

Procurement Strategy

Introduction

Ayrshire Housing is a public contracting body in terms of the Procurement Reform (Scotland) Act, 2014.

The Act requires a Procurement Strategy to be prepared where regulated procurement contracts of £5m and more are expected to incur expenditure over a financial year. Regulated procurements are of £50,000 or more for goods and services and £2m or more for works. The statutory requirements for such procurements align closely with those for higher value procurements which have been subject to the European Union (EU) regulations.

Scottish Government guidance encourages contracting authorities to have a procurement strategy even where relevant expenditure is likely to be less than £5m. Since some procurement areas will always be at or above regulated levels, Ayrshire Housing will always endeavour to maintain a compliant strategy irrespective of the volume of regulated activity.

This strategy is updated each year with a current procurement report (annexed) showing how the objectives of the strategy are being met.

The purpose of the strategy is to demonstrate that the association's procurements will deliver value for money and comply with the statutory Sustainable Procurement Duty.

The main obligations of the duty are to procure in such a way as to:

- Improve the economic, social and environmental wellbeing of the area.
- Facilitate the involvement of small and medium sized enterprises, third sector bodies and "supported businesses".
- Promote innovation.

For smaller non-regulated procurements, general principles of openness, fairness, transparency, non-discrimination and proportionality still apply but are not governed by specific Government guidance.

Context

Ayrshire Housing's housing expenditure on works, goods and services in 2017-18 was approximately £3.6m. In 2018-19, total activity was at similar level. Of this approximately, £1.6m may involve a degree of regulated procurement. This is predominantly service activity in connection with the day-to-day maintenance of the housing stock and building design services. Due to the fluctuating nature of the association's development activity, future years' levels of regulated activity may though exceed £5m.

Our approach

The association's mission statement is:

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Current to 31 March 2020

We aim to enhance the wellbeing of our tenants and the wider communities of Ayrshire through high quality housing and related services

Our longstanding approach to procurement already accords with the principles of the Procurement Reform (Scotland) Act, 2014. Namely, we are focused on:

- Ensuring that our tenants receive value for money for the rent that they pay.
- Maximising the positive economic and social impact of our expenditure especially within Ayrshire.
- Developing relationships with companies and other organisations that share our values.

Key objectives and principles

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. In choosing potential contractors and suppliers, we will have regard to the following general criteria.

We also seek to apply this approach to non-regulated procurements in a proportionate manner.

Fair payment

We will always ensure that our trading terms are fair and ensure payment within 30 days. We would expect all our contractors and suppliers to demonstrate that they have processes in place to ensure equally fair payment to their own suppliers and contractors. We would expect reasonable measures are taken to further ensure good practice at each level of the supply chain.

Community benefits

The statutory provisions on community benefits apply only to contracts of over £4 millions. The act defines community benefits 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 area, in a way which is additional to the main purpose of the contract in question.

Notwithstanding this, Ayrshire Housing will include community benefit requirements in the following types of contract irrespective of value:

- New build and major refurbishment projects.
- Contracts for the renewal of building components (eg doors and windows, bathroom and kitchen renewals, and central heating).
- Multi-year service contracts for reactive repairs, gas services and landscape maintenance.

Such requirements will provide for enhancements including job training, school and community engagement, and innovation and evaluation.

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Current to 31 March 2020

In addition, all consultants, contractors and suppliers will be expected to provide evidence of their general commitment to training and community engagement before their selection to individual frameworks (approved lists) for their specialisms.

Ayrshire Housing is also committed to obtaining wider community benefits through the promotion of fair work practices (see below) and general social responsibility. With regard to the latter, we will always seek to work with companies that demonstrate a commitment to tax fairness through for example the Fair Tax Mark scheme and ethical supply chains (eg through the Fair Trade Foundation's scheme).

Fair work practices

For Ayrshire Housing, quality of work and service is central to providing what our tenants expect for their rent. This applies both to the quality of building works and to personal engagement. For this reason, we expect to deal with companies that can show a good quality working environment for their staff. We consider that this principle applies to guaranteeing good quality goods and after care as much as for more service orientated activities. Our selection practices will therefore focus on such evidence as:

- The proportion of direct as opposed to contracted staff.
- Good pay and conditions which may be evidenced through pay arrangements at least meeting the norms of the Living Wage Foundation and the absence of "zero hours" and other forms of vicarious employment.
- Effective staff engagement which can be best evidenced through a positive attitude to trade union membership and organisation.
- A commitment to traineeships and staff development.
- High standards of health and safety.
- A proactive approach to equality issues.
- No breaches of the blacklisting regulations for at least three years ("self-cleansing is not considered achievable in less).

Consultants, contractors and suppliers seeking to join works and supply frameworks will be expected to score highly with regard to the above criteria. This applies irrespective of the likely value (call-offs) of individual orders or work.

The same general principles will also inform the choice of companies for smaller, intermittent or one off commissions and purchases.

Environmental standards

All works and major service contracts will reflect a commitment to the use of sustainable materials, and energy and waste management. The promotion of a healthy living environment for our tenants underpins our approach to the procurement of design services.

Health and Safety

All consultants and contractors will be required to demonstrate the highest commitment to health and safety before being considered for work. We will maintain our own health and safety advisors to ensure compliance.

Supporting small and medium sized enterprises

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Current to 31 March 2020

We will always seek to keep our financial requirements proportionate to the proposed supply or work. In making selections, we will give added weight to interviews and references with a view to rewarding commitment and innovation.

Our major service contracts are all capable of being delivered by small or medium sized contractors. At the present time, we do not see merit in operational or good practice terms in splitting these into lots. The development of more formal framework arrangements for the delivery of additional work on a jobbing basis will extend the opportunities for smaller companies to work with us on a more consistent basis.

For small scale procurements, we may consider more focussed advertising as an alternative or complement to the Public Contracts Scotland website.

As a major Ayrshire charity, we are committed to building partnerships with other charities, social enterprises and supported businesses to obtain social benefits for our communities.

Engaging with tenants

Through surveys, focus groups and the annual Charter report, we will ensure that our services meet expectations. We will identify areas of customer care and innovation which should be reflected in new contracts.

Innovation

We will introduce innovation through for example:

- Engaging with potential local contractors and suppliers through economic development agencies and trade bodies.
- Focusing on innovative practice in the appointment of consultants in all fields.
- Setting quality targets beyond statutory requirements and building in evaluation to selected contracts.

Policy and procedure framework

The delivery of this policy is underpinned by the following key documents:

- Corporate Plan
- Annual budget
- Asset Management Plan
- Financial Regulations
- Financial Procedures
- Development Policies and Design Guide

Implementation and review

The objectives of this policy will be delivered through an action plan contained in the Annual Procurement Report (see annex).

The action plan will cover the following:

- Policy and practice work to develop our approach to procurement.
- List expected works and service contracts over a two-year period (at or beneath regulated levels).

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Current to 31 March 2020

- List expected framework agreements likely to be created over a two-year period (at or beneath regulated levels).
- List any one-off regulated procurements identified from the Corporate Plan and annual budget review.

The format of these reports will be:

- A report on the outcomes of the previous action plan including all regulated procurements.
- A note of any adjustments to made to the policy to improve the quality of compliance.
- A summary of community benefit requirements included in contracts and any steps taken to involve supported businesses.
- An action plan including expected significant procurements in the next two financial years.

Responsibility for compliance and delivery

Responsibility for the delivery of this policy lies with the Director.

Review

The policy will be reviewed annually.

Annex

Procurement Report – April 2019

Introduction

This report should be read in conjunction with the association's procurement strategy. The report provides a summary of relevant activity and intended actions since the previous report which was published in April 2018. It provides details of regulated procurement activity and associated practice development. It also contains an action plan for the period 1 April 2019 to 31 March 2020. It replaces the existing Procurement Report (and action plan) annexed to the Strategy.

Reactive Repairs and planned maintenance

The following table lists the current regulated procurements:

Provision	Contractor	End date (including options)	Est. yearly spend
Reactive repairs/small works (primary contractor)	J D Thomson (Property Care) Ltd	June 2021	£730,000
Reactive repairs/small works (secondary)	ACATCH Environmental & Property Services Ltd	October 2021	£275,000
Gas servicing	James Frew Ltd	September 2021	£90,000
Landscaping	Tivoli Group Ltd	April 2024	£50,000
Legionella assessments	Integrated Water Services	February 2022	£14,000
Asbestos sampling	Vega Environmental Services	March 2022	£9,000
Fire control equipment	Kilpatrick Blane Services	March 2022	£9,000
Close cleaning	ACATCH Environmental & Property Services Ltd	January 2022	£35,000
EPC certificates	Allied Surveyors Scotland PLC	January 2023	£2,600
Electrical works and testing	Invincible Fire & Security	January 2024	£6,000
Lift maintenance	Consultant Lift Services Ltd	December 2021	£5,600

Tendering exercises are planned for door, window and kitchen replacements, and painter work (see actions below).

General goods and services

There have been no regulated procurements in these areas.

As noted below in the Action Plan, any significant procurements will be identified as part of the 2020-21 budget preparation. At the present time, it is not envisaged that any regulated procurement exercises will require to be initiated in the period to 31 March 2020.

Built environment professional services

As a result of 2018 tendering exercises, EU compliant frameworks are in place for:

Consultant Architects:

ARPL Architects

Austin-Smith:Lord

Do-Architecture

John Gilbert Architects

LMA Architects

Page\Park

Consultant Structural Engineers:

AJ Balfour Associates

Clancy Consulting

David Narro Associates

G3 Consulting Engineers

Consultant Quantity Surveyors:

Ewing Somerville Partnership

Langmuir and Hay

NBM Construction Cost Consultants

TCS Construction Consultants

Thomson Cost Consultants

These frameworks have effect to June 2022.

During 2018-2019, appointments (call-offs) were made following mini-competitions to ARPL, Page\Park, David Narro Associates, 3G, Clancy, Ewing Somerville Partnership, NBM, TCS and Langmuir and Hay.

In addition, non-regulated appointments were made to ARPL and McColm Civil and Structural Engineers as a condition of a land transaction in Troon. A pre-existing commission to Thomson Hunter Architects was also reactivated for a site in Kirkmichael.

Major Works

The association awarded a design and build contract for 27 flats in Ayr to CCG (Scotland) Ltd in February 2019. This was not deemed to be one requiring prior notification under the regulations since it was a condition of purchasing land from the same company. Voluntary Ex-Ante Transparency and Contract Award Notices were posted with Public Procurement Scotland (PCS).

Reflecting the pace of development activity, it is now planned to create a framework for major works contractors in 2019-2020.

Action Plan

The following work is underway to ensure the application of the association's Procurement Strategy. This follows the headings of the previous years' action plans.

Practice development

- We continue to use the Procurement Journey to ensure that each regulated procurement reflects best practice.
- We have responded to the four recommendations of an audit of our processes by Scottish Excel:

- *Procurement responsibilities should be included in all relevant job descriptions and inclusion of procurement to induction process.*

Response: Job descriptions and inductions for new appointments have been adjusted accordingly.

- *Contract and Supplier Management approach should be embedded throughout the organisations.*

Response: Contract administration arrangements are in place for all the small works and other services which were recently tendered for. These provide for regular review and quality assurance meetings with contractors.

- *Tender evaluation process should include segregation of duties to ensure quality and cost submissions are scored separately.*

Response: procedures have been introduced to ensure such a separation. These are being included in a revision to the tendering procedures.

- *Evaluation and recording of commercial decisions to help determine value for money and develop understanding of detailed spend decisions.*

Response: Board reporting with regard to service and financial performance has been extended. With the recent tendering exercises, the majority of significant expenditures have been subject to detailed quality and price assessments. The establishment of a Development Committee will allow a greater focus on specification and value for money, for example through a new Design Guide.

- We will develop a matrix of desired community benefits to incorporate in regulated contracts and call-offs from individual frameworks.

Further work is required to develop this. Community benefits have though been asked for the recent tendering rounds. For example, training opportunities and schools' engagement have been generated through the project at Peebles Street and the gas servicing contract.

- Ensure the maintenance of the contracts register on PCS to allow easy public access.

This is in place. There is a [link](#) from the website to ensure easy access for the general public. A full list of all current and recent suppliers of whatever scale is included within the Entitlements, Payments and Benefits Policy available on the website.

Reactive Repairs and planned maintenance

- We will tender doors, windows and kitchen replacements contracts during the year. These will replace the now expired regulated contracts

Procurement of building services outwith the existing major service contracts

- Create framework agreements for the delivery of painter work

Major works

- Subject to the progress of development activity create a EU complaint framework for major works alongside examining regional and national frameworks. This may result in call-offs of an aggregate value of £10m over the next two years.

One-off and general procurements

- Identify regulated procurement activity as part of the 2020-2021 budget preparation.
- Continue to review whether any longstanding service arrangements should be subject to retendering based on an assessment of the value for money of the current suppliers.