

Procurement Strategy

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Scottish Social Housing Charter Relevant Standards and Outcomes

STANDARD

Section:- Getting good value from rents and service charges

13. Value for money

Social landlords manage all aspects of their businesses so that:

- *Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.*

14&15. Rent and service charges

Social landlords set rents and service charges in consultation with their tenants and other customers so that:

- *A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them.*
- *Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.*

Scottish Housing Regulator – Relevant Standards of Governance and Financial Management and Guidance

1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Relevant standards 1.1 & 1.6.

2 The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. Relevant standards 2.2, 2.3 & 2.4.

3 The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. Relevant standard 3.1

4 The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. Relevant standard 4.1

5 The RSL conducts its affairs with honesty and integrity. Relevant standards 5.1 & 5.3.

PROCUREMENT STRATEGY

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PROCUREMENT STRATEGY

1 INTRODUCTION

- 1.1 Lochalsh and Skye Housing Association was set up in 1983 as an independent non-profit making housing organisation to develop, manage and maintain housing for rent. Since that time there has been a sustained and significant growth in the size and geographical spread of the Association's own housing stock within Skye and Lochalsh and we have considerably extended the range of housing and other services we provide to meet the needs of a wide range of clients.
- 1.2 We have invested in excess of £110 million in the provision of new housing in Skye and Lochalsh and our current rented housing stock of more than 840 properties generates an annual rental income of more than £4.5 million. We directly employ 49 members of staff and our main activities now include:-
- Rented and Shared Ownership
 - Care and Repair Services
 - Handyperson Services
 - Disabled Adaptations
 - Property and Technical Services
 - Project Management Services
 - Factoring Services
 - Energy Advice Services
 - Housing Information, tenant engagement, support and advice Services
- 1.3 As the Association has evolved and expanded, we have adopted new and innovative approaches to meeting our objectives and we are totally committed to working in partnership with individuals, groups and organisations for the benefit of the communities we serve. We are also committed to regularly reviewing our operations to ensure that we are delivering high quality services which are responsive to the needs of our customers and which provide value for money. This approach involves the Association in maintaining linkages with our tenants and other customers together with a wide range of stakeholders within Skye and Lochalsh and Highland-wide.
- 1.4 We recognise the important role that our organisation can play in contributing towards the regeneration of communities and we strive to participate in activities which enable social inclusion and make a positive contribution towards sustaining the social, economic and cultural wellbeing of the whole community. In addition, all of our activities are designed to compliment the strategic objectives of the Scottish Government and other key stakeholders.

- 1.5 This strategy complements the Association's [Business Plan](#) and other strategic documents and sets out the context, objectives and approach to procurement that should be adopted throughout the Association.

2 WHAT DOES PROCUREMENT MEAN AND KEY DRIVERS?

2.1 Procurement is:

The process of obtaining supplies, services and works. It is not just purchasing or commissioning but means the process by which outcomes are effectively secured for customers and the Association through the exchange of funding, partnering or contracting.

Based on this we can define effective procurement as the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit or use of organisations, or individuals.

The Association will ensure that it procures supplies, services and works that represent value for money for its customers and the Association.

2.2 Key Drivers:

Legislation and regulation guide the Association's procurement activities. Obligations required in tendering which are dependent on the nature and scale of the procurement. Key references and sources include:

- [The Bribery Act 2010](#)
- [Public Contract \(Scotland\) Regulations \(2015\)](#)
- [The Public Procurement \(Amendment etc\) \(EU Exit\) Regulations 2020](#)
- [The Public Procurement etc. \(EU Exit\) \(Scotland\) Amendment Regulations 2020 \(legislation.gov.uk\)](#)
- [Modern Slavery Act 2015](#)
- [Procurement Reform \(Scotland\) Act \(2014\)](#)
- [General Data Protection Regulation \(2018\)](#)
- Financial Regulations - Scotland

All procurement activity must currently comply with the following basic principles of:

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

3 PROCUREMENT EXPENDITURE

3.1 In 2022/23, the Association spent over £5m on procured services.

3.2 The procurement of services and goods is currently regulated by our financial policies, procedures and regulations, Standing Orders and Model Rules. In order to achieve efficiencies and improve services, it is necessary to procure legally, competently and allow innovation within procurement. The Association's approach to procurement is based upon a mixture of different methods including partnership, quotes and tenders and specialist services designed to ensure the highest level of Value for Money (VFM). The Association does not have the scale of operation that would sustain a central procurement service and as such responsibility for procurement lies with budget holders.

3.3 The sections below give an overview of our procurement approach and arrangements by activity.

- **Development:** This is the major area of spend for the Association. The Association has been leading partner in the past in setting up Consultant and Contractor Frameworks with the other Highland based Housing Associations (Albyn/Pentland/Lochaber and Cairn).

The Association procures development projects either via the Design and Build route or the Traditional Tender via Bill of Quantities and Drawings via Public Contracts Scotland routes (European Single Procurement Document – ESPD; Quick Quotes; Scotland Notices, Non OJEU; OJEU Notices).

- **Planned Maintenance:** The Association is currently undergoing an independent review of its stock condition. This follows a 100% Stock Condition Survey completed in 2014/15 by members of the Association's Property Services and Energy Advice Services teams and 89% of stock by Energy Advice Services between 2017 and 2020.

Planned maintenance can include replacement and modernisation of components such as windows, external doors, kitchens, bathrooms, heating systems and completing external works depending on the property inspections, condition at change of tenancy, repeated repairs and modelled lifecycles.

Currently the Association's Technical Services team replace components with the exception of where equipment installation requires specialist expertise and skills (such as Air Source Heat Pump Installations) as this approach provides the best value for money.

- **Cyclical Maintenance:** This covers painting, ground maintenance and electrical inspections. The Association's Technical Services team carry out painting, electrical inspections and estates maintenance, although large-scale programmes may require external contractors to assist in the

completion of certain tasks depending on the scale and target timescales to achieve compliance and ensure tenant safety.

- **Reactive Repairs:** Whilst we operate a Technical Services team providing reactive and void repairs, the Association also outsources work from local contractors via our Contractors Framework Agreement to ensure that we meet our Performance Targets.
- **Portree Biomass Plant:** The Association is currently party to a 20 year lease – expiring 2035 - and Energy Supply Contract for the supply of fuel and maintenance of the plant following a competitive tender exercise based on price and quality with specialist contractors.
- **Office Related Costs, Fees, Motor Expenses and Other Housing Property Costs:** This includes insurance, ICT, fleet management costs and raising Private Finance for Development Projects.
- **Care & Repair:** The Association operates Care and Repair (and Handyperson Services) which comprise, in the main, the installation of level access showers and ramped access, but also reroofing and rewiring from time to time.
- **General:** A de minimis threshold of £15,000 excluding VAT has been set by the Association for the procurement of all supplies, services and works and specialist contractors / consultants (e.g. Timber Treatment / Pest Control) and may be approached out with the Contractors / Consultants Frameworks on an occasional basis. Specialist consultants may also be engaged for particular projects where subject-matter knowledge is essential to inform strategic or critical decision-making.

4 PROCUREMENT STRATEGY

4.1 Our procurement strategy is a plan which facilitates and improves procurement within the Association to allow the Association to move forward against its agreed strategic targets. The procurement strategy sets out:

- The Objectives of the Strategy (section 5, & 7-10)
- The Scope of the Strategy (Section 6)
- Procurement Key Performance Indicators (Appendix 1)
- Procurement Improvement Plan (undergoing review, last updated and verified by Scotland Excel in 2021, the Association is engaging in a new exercise for up to date and robust recommendations in FY 2024-2025).

4.2 This procurement strategy should be read in conjunction with the following documents:

- [Business Plan](#)
- [Asset Management Strategy](#)
- [Model Rules, Standing Orders & Financial Plan](#)

- [Risk Management Strategy](#)
- [Probity and Transparency Policy](#)
- Whistleblowing Policy
- [Sustainability Policy](#)

- 4.3 At present the Development Manager, reporting to the Chief Executive and the Board, will have overall accountability for the procurement exercise.

Each Service manages their individual budget and makes purchasing decisions aligned with business needs. Every Service has staff responsible for purchasing at an operational level and has set delegated powers under the Association's Standing Orders and Financial Plan.

5 OBJECTIVES OF THIS STRATEGY

- 5.1 The size and capacity of this organisation dictate that most of the activities of the Association will involve procurement from external sources for goods, works and services in order for our aims and objectives to be delivered. To ensure continuous improvement and support our key values and aims it is essential to have a clear procurement strategy for how these goods, works and services are selected, acquired and managed.

- 5.2 The overall aim is to facilitate and improve procurement to deliver best value for the Association and its stakeholders. To deliver this, we have established four key objectives:

- **Value for Money:** To achieve optimal value for money through effective procurement and to reduce the cost of procurement.
- **Customer Focus:** To ensure that procurement is aligned with the needs of our customers and that our customers are appropriately involved in our procurement activity.
- **Integrity & Probity:** To ensure that all procurement activity is ethical and that the Association and staff involved in procurement are safeguarded from actual or perceived corrupt or fraudulent activity.
- **Sustainability & Social Value:** To consider the social investment opportunities available through our procurement activity and its potential to deliver economic, social and environmental benefit to the communities we serve.

- 5.3 As with any strategy, to ensure it is effective, it must be communicated and embedded throughout the Association. It is essential that individuals with responsibility for procurement activities are familiar with the Association's procurement strategy and the principles which guide our procurement activity.

- 5.4 An Exit Strategy will form part of new build contracts as a contract progresses. Development Services will have responsibility for ensuring that both parties are working towards the planned fulfilment and exit of the contract and the procurement process for securing subsequently supply arrangements, if required.

This fully inclusive process involving all parties, including the Design Team, should include a “lessons learned” review which incorporates feedback from end-users and the supplier.

The final review and lessons learned should be clearly documented and communicated to appropriate stakeholders, as it may inform any subsequent procurement for similar commodities in the future.

- 5.5 This strategy is not intended as a procedure manual but is to provide guidance on the way in which the procurement activities of the organisation should contribute to delivering our [Business Plan and Strategic Objectives](#).
- 5.6 Further detail on each objective is given in Sections 7 to 10.

6 SCOPE OF THIS STRATEGY

- 6.1 This strategy covers all our functions and services, including but not limited to:

- Corporate Services
- Finance Services
- Housing Services
- Development Services
- Property Services (Asset Management)
- Technical Services
- Care & Repair Services
- Handyperson Services
- Energy Advice Services

- 6.2 It covers the following activities, including but not limited to:

- Delivery of services to the Association's customers by external organisations on behalf of the Association.
- Services received by the Association's customers provided by any other agency or Local Authority as part of a Service Level Agreement with the Association.
- Purchase of specialist services such as legal advice, audit, training for staff and training for customers.
- Advice and consultancy used by the Association's staff and customers.
- Goods purchased by the Association such as IT systems down to small-scale purchases such as safety jackets for staff.
- Partnering arrangements, whereby funding is not exchanged but two or more agencies provide services to each other, for example our Memorandum of Understanding with Skye and Lochalsh Citizen's Advice Bureau.

- 6.3 In developing this strategy we have identified four strategic objectives and have set out the principles by which procurement should be undertaken. Where

our current practices fall short of the desired standard or improvements can be made, then these are highlighted and actions set out to remedy the situation and ensure the overall aim of the strategy will be met.

7 OBJECTIVE 1 - VALUE FOR MONEY

- 7.1 Value for money must form the basis for all procurement decisions taken by the Association. Each procurement decision should be based on whether services or goods can be provided in a more effective, efficient and economical way. In the context of procurement, obtaining value for money means choosing the goods/service which offers the optimum combination of whole life cost and benefits to achieve our corporate aims and objectives.

This may not necessarily be the lowest price option.

- 7.2 All options should be considered, and the decision should take into account the organisation's obligations in terms of delivering quality, social value, managing risk and managing health and safety.
- 7.3 We will ensure quality and service through formal contract performance meetings with key suppliers and contractors, and feedback from customers and other stakeholders.
- 7.4 The Association will continue to look to secure partnerships which can be applied to several projects and/or work streams over a period of years to encourage delivery in the most efficient and cost-effective manner by maximising the use of collaborative contracts (where appropriate).
- 7.5 We will seek to reduce administrative waste through reviewing, challenging and adapting processes and procedures to adopt appropriate new technology (e.g. e-procurement), changing supply chain relationships, streamlining back-office processes and reducing transaction costs.
- 7.6 We will continuously improve through cycles of learning. Procurement is not a single event; it requires a culture of review, challenge, adaptation and continuous improvement to ensure optimal performance in a changing environment. The Association will regularly review current performance, value for money and processes in the context of the wider market to ensure that we are making the most appropriate procurement decisions.

8 OBJECTIVE 2 - CUSTOMER FOCUS

- 8.1 We will aim to ensure that customers are appropriately involved in procurement activity by:
- Consulting customers in determining priorities for expenditure and considering potential efficiencies.

- Consulting customers in procurement decisions that affect them and engaging with stakeholders to design services to meet the needs of customers.
- Undertaking customer satisfaction surveys to understand user views, with the results published internally and externally and fed into an improvement plan which is regularly monitored.

9 OBJECTIVE 3 - INTEGRITY & PROBITY

- 9.1 Controls within the procurement and financial processes exist to promote good practice and help the prevention of fraud. The Association requires compliance with appropriate legal and regulatory requirements and the internal controls as set out in Standing Orders, Financial Regulations and the financial delegations. To ensure that our procurement approach is applied consistently and transparently across the whole organisation we have established a number of key principles to guide our approach to procurement.
- 9.2 Any staff involved in procurement processes or in the tendering of contracts should act at all times according to the principles of **impartiality, independence and integrity**.

These principles should be followed by all those involved:

- All procurement activity should comply with both letter and spirit of law, the Association's policies and contractual commitments.
 - Staff undertaking procurement should seek to optimise the use of the Association's resources
 - There is no conflict between official duties and private interests
 - There should be no improper influence placed on any person involved in the procurement process to show favour (or disfavour) towards any supplier, and that the perception is not created that decisions have been influenced by a gift, hospitality or relationships.
 - At all times suppliers must be dealt with in an honest, fair, open and even-handed way
 - Information provided by suppliers should be regarded and treated as confidential at all times
 - Staff and Board members will operate in accordance with the Standing Orders, Codes of Conduct for Governing Body Members and Staff, Financial Regulations, and the [Probity and Transparency Policy](#) and ; Whistleblowing Policy.;
- 9.3 It is vital that all staff and Board members involved in the letting of contracts on behalf of the Association act with the utmost propriety. There must be no hint of bias in the award of any contract. Accordingly, under the [Disclosure of Interests](#), staff and Board members must register all their financial and other interests (e.g. interests in land, local businesses). Declarations must also be made in relation to family members and close associates (friends). Those acting on behalf of the Association must always be fair and be seen to be beyond reproach. Where a conflict of interest arises, the staff member must have no involvement in any

aspect of the procurement process relating to their declaration including, but not limited to, the selection, awarding, management, monitoring or control of the contract. For full details please see the Code of Conduct for Staff and Governing Body Members.

- 9.4 In line with the [Bribery Act 2010](#), the Association prohibits the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement to or from any person or organisation.

10 OBJECTIVE 4 – SUSTAINABILITY & SOCIAL VALUE

- 10.1 Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis, in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment. Our [Sustainability Policy](#) provides further detail.
- 10.2 The Association will, where appropriate, work with providers to minimise the environmental and social impacts associated with products and services.
- 10.3 When procuring larger contracts, either directly or via partnerships, we will, where appropriate, seek to leverage additional social value in the form of providing apprenticeships and/or employment opportunities within the local community as part of contract specification. We will also endeavour to work with local businesses to ensure that they are able to compete for our business against suppliers and contractors from outside the region.

11 KEY PERFORMANCE INDICATORS

- 11.1 The Procurement Key Performance Indicators (KPIs) are identified in the Appendix 1 of the Procurement Strategy.
- 11.2 The monitoring and review of the Procurement KPIs will be included within Senior Management Team Meetings. Development activity procurement reports are also given to the Board on a quarterly basis.
- 11.3 The reporting of annual Procurement KPIs will be given to The Board.

12 REVIEW OF STRATEGY

- 12.1 This document will be reviewed by the Board or Sub-Committee set up for that purpose in accordance with the requirements of the Association's Register of Policies and Procedures.

Procurement Key Performance Indicators

Key Performance Area	Measure	Responsible persons
Compliance with procurement legislation (and best practice)	No legal or official challenges regarding procurement process	SMT
Updates to legislation dealt with efficiently and effectively	100%	Completed through Policy Reviews - SMT
Staff and Board receive quarterly reports on Development procurement	100%	Development Manager
Board receives annual report on all procurement activities	100%	Led by Development Manager – contributions from SMT
All relevant staff trained and updated on procurement measures	100%	Led by Human Resources Manager
Lochalsh & Skye Housing Association satisfaction with performance of contractor and consultants	95% satisfaction satisfied with contractor and consultant performance	SMT
Contract compliance – throughout projects and on completion.	No contracts terminated due to poor performance. Development 'End of contract/project close – out' compliance review.	SMT Led by Development Manager & Technical Services Manager