider, before we start a procurement, how we might:

- Improve the economic, environmental and social well-being of our area;
- Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses, and
- Promote innovation.

The duty requires us to develop a robust achievable approach to sustainable procurement as above. It should be noted, however, that most of our regulated contracts will be procured as call offs or mini-competition tenders from a framework and this is exempt from the duty.

7. COMMUNITY BENEFITS

Cloch is committed to maximising Community Benefits and social, economic and environmental value from its procurement activities. Under our procurement activity Contractors will be required to support our social, economic and environmental objectives relating to participation in training and employment initiatives, supply chain initiatives and other Corporate Social Responsibility (CSR) contributions, where appropriate.

Through our involvement with I-Flair, we have a comprehensive Community Benefits Matrix which ensures that those contractors operating within the framework comply with relevant Community Benefits as determined within the schedule on I-Flair. This approach will also be adopted in other regulated contracts and will broadly operate on the understanding that the higher the value of the contract the more contribution will be expected for Community Benefits – this can extend from promoting an event through to employing apprentices.

Community Benefits will be reported in our annual procurement report.

8. CONSULTATION & ENGAGEMENT

Cloch engage with our customers in a variety of ways using for example, focus groups, complaints information and satisfaction surveys after our contracts to understand our customer's views on our products and services. The results of these are fed into our decision-making processes on procurement in terms of quality of specification and customer experience of contractors.

Where possible we will hold open days to engage tenants and residents on each contract – for example, kitchen unit choices, painting choices, discussions about roof redesign and retrofit solutions. Again, this will feed in to our procurement processes.

9. LIVING WAGE COMMITMENT

Cloch is a living wage accredited employer and will encourage contractors appointed through its procurement process to also become living wage accredited employers. This will be considered through the quality aspect of tenderer returns.

10. HEALTH & SAFETY

All consultants and contractors will be required to demonstrate the highest commitment to health and safety before being considered for work.

The potential Health and Safety risks relevant to each contract will be analysed and assessed by the Contract Manager before the contract is advertised. Where we have specific concerns relating to an impending contract, we will ask tenderers to detail as part of the procurement process how they will deal with these concerns through the

course of the contract. Contractors will be required to respond to specific risks and provide risk plans and method statements outlining proposals for managing health and safety during the contract term. This should be detailed as part of their tender return. The response to Health & Safety compliance will form a score within the quality assessment of the procurement process.

Monitoring of compliance with Health and Safety requirements during the contract terms will be the responsibility of the Contract Manager or Principal Designer where the Construction (Design and Management) Regulations 2015 apply. Health and Safety will be a standing agenda item at all site and progress meetings. All contractors will be required to disclose both at the meetings and to the Contract Manager any near misses, concerns, incidents or new identified risks.

In summary, Cloch will promote compliance by its contractors with the Health and Safety at Work Act 1974 and any provision made under that Act by ensuring that all Health and Safety documentation, risk assessments and processes relevant to the contract are in place before the award of the contract. We will require all tenderers to provide evidence to demonstrate that they comply with current Health and Safety legislation and to provide details of how they actively promote and manage good health and safety practice, for example through tool box talks, training to staff, communication briefings etc.

11. FAIRLY TRADED GOODS

As part of our procurement process we will consider the wider implications of our activity and how, by including fair and ethical requirements we can promote fairness and dignity across the local and wider economy. To achieve this we will ensure that contractors comply with environmental, social and employment law – this will be in the contract conditions.

12. PROCUREMENT OF FOOD PROVISION

None of our regulated procurements during the period covered by this Strategy involve the provision of food.

13. PROMPT PAYMENTS

All public bodies have a legal duty to pay commercial debt within 30 days and European Directive 2011/7/EU allows our contractors to claim interest and recover costs if invoices are not paid on time. Our invoice processing system is set up to ensure this happens. The Contract Manager is responsible with the Finance Director for ensuring that invoices are paid on time.

14. ANNUAL PROCUREMENT REPORTING

Our annual procurement report will be produced in April 2019 reporting on the procurement activity of the previous year and future procurement opportunities outlining outcomes, community benefits, difficulties and any changes required to policy.