



Procurement Strategy

Linthouse Housing Association	
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Strategy Guardian:	Director of Property Services
Strategy Author:	Asset Manager
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**Linthouse Housing Association
Procurement Strategy
September 2019 – March 2020**

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Section 1: Introduction

1.1 Procurement Vision & Purpose

The vision and purpose of this Strategy is to ensure that we procure goods, services, and works within a clear framework of accountability and responsibility and by the most economic, efficient, effective and sustainable means, to ensure that the needs of Linthouse Housing Association (LHA) and its customers are met.

The purpose of this Strategy is to ensure LHA continues to provide good quality affordable homes and services to all its customers, by maximising the impact and value for money our procurement activities generate for the communities we serve.

1.2 Scope

Linthouse Housing Association procures and manages numerous contracts per annum, this can include new build developments, planned maintenance works and various reactive and cyclical contracts. There are also many other procurement activities such as the purchase of ICT services, consultancy services, equipment and day to day consumables etc.

The management of each individual procurement exercise is important in maintaining LHA's reputation of delivering quality affordable homes and associated services for our customers.

The Procurement Strategy provides an overview of the procurement methodology LHA have adopted and how it will be implemented and monitored; in conjunction with the Associations Procurement Policy.

This Strategy covers only the remainder of financial year 2019/20, due to the anticipated Regulated Procurement spend reaching £5 million for this year.

1.3 Equality & Diversity

Equality and diversity reflect the core values of Linthouse Housing Association and we strive to ensure that they are embedded throughout all our services, policies and decision making. We are committed to promoting an inclusive and diverse culture that treats every individual with dignity, respect and fairness. We will actively challenge discrimination and empower people to succeed.

If you require further information, please refer to our Equality and Diversity Policy.

1.4 Compliance with Regulatory Standards and the Charter

The key Standards & Outcomes relating to this Strategy are:

Scottish Housing Regulator: Regulatory Standards of Governance and Financial Management, Standards:

- 1 – The Governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- 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.
- 3 – The RSL manages its resources to ensure its financial well-being, while maintaining the rents at a level that tenants can afford to pay.
- 4 -The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- 5- The RSL conducts its affairs with honesty and integrity.
- 6- The governing body and senior officers have the skills and knowledge they need to be effective.

Scottish Social Housing Charter Outcomes:

- 2 – Communication
- 3 – Participation
- 4 – Quality of Housing
- 5 – Repairs, Maintenance & Improvements
- 13 – Value for Money

1.5 Our Mission

The Procurement Strategy forms part of our mission to:

“Deliver high quality and cost-effective housing services designed to meet the needs of existing and future customers. To work in partnership with others to create thriving communities that people want to live and work in”.

1.6 Our Vision and Values

Our organisational vision is the creation and sustainment of lasting, unique, vibrant homes in stable, popular and ambitious urban communities. Our vision is underpinned by four core values which we apply to all areas of our business. These are to be:

- i. **Customer Driven**
- ii. **Honest**
- iii. **Accountable**
- iv. **Transparent**

LHA will ensure the above Vision and Values are included within all our procurement activities.

1.7 Informing and Involving Stakeholders

Stakeholders will be informed of this document by the publication of the current list of policies on our website and in our newsletters. We will advise stakeholders that these documents are available on request and that comments are welcome.

1.8 Alternative Formats

On request, the Association will provide translations of all our documents, policies and procedures in various languages and other formats such as computer disc, tape, large print, Braille etc. This may be arranged by contacting the office.

Section 2: The Legal Framework

The purchase of all goods, services and works by public bodies is subject to a legal framework designed to encourage free and open competition and deliver value for money, in line with internationally and nationally agreed obligations and regulations.

A significant part of the relevant legislation derives from Europe. The following are the key pieces of legislation relating to public procurement in Scotland:

- EU Directive 2014/24 on Public Procurement (the Directive).
- The Public Contract (Scotland) Regulations 2015 (“The Regulations”). This transposes the EU Directive into Scots Law.
- The Procurement Reform (Scotland) Act 2014 (“The Act”)
- The Procurement (Scotland) Regulations 2016 (the 2016 Regs). These regulations give effect to the Act.

The Association’s procurement activity falls within the above framework. The Management Committee and all staff with the authority for procuring goods, services and works will be made fully aware of this, in part, through the provision of this Strategy and the associated Policy.

Under the Procurement Reform (Scotland) Act 2014, wherever Regulated procurement levels exceed £5M in any financial year an annual Procurement Strategy will be published along with a Sustainable Procurement Report, for that year in accordance with the Act. Please see the Procurement Policy for further details of the specific content required under the Act for the Procurement Strategy and Report.

Appendix 1 provides a template checklist to be used as part of the Sustainable Procurement Report and all other appropriate procurement activity.

LHA have followed Scottish Governments best practice guidance and adopted the production of an annual Procurement Strategy, regardless of whether our Regulated Procurement has been below the £5M figure.

This Strategy sets out the Strategic Vision, Objectives and the guiding principles set out in “the Regulations” and “the Act” that will guide all our procurement activities, which are: **Accountability, Integrity, Efficiency, Openness, Fairness, Transparency, Equality and Proportionality**. These principles will help to ensure LHA are compliant in all our procurement activities. LHA will also embed these themes within our Procurement Policy which we will standardise across the organisation.

Section 3: Overarching Objectives & Implementation

The Strategic Objectives included within the current Business Plan, all feed into the Procurement Strategy and its Strategic Procurement Objectives, to varying degrees. In order for the objectives of the Business Plan to be fully realised good procurement practice across the organisation is fundamental to success.

3.1 Business Plan (BP) Strategic Objectives

BP Objective 1 – Strong Strategic Governance

BP Objective 2 – Deliver Excellent Services & Performance

BP Objective 3 – Provide Quality Homes in an Attractive Environment

BP Objective 4 – Improve our Financial Strength & Deliver Value for Money

BP Objective 5 – Develop Leadership & People

BP Objective 6 – Be more than just a Great Landlord

3.2 Strategic Procurement (SP) Objectives

SP Objective 1 – Consistently apply effective procurement practice, that achieves and demonstrates value for money, across the organisation; and ensure we comply with the Financial Regulations, legislative requirements and best practice.

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

SP Objective 3 – Plan monitor and review effectively current/future procurement activities.

The Strategic Procurement Objectives above will be monitored via Key Performance indicators, detailed in the Procurement Policy.

3.3 Implementation

3.3.1 Main Procurement Routes & Associated Procedures

When procuring contracts for goods, services or works, LHA must comply with the Public Contracts (Scotland) Regulations 2015 (“the Regulations”) and the Procurement Reform (Scotland Act 2014 (“the Act”). If the full life (including any potential extensions or renewals) of the Contract falls below the thresholds of “the Regulations” or “the Act” it is categorised as unregulated procurement.

The procedure for the award of any contract depends upon the estimated value of the full life of that contract. The relevant threshold values and associated procurement procedure that must be applied are detailed in Table 1 below.

Table 1: Procurement Thresholds and Applicable Procedures

Contract Type	Contract value	Procurement Procedure
Works	£4,551,413 and above	Regulated Procurement OJEU Procedure under “The 2015 Regulations”
Supplies / Services	£181,302 and above	Regulated Procurement OJEU Procedure under “The 2015 Regulations”
Social & other Specific Services	£615,278 and above	Regulated Procurement OJEU Procedure under “The 2015 Regulations” Light Touch Regime.
Works	£2,000,000 to £4,551,413	Regulated Procurement under “the 2014 Act”
Supplies / Services	£50,000 to £181,302	Regulated Procurement under “the 2014 Act”
Works	Up to £2,000,000	Unregulated Procurement
Supplies / Services	Up to £50,000	Unregulated Procurement

The Association’s Procurement Policy outlines the above in much greater detail, including the processes to be followed for unregulated procurement. These documents should be read in conjunction with this Strategy. An overview of LHA’s Procurement Procedures is included in Appendix 2. LHA will ensure Value for Money is achieved through compliance with the above and ensuring the same general principles also apply to our unregulated procurement activities, wherever practical.

3.3.2 Implementation of Regulated Procurement Regulations

LHA will ensure that we comply with the public advertisement of contracts above the thresholds outlined above, via OJEU and in accordance with one of the defined procedures set out in the Regulations; and comply with general principles outlined within the Regulated Procurements under the Public Scotland Regulations 2015.

LHA will also ensure that we meet our specific statutory duties under the Procurement Reform (Scotland) Act 2014, for Works Contracts equal or greater than £2,000,000 and Goods and Services Contracts equal or greater than £50,000. LHA will also ensure that we comply with the general principles of the Act. The procedures for all LHA’s procurement activity is detailed within LHA’s Procurement Policy.

The specific statutory duties under the Act are provided in greater detail within LHA's Procurement Policy, however the main duties are outlined below:

- The Sustainable Procurement Duty
- Annual Procurement Strategy
- Contracts Register
- Community Benefit Requirements

This strategy draws on LHA's existing work within the community, including our role as a developing RSL in our areas of operation and as a landlord responsible for managing and maintaining its stock.

LHA will also provide clear guidance to staff regarding the process to be followed for all unregulated procurements, which will take cognisance of best practice guidelines and ensure the general principles of both the Regulations and the Act are embedded in all our procurement activity. LHA's processes for unregulated procurement are detailed in LHA's Procurement Policy.

LHA's general policy will be to formalise the delivery of proportionate community benefits and meet our sustainable procurement duty within the procurement process of all contracts, where it is deemed appropriate. This will be facilitated via a Procurement Compliance Checklist.

3.4 Procurement Governance, Capabilities & Roles/Responsibilities

The Management Committee sets the Strategic direction of the organisation, therefore, the information provided to the Committee to make their decisions must be of the highest standard and accuracy. Senior Officers are fully accountable for the information provided to MC and are therefore tasked with assuring MC that the information presented is robust and will stand up to audit and scrutiny.

The Asset Manager is responsible for implementing, reviewing and updating this Strategy and the associated Policy, in conjunction with the Depute CEO.

LHA will ensure all staff involved in the procurement of goods, services and works have read and understood this Strategy and the associated Policy. We will also seek to conduct regular procurement training in house and where necessary via expert consultants, including legal advice. Our procurement practices will be subject to periodic audit/review and Reported to Management Committee (detailed in Section 4).

The Financial Authority Limits for staff members is included in Appendix 3, which form part of LHA's Financial Regulations Policy.

Section 4: Compliance

4.1 Procurement Performance Monitoring & Reporting

The Management Committee (MC) will be provided with a 6 monthly Sustainable Procurement Report by The Asset Manager. This will help ensure procurement performance is embedded within our Governance processes and is monitored regularly and appropriately, with action taken to rectify any performance issues that may arise.

LHA will help monitor our Strategic Procurement Objectives by Reporting to MC via three Key Performance Indicators (KPI's), which are fully detailed within the Procurement Policy.

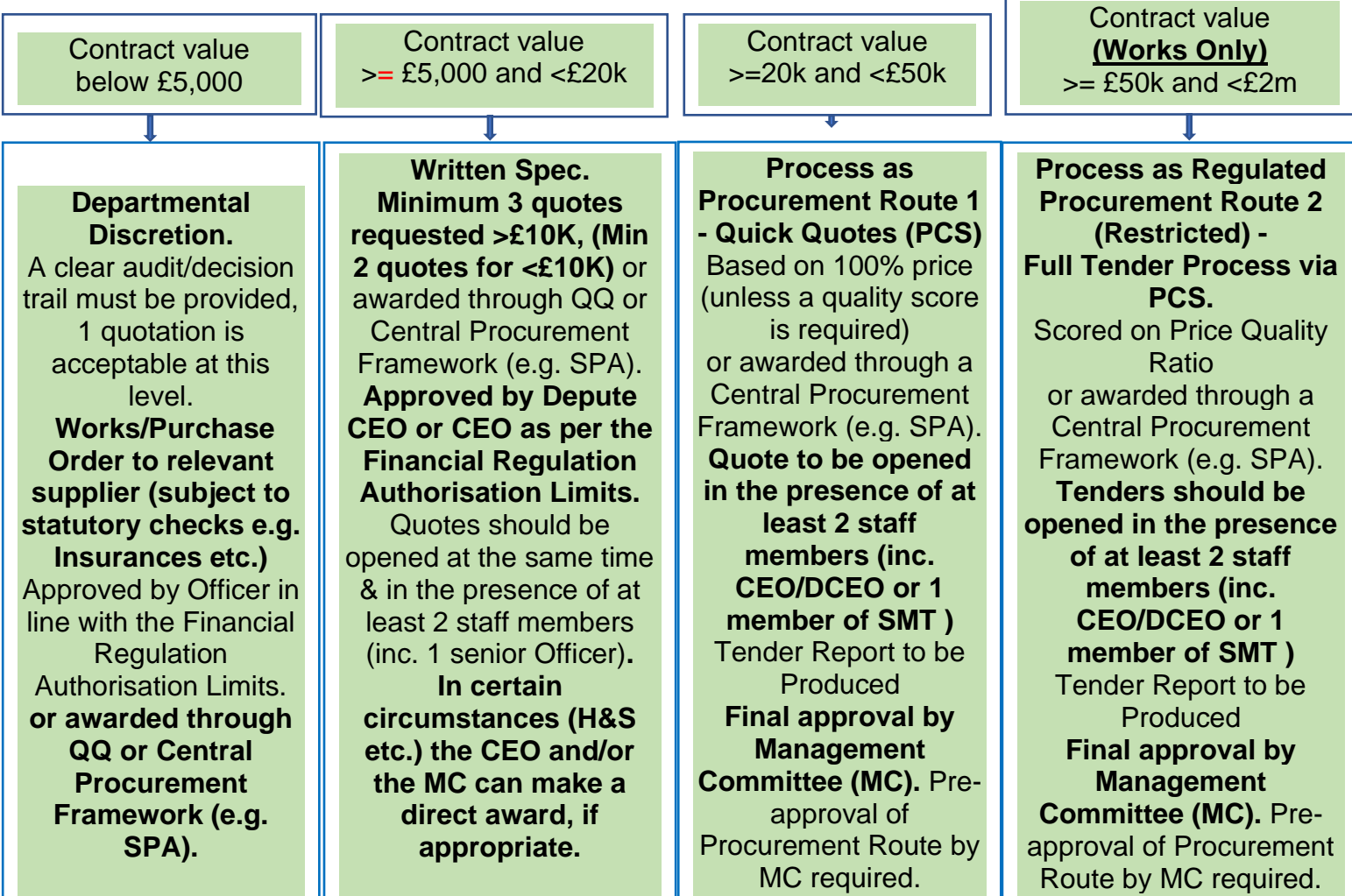
Section 5: Review of Procurement Strategy

- 5.1 This Strategy was considered and approved by the Management Committee on 17th September 2019. It will be next reviewed before April 2020 or prior to this date, in response to changing legislation or any other significant political or financial changes, as referred to within the Procurement Policy.

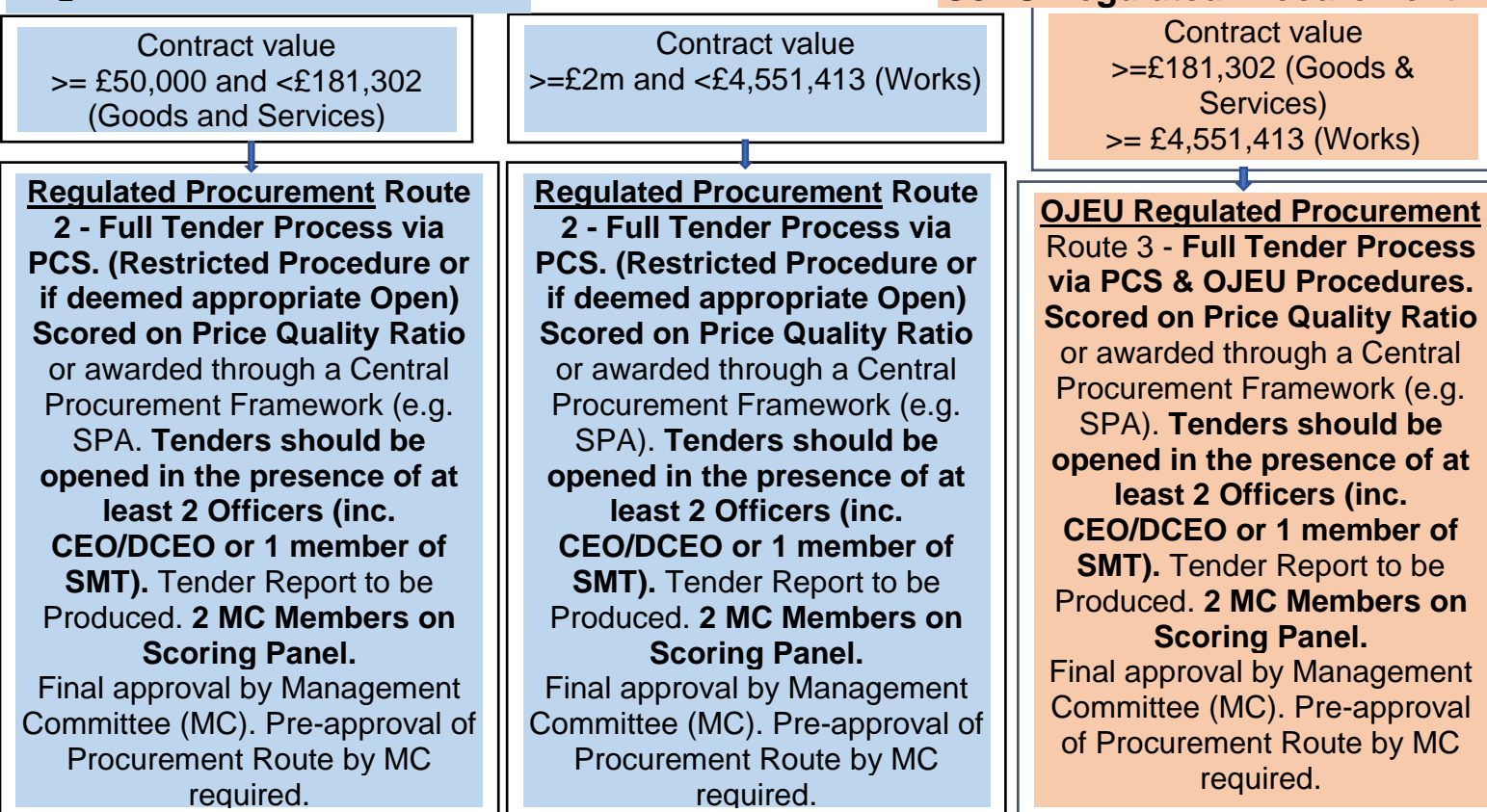
Appendix 1: Template - Procurement Compliance Checklist

Procurement Compliance Checklist	Details	Date	Initials
Financial Year			
Name of Contractor			
Nature of Works (inc. any Innovations)			
Contract Sum			
Procurement Strategy & Policy Have Been Read & Followed			
Procurement Route Chosen			
Regulated or Non Regulated Procurement			
LHA Tender Opening Procedures Followed			
Authorisation Limits Adhered to			
Community Benefits Applied			
Stakeholder Consultation Undertaken (where applicable)			
Payment of Living Wage Has Been Confirmed			
Appropriate H&S Documentation in Place For Contract (where applicable)			
Are the Goods and Services Fairly and Ethically Traded (where applicable)			
Fair Working Practices and Payments Confirmed			
Consideration Given to Involve Supported Businesses, 3 rd Sector and/or SME's			
Have LHA's Vision & Values Been Adhered to Within the Procurement Process			
Have the Guiding Principles of "the Regs" and the "the Act" Been Adhered to Within the Procurement Process			
FOI Clauses Inserted into Contract			
Contract Included on the Contracts Register & Information Available Online			
Other Notes:			

Non-Regulated Procurement – LHA Policy



Regulated Procurement **OJEU Regulated Procurement**



Appendix 3: Financial Regulations - Order Authorisation Limits

(**Please Note:** the Financial Regulations Policy and the Order Authorisation Limits are due for Review in November 2019 by FMD Financial Services)

Order Authorisation Limits

Brief Job Title	Current Authorised Limit	EVH Grade
Chief Executive Officer	£20,000	10
Depute CEO	£15,000	9
Director of Finance & Business Support	£15,000	9
Technical Services Manager	£5,000	9
Asset Manager	£3,000	8
Officer Grade 7	£1,500	7
Assistant Grade 6	£500	6
Assistant Grade 2	£250	2