



## **Dunbritton Housing Association Limited**

<b>Name of Policy</b>	<b>Procurement Strategy</b>
<b>Responsible Officer</b>	<b>Asset Manager</b>
<b>Date approved by Board</b>	<b>November 2020</b>
<b>Date of next Review</b>	<b>November 2023</b>

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## 1. INTRODUCTION

Dunbritton Housing Association recognises that sustainable procurement has a critical role to play in making best possible use of its resources and in demonstrating value for money for our tenants and stakeholders.

This strategy aims to demonstrate a clear and structured approach to all of Dunbritton Housing Association's (hereafter referred to as 'the Association' in this document) procurement activities, excluding any financial banking services that are excluded with the Regulations, outlining what will be done and when to deliver quality, price, experience, specialist knowledge and value for money in order to achieve best value.

This strategy has been prepared in the context of the Association's Business Plan, the Scottish Model of Procurement and Section 15 of the Procurement Reform (Scotland) Act 2014; it sets out the Association's procurement aims and objectives which reflect both regulatory obligations, internal policies and local/ national priorities. The Association aims to comply with all legislative requirements placed upon, including the Public Contracts Scotland Regulations 2015 but also to protect the interests of tenants and stakeholders as well as the reputation of the sector by ensuring compliance with the Bribery Act 2010.

The Association continues to face financial pressures therefore efficient, effective and sustainable procurement practice is paramount. It is recognised that commitment to and communication of this strategy will help the Association to achieve this and allow the Association to continue to deliver excellent services which make the best use of the public money available.

Legislatively the Association's procurement activities are guided by:

- EU Treaty Obligations,
- EU Procurement Directives,
- Public Contract (Scotland) Regulations 2015,
- Procurement Reform (Scotland) Act 2014,
- Procurement (Scotland) Regulations 2016.

All of the Associations procurement activity must comply with the European Union (EU) principles of:

- Accountability,
- Integrity,
- Efficiency,
- Openness,
- Fairness,
- Transparency,
- Equality and non-discrimination and
- Proportionality.

## **2. PROCUREMENT VISION, PURPOSE, VALUES & STRATEGIC PRIORITIES**

### **Our Vision**

***Our Organisation vision is “to develop “thriving, diverse, healthy and safe communities with amenities that enhance the quality of life of our customers”***

Our procurement vision is “to achieve excellent procurement performance through sustainable procurement practices for the benefit of the organisation and its stakeholders”.

### **Our Purpose**

- Supporting our tenants to sustain their tenancies and have a better quality of life.
- Working with our customers, staff and partners to achieve our Vision.
- Providing good quality housing and services that are affordable and accessible to all.
- Supporting the physical, social, economic and environmental regeneration of our estates and the communities in our area.
- Enhancing quality of life in diverse communities that are safe, sustainable and attractive.

### **Our Values**

- A responsible and caring social landlord and employer.
- Open and accountable for everything we do.
- Pro-active and innovative in dealing with opportunities and problems.
- Honest, approachable and reliable.
- Respectful and treating everyone equally.

### **Our Strategic Priorities**

- Invest in our properties through our programme of capital, cyclical and reactive maintenance,
- Provide high quality new build properties in response to strategic housing priorities,
- Invest in energy efficiency measures in new and existing housing to address fuel poverty and reduce carbon emissions,
- Provide adaptations to enable tenants to remain in their homes when circumstances change.

To achieve this we need to ensure that this strategy provides strong procurement governance through knowledge, collaboration and communication to deliver best value in support of its business activities.

### 3. STRATEGY CONTEXT

This sustainable procurement strategy is committed to ensuring that our procurement activities are fair, open, transparent and non-discriminatory in accordance with legislation and best practices.

Defined as a “Public Body Governed by Public Law” the Association has a statutory obligation under the Public Contracts Scotland Regulations 2015 to ensure procurement activity is compliant with relevant legislation.

The Association estimated total value of regulated procurement spend may exceed £5 million so there is a requirement to prepare and publish a procurement strategy. Notwithstanding this, in the context of Scottish Government best practice guidance where SG Guidance states that it ***“encourages all RSL's to produce a procurement strategy irrespective of spend value”***.

Procurement is the full range of activities related to purchasing goods, services and works. The Association carries out a range of procurement activity ranging from high value construction works through to the purchasing of small stationery items.

This strategy is aimed at promoting efficient, effective and sustainable procurement practices throughout the organisation which will reflect our vision, values and priorities.

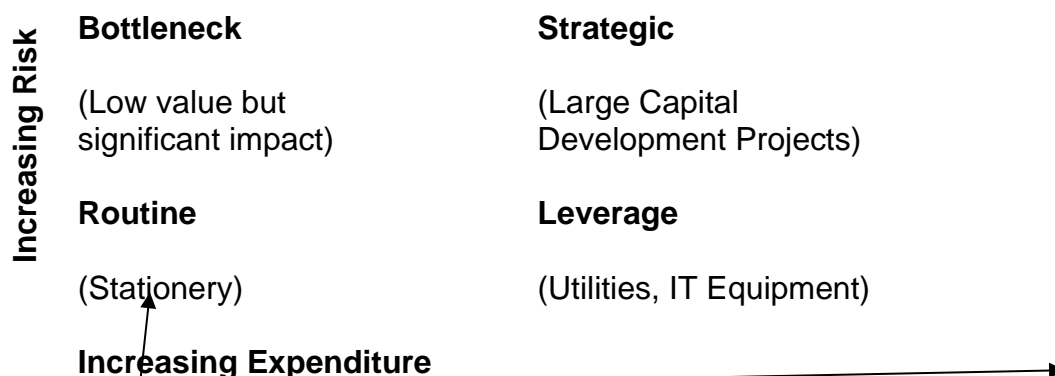
We will raise awareness of the Association’s commitment to sustainable procurement through various means including stakeholder engagement, internal policies/procedures, tendering processes, Public Contracts Scotland <http://www.publiccontractsscotland.gov.uk>.

#### Managing Procurement

This strategy describes the way in which the Association’s purchasing will be managed by looking at the types of things we purchase. The over-arching principles used in procurement procedures is that goods, works, and services will be categorised according to risk and a specific approach for each category will be adopted.

Figure 1 shows how we will categorise services, supplies and works.

Figure 1: Range of Risks

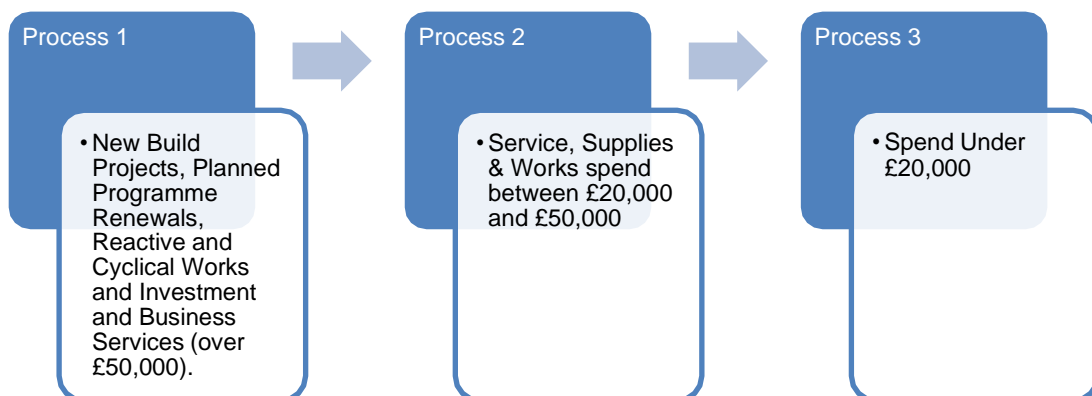


- **Strategic** Items that are high cost and high risk if something goes wrong e.g. large capital projects, large investment contracts, business services such as audit, legal and insurances.
- **Bottleneck** Items that are of a low value such as production of newsletters but could have significant implications if they were not available.
- **Routine** Items that are bought on a day-to-day basis in small quantities and are readily available from a range of sources e.g. stationery.
- **Leverage** Items that have a low value and low risk but through economies of scale they can be bought in large quantities at discounted prices e.g. IT equipment and electricity supplies.

Most things we buy and services we deliver fit into one of the four categories in the risk/expenditure matrix and the Procurement process will take into consideration for whatever the buyer is procuring there is a process to follow which ensures they are obtaining value for money for DHA.

### Procurement Processes

As detailed above, overall the Association has 3 Procurement Processes and these are detailed in the chart below:



No supplies, services or works procurement should be broken up or divided to avoid any tendering or quotation process.

#### 4. STRATEGIC AIMS, OBJECTIVES AND PRIORITIES

The key objectives of this strategy will be delivered through the following approach:

**Objective 1:** Consistently apply effective procurement practice across organisation.

Activities:

- An annual review of previous procurement activities,
- Monitoring and updating of the guidance and controls in our Procurement Policy and Procedures,
- Aligning Procurement activities with departmental strategies to ensure that our organisational objectives are supported,
- A centralised purchasing approach to all procurement activities to ensure the required levels of consistency,
- Training and support provided to all relevant staff.

**Objective 2:** Help improve economic, social and environmental wellbeing in our geographical areas of operation.

Activities:

- Seeking added value through our procurement activities with a Community Benefits Strategy. Appendix E
- Taking account of environmental impact in our Procurement decisions, thereby saving energy and resources and reducing waste,
- Considering increased use of e-purchasing and e invoicing solutions to procurement,  
Developing a Sustainability Action Plan ,
- Encouraging all companies, we contract with to pay the National Living Wage as their minimum hourly rate,
- Facilitating involvement in the procurement process of small & medium enterprises (SME's), third sector bodies (organisations that provide benefits for 50% of workers are disabled and unable to work in the open labour market).

**Objective 3:** Plan, monitor & review effectively current/future procurement activities.

Activities:

- Identifying all procurement activities which are then tendered and monitored appropriately,
- Reviewing annually risk management processes in accordance with the Association's internal policies and procedures,
- Assessing Supplier performance on an annual basis,
- Developing collaborative procurement opportunities with other bodies to maximise purchasing power,
- Utilisation of existing procurement solutions, for example; Scottish Government procurement contracts, housing sector pre-tendered frameworks and Crown Commercial Services contracts,
- Monitor value for money and best value outcomes,
- Maintain a register of all tendered contracts.

(Appendix F)

**Objective 4:** Tender and award contract in accordance with the Association's Financial Regulations, legislative requirements and best practice.

Activities:

- Where EU/ Procurement Reform (Scotland) Act 2014 and Public Contract Scotland Regulations 2015 rules apply, awarding all contract in accordance with the applicable regulations,
- Award based on the Most Economically Advantageous Tender (MEAT),
- Establishing an economically advantageous balance of quality and cost,
- Establishing Framework Agreements (pre-tendered & bespoke) for strategic procurement activities where they deliver a more efficient, effective tendering outcome,
- For all non-regulated contracts, following the Associations internal procedures, Financial Regulations and procurement processes,
- Fully recognising the Associations Anti-Fraud, Bribery and Corruption Policy when carrying out all procurement activities,
- Recognise the Association's Entitlements, Payments and Benefits policy constraints when awarding contracts.



## 5. FINANCE

The Association considers that the adoption of a compliant procurement strategy across all aspects of the business is not only desirable but essential given the legislative environment with which we operate.

The Association expenditure during the last year 2016-17 was £20.64 million. The Association forecasts that over the next five years to 2020-21 that its external procurement of goods and services as well as capital investment works will exceed £56 million. The significant majority of that expenditure, almost 90% is in respect of capital developments for the provision of new homes.

SPEND	TYPE	PREVIOUS	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Harbour	Development	2,573,750.78	4,623,951.32	9,651,462.88	1,932,630.62	382,357.41	0.00	<b>19,164,153.01</b>
Succoth	Development	689,241.09	2,741,810.68	1,273,368.22	56,595.65	0.00	0.00	<b>4,761,015.64</b>
Helensburgh Golf Club	Development	0.00	0.00	2,500,000.00	5,773,000.00	1,500,000.00	165,000.00	<b>9,938,000.00</b>
Susannah	Development	688,801.68	35,000.00	0.00	0.00	0.00	0.00	<b>723,801.68</b>
East King Street	Development	2,936,552.00	37,800.00	0.00	0.00	0.00	0.00	<b>2,974,352.00</b>
Hermitage	Development	6,876,319.79	275,057.21	0.00	0.00	0.00	0.00	<b>7,151,377.00</b>
Upland Road	Development	1,949,125.78	12,915.22	0.00	0.00	0.00	0.00	<b>1,962,041.00</b>
Clydeview	Development	4,930,625.09	74,151.91	0.00	0.00	0.00	0.00	<b>5,004,777.00</b>
Planned	Planned	0.00	£409,683.00	£436,938.00	£281,408.00	£382,591.00	£657,481.00	<b>2,168,101.00</b>
Cyclical	Cyclical	0.00	£114,500.00	£136,550.00	£150,946.00	£171,291.00	£143,569.00	<b>716,856.00</b>
Reactive	Reactive	0.00	£378,000.00	£388,000.00	£400,000.00	£415,000.00	£435,000.00	<b>2,016,000.00</b>

<b>TOTAL</b>	<b>20,644,416.21</b>	<b>8,702,869.34</b>	<b>14,386,319.10</b>	<b>8,594,580.27</b>	<b>2,851,239.41</b>	<b>1,401,050.00</b>	<b>56,580,474.33</b>
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The quantum of the expenditure profile means that the Association must ensure that its operating procedures and processes are compliant to avoid the potential risk of legal challenge. Given the profile the area of greatest risk is in terms of capital expenditure; however this is balanced with the track record that our management team have been dealing with procurement based on the previous regulations for some time.

By far the riskier area in terms of experience and knowledge is the lesser revenue based expenditure where procurement rules did not necessarily apply to the degree they do since the 2015 Regulations.

In addition the Association is committed to ensuring value for money for its tenants and stakeholders and therefore the processes and procedures must not only demonstrate but deliver such outcomes.

It is the Association's intention to ensure that, where possible, all contracts awarded by it provide for payment of invoices within a maximum of 30 days and with a maximum of 14 days in connection with development activities from the date of receipt, including payments due by the Association to a contractor, by a contractor to a sub-contractor as well as payments due between sub-contractors.

## 6. OTHER CONSIDERATIONS

The Association is committed to supporting and encouraging any staff involved in procurement activity to obtain relevant procurement training and to gain the skills and experience necessary to carry out their duties and responsibilities.

We will use the Public Contracts Scotland Procurement Journey tool <https://www.procurementjourney.scot/procurement-journey> to help support and develop the procurement skills of relevant staff.

The Association aims to ensure that its governing body members also receive appropriate levels of training regarding organisational and governance responsibility for procurement compliance.

## 7. IMPLEMENTATION, MONITORING, REVIEWING AND REPORTING

In accordance with the Procurement Reform (Scotland) Act 2014 the Association must publish this strategy.

On publishing this strategy the Association must notify the Scottish Ministers by sending an email to [ProcurementStrategies@gov.scot](mailto:ProcurementStrategies@gov.scot) with a copy of this strategy attached or a link to where this strategy can be accessed from.

This first publication covers the period 1 April 2017 – 31 March 2021 and will be available via the Associations website:

<http://www.scottishhousingconnections.org/dunbritton-housing-association>

Performance monitoring will be through future internal audit programmes, regular reports to the Board Of Management of the Association and assessment against a selection of questions from the Procurement and Commercial Improvement Programme (PCIP).

This strategy will be reviewed in conjunction with the Procurement Policy to enable the Association to strategically respond to any changing environmental factors.

## 8. POINT OF CONTACT

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## 9. POLICY, TOOLS AND PROCEDURES

To access the following national policies, tools and legislation please click the following links. Please note that this is not an exhaustive list.

- [Procurement & Commercial Improvement Programme](#)
- Scottish Model of Procurement (Page 13 – Appendix B)
- [Procurement Reform \(Scotland\) Act 2014](#)
- [Guidance under the Procurement Reform \(Scotland\) Act 2014](#)
- [Annual Procurement Report](#)
- [Public Contracts Scotland](#)
- [Procurement Journey](#)

## APPENDIX A

## Glossary of Terms and Abbreviations

Below is a list of some of the terms and abbreviations used in this strategy – the explanation is given in the context of Procurement

<b>Added Value</b>	Features and benefits offered which exceed the specification for the contract.
<b>Award Criteria</b>	The list of key criteria that is used to assess a suppliers tender
<b>Benchmarking</b>	A process of continually measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement.
<b>Best Practice</b>	Documented working practices that provide optimum operational performance within a specific business environment.
<b>European Union Regulations</b>	EU Regs are rules and regulations set by the European Union with regard to procurement for public sector organisations. These rules and regulations are set to protect suppliers and must always be followed by all public sector organisations.
<b>Governance</b>	The Framework of authority and control within an organisation.
<b>Most Economically Advantageous Terms (MEAT)</b>	The optimum combination of whole life costs and benefits assessed against predetermined evaluation award criteria which will normally be detailed in the Invitation to Tender (ITT) or equivalent documentation.
<b>Public Contracts Scotland</b>	A national advertising website where all Scottish public sector organisations can publicise the contract opportunities.
<b>Procurement</b>	The process of buying goods, services or works.
<b>Stakeholders</b>	Individuals, groups or organisations that are affected by and/or have an interest in a particular issue or organisation e.g. tenants, staff, Scottish Government.
<b>Sustainable Development</b>	Development which meets the needs of the present without compromising the ability of future generations to meet their own needs e.g. the environmental and social impact of today's actions that may affect the ability of future generations.
<b>Sustainable Procurement</b>	The application of sustainable development principles (see above) to procurement.
<b>Transparency</b>	Being clear with potential suppliers as to what is planned and the steps that will be and have been taken in relation to a procurement process and performing that procurement process as described in the communications with potential suppliers.
<b>Vision</b>	A statement describing how an organisation wishes to be in the future.
<b>Values</b>	Represent the beliefs within an organisation and are demonstrated through the day to day behaviours of its employees.

APPENDIX B

# Scottish Procurement



Scottish Model of Procurement



**APPENDIX C****PROCUREMENT THRESHOLDS****EU Regulated Contract Thresholds:**

Supplies	£164,176	€209,000
Services	£164,176	€209,000
Works	£4,104,394	€5,225,000

(NOTE: Figures are current as at 1<sup>st</sup> January 2016 and are exclusive of VAT)

**Lower Value Regulated Contract Thresholds:**

Supplies	£50,000
Services	£50,000
Works	£2,000,000

(NOTE: Figures are current as at 1<sup>st</sup> January 2016 and are exclusive of VAT.)

## APPENDIX D

## DHA Spend Programme 2017 to 2021

SPEND	TYPE	PREVIOUS	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Harbour	Development	2,573,750.78	4,623,951.32	9,651,462.88	1,932,630.62	382,357.41	0.00	<b>19,164,153.01</b>
Succoth	Development	689,241.09	2,741,810.68	1,273,368.22	56,595.65	0.00	0.00	<b>4,761,015.64</b>
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Susannah	Development	688,801.68	35,000.00	0.00	0.00	0.00	0.00	<b>723,801.68</b>
East King Street	Development	2,936,552.00	37,800.00	0.00	0.00	0.00	0.00	<b>2,974,352.00</b>
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Clydeview	Development	4,930,625.09	74,151.91	0.00	0.00	0.00	0.00	<b>5,004,777.00</b>
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