

GLASGOW WEST HOUSING ASSOCIATION PROCUREMENT STRATEGY 2016-2020

Glasgow West Housing Association Limited

Registered with The Scottish Housing Regulator HEP126
Registered under the Co-operative and Community Benefit Societies Act 1955 RS
Registered as a Scottish Charity No. SC001667

22/12/16



HOMES ARE OUR PURPOSE
SERVICE IS OUR PRIORITY

5 ROYAL CRESCENT, GLASGOW G3 7SL
TEL: 0141 331 6650 FAX: 0141 331 6679
admin@glasgowwestha.co.uk
www.gwha.org.uk

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1.0 EXECUTIVE SUMMARY

GWHA's Procurement Strategy (PS) encompasses the process of acquiring goods, services and works from third parties. Recognising that the procurement route is influenced by the scale of the project, decisions are taken in the context of statutory and regulatory requirements, and best value principles.

The PS provides a clear vision for procurement towards 2020, with scope for piloting a range of methods to test VFM¹ and high quality service outcomes; and with regular review to ensure optimum performance, efficiency and value creation. The association's corporate values underpin the PS and apply to both regulated and non-regulated procurement: *Ethical, Inclusive, Efficient, Innovative, Open*.

The Strategy will be reviewed on a quarterly basis in the period to December 2017 to ensure continuous improvement and learning. An annual report on performance against the anticipated procurement activity will be published by 31st March each year, with procurement activity for the forthcoming year published by 31st December.

2.0 PROCUREMENT ACTIVITY

Key procurement activity anticipated in the period from 01/01/17 to 31/03/18 is outlined below, with the timing and detail of the projects to be updated from Q4 2016/17 via the Contracts Register on the association's website www.gwha.org.uk

The anticipated value of regulated procurement activity within the identified timeframe is expected to exceed the £5m defined in the Procurement Reform (Scotland) Act 2014 as *significant procurement expenditure*, and thus warrants the publication of this PS.

Procurement Activity	Duration	Estimated Value	Anticipated Procurement Route
Response Maintenance (works)	3 years	£2.6m	Sub-divided into lots which will not in themselves be regulated. Appointments via membership of existing frameworks and tendering via PCS ² portal ³ .
Roof/Gutter/Fabric Repairs (works)	5 years	£6m	Regulated: single appointment Subject to OJEU/Public Contracts Regulations.
Major Component Replacement (works)	1-2 years	£3.3m	Sub-divided into lots which will not in themselves be regulated. Appointments via membership of existing frameworks and tendering via PCS portal ³ .
Dover Street New Build (works)	2 years	£8m	Regulated: single appointment Subject to OJEU/Public Contracts Regulations
Gray Street/St Vincent Crescent/Breadalbane St remodelling (works)	1 year	£0.7m	Non-regulated. Single appointment via PCS portal ³ .
Facilities Management (services)	3 years	£1.1m	Sub-divided into lots: regulated. Appointments via membership of existing frameworks and tendering via PCS portal ³
Design Team/Consultancy (services)		£0.2m	Sub-divided with potential for individual regulated procurements: appointments via membership of existing frameworks and tendering via PCS portal ³

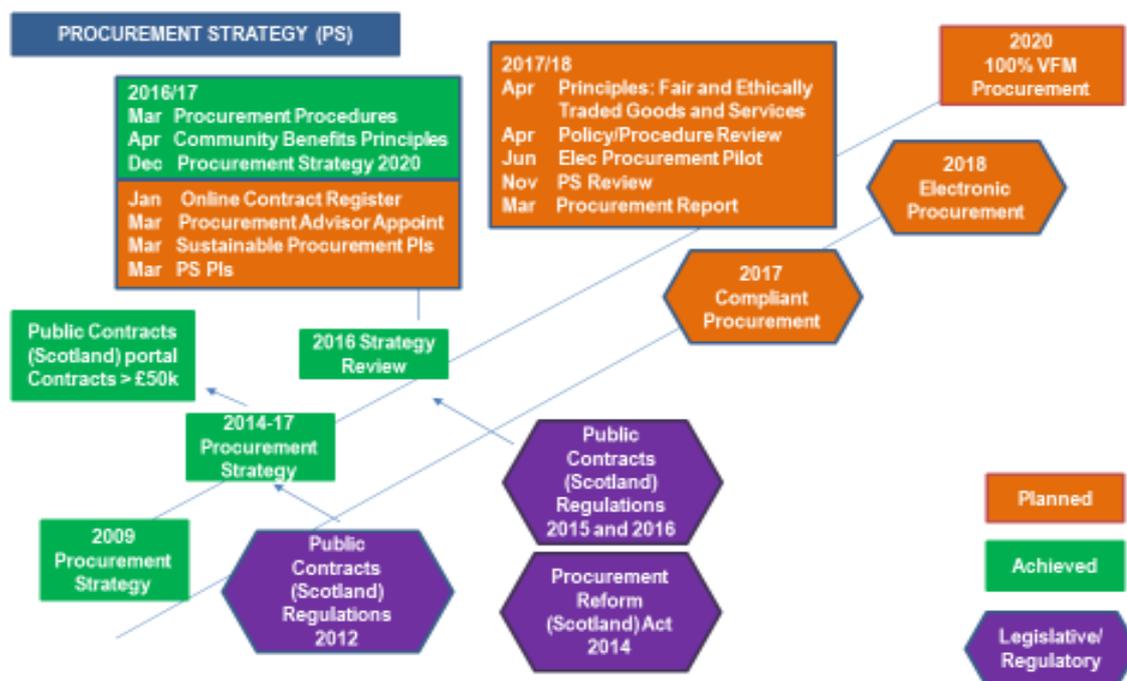
¹ Value For Money

² Public Contracts Scotland

³ PCS where value >£15k

3.0 PROCUREMENT STRATEGY

Aligned to the Corporate Strategy under the *Optimum Performance* driver, the PS, through a series of initiatives and PIs, aims to achieve *100% VFM procurement by 2020*. To ensure progress towards this aim, a short-term consultancy appointment will be procured in Q4 2016/17 to assist the delivery of 2017/18 projects, and to ensure robust processes are in place for all regulated and non-regulated procurement.



4.0 STRATEGY RATIONALE

GWHA is based in the West of the City with good access links and infrastructure. The area is attractive to the professional and product/services markets, but is limited in terms of locally based trades. For core services (e.g. maintenance and development procurement), GWHA has historically drawn from a pool of suppliers, with procurement primarily small scale from an Approved List, based on cost and competitive tendering principles; and with BQP⁴ assessment criteria embedded from around 2004. In the last 18 months the emphasis has shifted towards compliance with the new legislative and regulatory requirements, with the publication of this PS capturing GWHA's anticipated journey towards *100% VFM procurement by 2020*, whilst at the same time confirming the association's commitment to continuous improvement. The Strategy is complemented by a series of policies and procedures that guide delivery of procurement projects.

5.0 STRATEGIC AIMS

- 5.1 The Corporate Strategy outlines GWHA's strategic aims and objectives. In 2015, a longer-term 2028 strategy was introduced to set out the vision for the association's 50th anniversary: *shaping thriving communities*; and with prudent resource management and organisational agility recognised as being key to enhancing local quality services and local quality, affordable housing.
- 5.2 With significant procurement activity anticipated within the lifetime of this Strategy, GWHA recognise the potential to progress GWHA's corporate vision, delivering enhanced services for residents, supporting SMEs and Micro-SMEs⁵ where appropriate, and exploring the potential for

⁴ Balancing Quality and Price

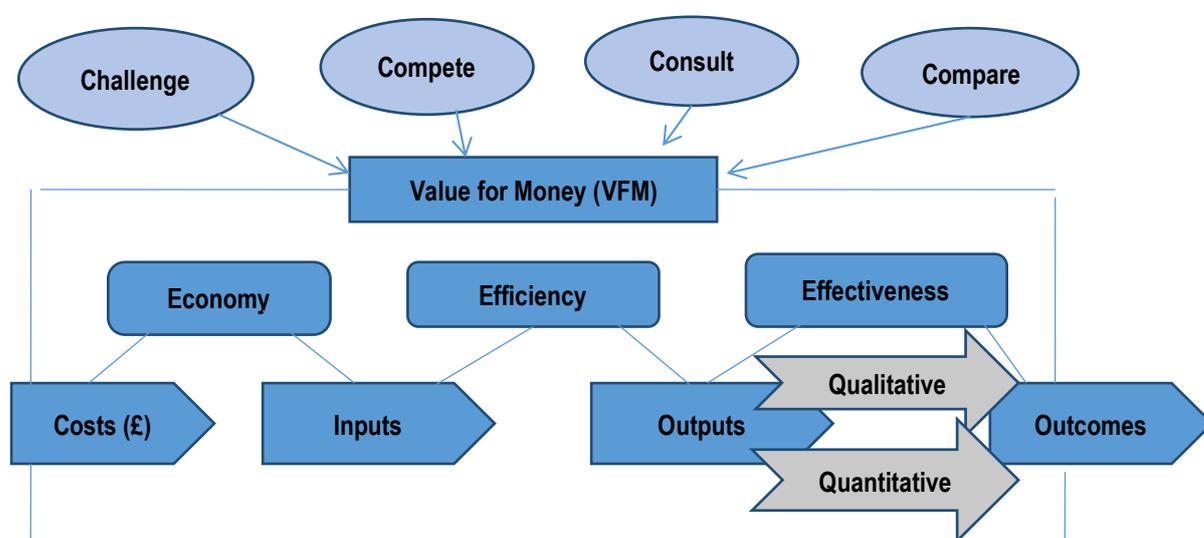
⁵ UK Companies Act 2006+European Commission (2005): Micro <10 employees; Small 10-50; Medium 50-250

community benefits, including targeted training and recruitment (TRT). The key underpinning principles of the PS are:

- 5.2.1 Demonstrating VFM and sustainability, eliminating waste and optimising resource efficiency.
- 5.2.2 Driving innovation and continuous improvement.
- 5.2.3 Establishing robust management systems which ensure equality, transparency, proportionality, integrity and accountability.
- 5.2.4 Ensuring legislative compliance, mitigating risk.

5.3 Achievement of Aims

- 5.3.1 The PS will be considered as part of the annual strategy review cycle, with a robust business case, demonstrating legislative compliance, and focussing on achieving a balance between the “three E’s” (economy, efficiency and effectiveness), required to validate the proposed projects for the forthcoming year.



- 5.3.2 Mechanisms that enable residents and other service users to genuinely influence the PS and service delivery decisions will continue to be developed, with existing consultative approaches (as outlined in the Service Engagement Strategy, and including the Annual Tenants Conference and Consumer Panel) fully exploited for obtaining views on customer’s expectations and priorities. For new build housing developments, consultation will take place during the planning process, and for major repairs/investment works in mixed tenure developments, in line with the Deeds of Conditions.

The development of new ideas for improved efficiency and effectiveness will be encouraged, driving a culture of VFM and performance excellence throughout the organisation. Current and new practices will routinely be subjected to the Best Value test: Challenge/Compare/Consult/Compete, and a positive attitude and a “right first time” approach will be promoted in all aspects of service delivery and procurement.

Procurement documentation will contain clear and measurable outcomes to ensure efficient, timely and cost-effective delivery, with routine compliance monitoring and reporting by the appointed Project Co-ordinator.

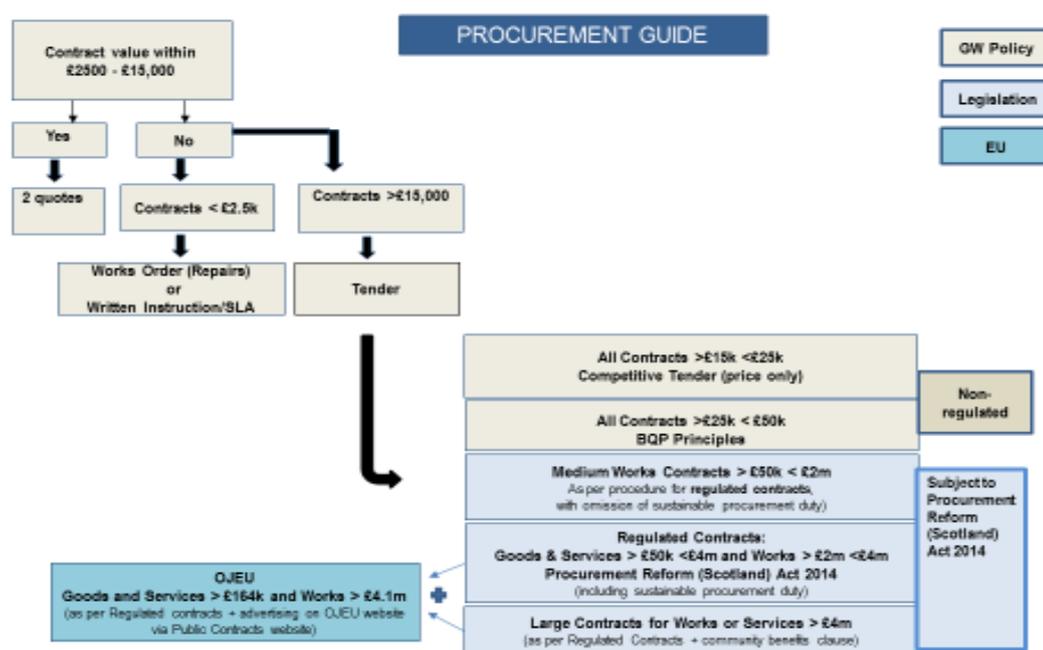
5.4 Value for Money

- 5.4.1 GWHA continues to build on its culture of prudent resource management, with the Efficiency Strategy adopted in 2015 capturing the commitment to value and efficiency (commonly referred to as VFM) within a lean framework to support GWHA’s drive to eliminate waste, at all levels.

This PS endorses a range of different procurement methods, with the aim of testing VFM in the context of *robust governance* and with the aim of delivering *enhanced customer services* and *optimum performance*.

- 5.4.2 As an interim measure, and whilst GWHA’s procurement guide is revisited (Target Q4 2016/17), the association will continue to utilise its existing network of contractors and suppliers for response, cyclical and ad-hoc projects with works value <£15k. These contractors are routinely monitored and meet GWHA high standards in terms of quality and performance.

For procurement in the £15k-£25k range, where existing membership of established procurement frameworks does not facilitate access to the required service, the Public Contracts (Scotland) online quotation system “quick quote” will be utilised as a means of demonstrating VFM.



- 5.4.3 Where the anticipated contract value exceeds £25k, GWHA will apply the more stringent requirements of the Procurement Reform (Scotland) Act 2014 and OJEU (as required) as the minimum procurement compliance criteria. Open and restricted procedures are expected to be the most frequently applied procurement routes, with other routes employed where justifiable⁶ and/or in permitted instances⁷.

To ensure the most economically advantageous tender for procurement >£25k, an appropriate BQP ratio will be set out in the procurement documents: typically 60/40, with a 70/30 ratio in exceptional circumstances, and with appropriate authority.

The minimum number of tenders required for assessment purposes will be outlined in advance within the procurement documentation.

5.5 Equal Treatment and Non-Discrimination

- 5.5.1 A commitment to equality is embedded in GWHA’s culture and is underpinned by an inclusive core value. For the 2020 Equalities Strategy, mainstreaming equality and reflecting diversity continues to be the focus, with a comprehensive equalities audit in 2015 leading to CIH Equalities

⁶ Competitive Procedure with Negotiation; Competitive Dialogue; Innovation Partnerships

⁷ Negotiated Procedure without Prior Publication

Chartermark in 2016. All stakeholders participating in GWHA procurement processes are expected to demonstrate equalities compliance.

- 5.5.2 GWHA will treat all potential tenderers equally and without discrimination; with the aim of facilitating greater competition, promoting innovation, and encouraging a wider range of tenderers to participate in procurement projects.
- 5.5.3 The PCS portal (and OJEU, where required) will be utilised for the purposes of advertising all directly procured contracts > £25k, with the contracts register on the association's website facilitating early market engagement prior to the issue of contract notices. PINs⁸ will be issued for all OJEU advertised contracts.
- 5.5.4 Whilst the contracts within the 2017/18 PS are deemed to be within the capacity of SMEs and Micro-SMEs, the scope for greater value through division to smaller lots will be considered during the 2016/17 Q4 procurement review: to minimise burdens on smaller tenderers, and to facilitate wider and more equitable access to procurements.
- 5.5.5 Contract documentation will be in clear and precise language, with electronic communication via the PCS portal ensuring questions receive a timeous response and are copied to all potential tenderers. To avoid barriers to participation, contract documentation, including PQQ⁹, quality questionnaires and contract conditions will be tested to ensure the requirements are proportionate to the scale of the project being procured. In general, and unless otherwise dictated by procurement regulations, a minimum of 10 working days will be allowed for each of the stages in the procurement process, with a robust business case required if a shorter period is proposed.

5.6 Transparency and Proportionality

- 5.6.1 GWHA operate within a code of governance that encourages the highest standards of integrity and ensures decisions are informed, transparent, and in the best interests of current and future tenants. These principles apply to decisions taken in the context of the PS.

Transparency and proportionality will be promoted to encourage competition, achieve better VFM and ensure inclusive practices. As outlined at 5.5.3, forthcoming contracts will be advertised via the association's website and via PINs and Contract Notices on the PCS portal. All contract documentation will be uploaded directly to the portal and communication will be via the question and answer section of the portal.

- 5.6.2 Until such times as the association's procurement is 100% electronic (target 2018), the existing robust procedures for tender returns will remain in place:
 - a) Specific instructions, including closing date/time, will be provided to all tenderers.
 - b) Receipt of completed tender documentation will be recorded at reception and held, unopened in a secure safe, until the tender closing date/time. Tenders received after the closing date/time will not be accepted at reception and, if received through the post, will be returned unopened to the tenderer.
 - c) Tender opening will be directed by the Corporate Officer, in the presence of two MC¹⁰ Members. Quality questionnaires will immediately be separated from Cost information and will be passed to the Project Co-ordinator to facilitate the quality assessment. Cost information will be recorded in the Tender Register and will not under any circumstances be disclosed until the quality assessment is completed, as verified by the Services Director.
 - d) The Services Director will issue instruction for release of cost information to the Project Co-ordinator.

⁸ Prior Information Notices

⁹ Pre-Qualification Questionnaires

¹⁰ Management Committee

5.6.3 Subject to MC reporting, and delegated authorities, contract awards and all associated correspondence will be lodged via the PCS portal

5.7 Sustainable Procurement

5.7.1 GWHA is committed to delivering sustainable procurement through effective forward planning to manage demand, ongoing contract management, and dealing with supply chain risks and impacts. By Q4 2016/17 GWHA will identify initiatives/PIs that ensure a clear direction and paced progress towards better, more sustainable procurement.

5.7.2 For relevant procurements, the business case, and subsequent documentation will outline how the process will ensure compliance with the sustainable procurement duty, namely:

- a) Improve the economic, social and environmental well-being of the area
- b) Facilitate the involvement of SMEs, third sector bodies and supported businesses
- c) Promote innovation

5.7.3 In addition to the Community Benefit requirements outlined at section 5.8, GWHA will support the involvement of SMEs, (and third sector bodies and supported businesses) through the general measures outlined at section 5.5 of the PS, and with scope for the following specific measures to be considered where appropriate:

- a) Consortia bids where the scale of the project is outside the scope of a single tenderer.
- b) Encouraging main contractors to publicise sub-contracting opportunities.

5.7.4 GWHA recognise that innovation is an ongoing process and will encourage creativity and knowledge-sharing to ensure opportunities for product and process innovation are exploited through the PS, where there is evidence that such will support value creation.

5.8 Community Benefit Requirements

5.8.1 For the purposes of procurement, Community Benefits (CB) are defined as contractual requirements relating to training and recruitment, or the availability of sub-contracting opportunities, or which are otherwise intended to improve the economic, social and environmental wellbeing of the public body's areas, in a way which is additional to the main purpose of the contract in question. Examples may include:

Social: Jobs, Work Experience, Training, Apprenticeships and Mentoring

Economic: Use of SMEs/Social Enterprises/Voluntary Sector, community consultation, young person engagement and community sponsorship

Environmental: Community improvement projects, resources for community environmental initiatives and physical infrastructure

5.8.2 In furtherance of this objective, GWHA will require a method statement from tenderers outlining how CB will be delivered in all procurement >£25k, without cost to the association. As a general rule of thumb, CB initiatives will represent a minimum 2% of the contract value. The following principles will apply:

- a) CB expectations will be clearly defined in procurement documents
- b) The measures will be proportionate to the contract and linked to the "subject matter" of the contract
- c) CB initiatives will be capable of measurement

5.8.3 Where a financial contribution is made, this will be held for the delivery of initiatives that improve the economic, social and environmental wellbeing of GWHA's communities.

5.8.4 Where targeted recruitment and training (TRT) is the agreed CB, the tenderer will be expected to outline proposals that take account of the following principles:

- a) For each £1m in contract value, a minimum 78 person weeks of employment for a trainee recruited from a source agreed by GWHA.
- b) The equivalent of 26 person weeks per £1m in contract value available as unwaged work experience opportunities for people provided by an organisation that has undertaken appropriate pre-work preparation and risk assessment.
- c) Proposals to assist achievement of appropriate qualifications, with arrangements for on-site training, assessment and recording where relevant.
- d) Commitment to trainees to pay at least the industry norms, with terms and conditions of employment that are at least equivalent to workers with equivalent skills and experience.
- e) Measures for the management and monitoring of TRT commitments

The Tenderer will also be expected to confirm commitment to:

- f) Provide GWHA with a TRT Performance Statement within 4 weeks of completion of each 13 week period following implementation of the contract
- g) Review the remuneration of trainees in line with their experience and productivity.
- h) Within 13 weeks of appointment, provide GWHA with evidence of a Local Employer Partnership, or an equivalent agreement, to recruit people who are disadvantaged in the labour market.
- i) Notify agencies nominated by GWHA for each vacancy, including those with sub-contractors, with candidates identified by these agencies to have an equal opportunity in the selection process.

5.8.5 Where appropriate, the placement of trainees may be within GWHA offices.

5.9 Consultation and Engagement

Customer engagement, embedded within our equalities ethos, is a crucial element of GWHA's *enhanced customer service* strategic driver. The Service Engagement Strategy and annual plans outline key initiatives and a variety of measures for this engagement, and for enabling genuine consultation and involvement of customers in shaping GWHA's future services and strategies. Consultation and Engagement in the context of procurement is outlined at section 5.3.2 of this PS.

5.10 Payment of the Living Wage

As a Living Wage Employer, GWHA encourage similar of partners. For all procurement, tenderers will be asked to confirm via the PQQ whether they are Living Wage Employers, with an appropriate weighting identified in the PQQ to reflect.

5.11 Compliance with Health and Safety (H&S) legislation

5.11.1 H&S legislation imposes duties on employers and employees. GWHA expect all tenderers to demonstrate compliance with statutory duties, and to conduct business in such a way that the H&S of employees and visitors is not put at risk. This includes:

- a) A safe working environment for all employees, free from risks to health, and with adequate provision with regard to the facilities and arrangements for their welfare at work.
- b) The provision and maintenance of machines, equipment and systems of work that are safe and without risk to the health of employees, contractors and any other person who may be affected with regard to any premises or operation under the employer's control.
- c) Arrangements for use, handling, storage and transport of articles and substances for use at work are safe and without risks to health.
- d) Adequate information is available with respect to machines and substances used at work detailing the conditions and precautions necessary to ensure that when properly used they will be safe and without risk to health.
- e) Employees are provided with such instruction, training and supervision as is necessary to ensure their health and safety.

5.11.2 The tenderer's commitment to H&S, previous H&S record and measures for the management of the project H&S will be a key element of the procurement quality assessment. H&S will be a standard Agenda item for contract meetings, with responsibility for the monitoring of compliance during the contract to be decided at tender stage, and likely to be within the remit of the Project Co-Ordinator, Contract Manager or Principal Designer where the CDM Regulations apply.

5.12 Fairly and Ethically Traded Goods and Services

GWHA will aim by Q2 2017/18 to develop measures that ensure, as far as possible in the procurement of contracts, that fair and ethical trading principles are applied in a relevant and proportionate manner.

5.13 Regulated Procurements involving the Provision of Food

GWHA procurement is not envisaged to involve the provision of food.

5.14 Prompt Payment

All public bodies have a legal duty to pay commercial debt within 30 days and European Directive 2011/7/EU allows interest and recovery costs to be claimed if invoices are not paid on time. GWHA is alert to the potential impact of late payment and is committed to ensuring the prompt and efficient processing and payment of authorised invoices. Through procurement documentation GWHA will stipulate compliance with these conditions for all sub-contracting arrangements.

6.0 MONITORING REVIEWING AND REPORTING ON STRATEGY

Initiatives/Actions	Target
2016/17	
Upload PS to website/Copy to Scottish Government	Q3
Appoint Procurement Advisory services	Q4
Finalise Procurement Activity 01/01/17-31/03/18	Q4
PS Performance Report	Q4
Establish Sustainable Procurement PIs	Q4
Confirm PS PIs for 2017/18	Q4
2017/18	
Principles: Fair and Ethically Traded Goods and Services	Q1
Procurement Policy and Procedure Review	Q1
Electronic Procurement Pilot	Q2
Procurement Strategy 2018-19	Q3
PS performance Report	Q4

