

# Cloch Housing Association Ltd

## Procurement Strategy (April 2019 – March 2020)



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Review by March 2020

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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 £181,302 for goods and services and £4,551,413 for works. (costs are as revised from 1<sup>st</sup> January 2018).

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 31<sup>st</sup> March 2020. 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:

- Kings Glen Development

This procurement activity had previously been included in our strategy report for 2017-18. Progress has not been as quick as we would have liked with regards to obtaining final planning and design approval. This project is being managed in collaboration with Oak Tree who are acting as the development agents on our behalf.

The procurement route selected is through the SPA framework which Cloch are members of, and the no.1 ranked contractor is CCG. It is expected that this contract will be awarded in Spring/Summer of 2019 with a site start in Autumn. The estimated cost is £8,500,000.

- Reactive and Voids Maintenance Contract (Services)

As a result of the early termination of the contract which was previously procured in 2017, it was necessary to ensure that a compliant procurement activity was carried out with the incumbent contractor in place for a contract start date of 1<sup>st</sup> April 2019. At the time of writing this report the procurement route selected is an OJEU Open Procedure. The contract term is 4 years with an option to extend by a further single year. The anticipated combined value per annum is £730,000 with a contract term value of £2.9M.

- Door Entry Systems/Close Doors / Close Windows (Works)

The procurement for this contract was delayed from 2018, mainly due to the having to re-procure the Reactive Maintenance & Voids contract. We have revised the scope of the works and will now include the works originally planned for 2018/19 within the programme for the forthcoming year 2019/20.

It is expected that this contract will be procured through mini competition within the I-Flair Framework. The estimated value of the works is £115,000 and it is anticipated that the works will be completed during 2019.

- Smoke / Heat & Co Detector Upgrades (supplies)

As a result of the recent Grenfell fire tragedy, Scottish Government carried out a consultation and ultimately review of the fire safety regulations which has resulted in all RSL's requiring to ensure that each property has an adequate smoke detection system installed which are also interlinked.

The timescale provided for this by the Scottish Government is completion by February 2021. The estimated value of these works is £650,000. This is above the OJEU threshold of £181,302. If the I-Flair Framework cannot accommodate these works, we will procure this through the traditional regulation procurement routes.

- Aids and Adaptations (works)

Cloch, Oak Tree and Larkfield Housing Associations at the time of writing this report have started to procure this contract in collaboration via a restricted procedure. The term of the contract is for an initial two-year term with the option for each Association to extend this agreement by two single years. The overall combined value of the contract is £950,000. This is below the OJEU threshold for works - £4,551,413.

Cloch expects an annual expenditure within the contract of approximately £100,000 per annum based on previous years' allocations.

- Passenger Lift Upgrades (works)

A previous condition survey has identified that three lifts should be upgraded over the next three years:

➤ 2019	Elliot Court	£65,000
➤ 2020	Cardross View	£30,000
➤ 2021	7 Lyle Street	£90,000

The first stage will be to obtain the services of a lift consultant to assist in the preparation of the procurement process including the scope of works, preparation of the documents, tender analysis and report, and also to provide technical assistance during the works. This will be done through Quick Quote on PCS. The procurement route for the upgrade works is likely to be a restricted procedure unless advised differently by the lift consultant.

- Electrical Testing

The present contract is due to terminate in this year. We have identified the following properties due for inspection over the next three years.

➤ 2019	22 Common closes and 317 properties	£33,000
➤ 2020	34 Common closes and 352 properties	£39,000
➤ 2021	1 Common (Elliot Crt) and 152 properties.	£15,000

The contract will have procured through a direct call off though the I-Flair Framework. This has been felt to provide the most economical costs. We have decided to also restrict the contract to a term of 2 years plus an option to extend by a single year.

Based on the present contract we will also include within the budget a provisional sum of £100 per property to cover electrical works which have been identified as a priority as a result of the inspection.

The total anticipated value for all planned procurement starting between 1<sup>st</sup> April 2019 and 31<sup>st</sup> March 2020 is in the region of £12.8M 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.