



Procurement Strategy

Policy Title:	Procurement Strategy
Risk Priority:	Medium
Policy Author:	Peter Kelly
Date of Approval:	
Date for Next Scheduled Review:	April 2024
Review Body:	Board of Management
Equality Impact Assessment Complete:	No
Policy Published on Web:	Yes
Scottish Social Housing Charter Standard	13, 14, 15
Scottish Housing Regulator Standard:	1, 2, 3, 5,
Scottish Housing Regulator Guidance:	1.2, 1.3, 2.2, 3.1, 4.4, 5.1, 5.4,

Ardenglen Housing Association can provide this procedure on request, in large print, in Braille, on tape or in other non-written format, and in a variety of languages.

1. INTRODUCTION

Ardenglen Housing Association is committed to the highest standards of openness, probity and accountability.

Regulatory Standard 5 states that an RSL must “*conduct its affairs with honesty and integrity*” To ensure this, the Association has clear policy and procedures in place which make sure the organisation acts with transparency, honesty and propriety and avoids any public perception of improper conduct.

Ardenglen spends a significant amount each year to obtain a wide range of goods, services and works. Procurement is a high value activity for Ardenglen, and its successful implementation will have a critical impact on our performance and strategic outcomes.

The total value of regulated contracts procured by Ardenglen remains below the annual £5m threshold for which a formal Procurement Strategy is required by section 15 of the Procurement Reform (Scotland) Act 2014. We believe however, that having a procurement strategy allows a planned focus for our procurement activities and set out how we will meet our aims and objectives and deliver value for money.

A procurement strategy will also facilitate and improve procurement throughout the organisation to allow Ardenglen to move forward against our strategic business objectives.

2. WHAT IS PROCUREMENT?

We define effective procurement as:

“the acquisition of works, goods and services at the best possible cost, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit of Ardenglen and our customers”

3. BREXIT

The UK's exit from the European Union has resulted in technical changes to Scotland's public procurement legislation. The Public Procurement etc. (EU Exit) (Scotland) (Amendment) Regulations 2020 was introduced to enable much of the existing legislation to remain along with the fundamental procurement processes and procedures.

This includes the following legislation which was derived from European Union Directives and was transposed into Scots law:

- the Public Contracts (Scotland) Regulations 2015

- the Utilities Contracts (Scotland) Regulations 2016
- the Concessions Contracts (Scotland) Regulations 2016

Since the UK left the EU and joined the World Trade Agreement (WTO) Agreement on Government Procurement (GPA), the UK will adhere to the WTO GPA thresholds. The thresholds change on 1 January 2022 is the first WTO GPA thresholds change made since the UK left the EU.

4. LEGISLATIVE AND STRATEGIC OUTCOMES

This strategy seeks to comply with the following legislation and relevant policies:

- The Public Procurement etc (EU exit) (Scotland) (Amendments) Regulations 2020
- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- The Scottish Housing Charter
- Risk Strategy
- Standing Orders and Delegated Authority Policy
- Whistleblowing Policy
- Financial Regulations
- Gifts and Hospitality Policy
- Payments and Benefits Policy
- Fraud, Bribery and Money Laundering Policy

This Strategy is implemented through our Procurement Manual which provides detailed guidance on all aspects of Ardenglen's procurement.

5. STRATEGIC OBJECTIVES

The overall aim is to facilitate and improve procurement within Ardenglen. To deliver this, we have established four key objectives which are linked to the association's main strategic objectives:

Objective 1 – Customer Focus

We will aim to ensure that customers are appropriately involved in procurement activity by:

- Consulting customers in determining priorities for expenditure and potential efficiencies.
- Consulting customers in procurement decisions that affect them, engaging with stakeholders to design services to meet the needs of customers.
- Involving customers in the selection of services and providers where this is deemed beneficial to both parties.

- Ensuring customers involved in procurement consultation are given appropriate training to help them make informed decisions that support and promote our procurement strategy.
- Undertake Customer Scrutiny projects, obtaining feedback against the quality and service delivered from procured services.
- 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.

Objective 2 – Value for Money

Value for Money must form the basis for all procurement decisions taken by Ardenglen. Each procurement decision should decide whether services or goods can be provided in a more effective, efficient and economical way. Obtaining Value for Money will mean choosing the goods/service/works which offers the optimum combination of whole life costs, quality, and service benefits that help achieve our strategic objectives.

This is not necessarily the lowest price option.

- All options should be considered, and the decision should take into account Ardenglen's obligations in terms of delivering quality, social value, and managing risk and health and safety.
- We will ensure quality and service through the formal contract performance management meetings with key suppliers and contractors, and feedback from customers and other stakeholders.
- Ardenglen will 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.
- 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.
- We will continuously improve by using 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.
- Ardenglen will regularly review current performance and processes and benchmark the wider market to ensure that we are making the most appropriate procurement decisions.

Objective 3 – Integrity

Ardenglen is determined to ensure that its procurement decisions are transparent and preserve the integrity of the organisation. The Payments and Benefits Policy and Fraud, Money Laundering and Bribery Policies set out the criteria and how Ardenglen must conduct its business. Other measures are set out below to ensure openness and transparency.

- Ardenglen requires that all staff immediately alert their Manager, and Board Members immediately alert the Chief Executive, to any attempt by any firm to influence a procurement decision by way of inducement or otherwise.
- Canvassing of staff or Board by any Contractor for any contract is expressly forbidden. Such actions are a serious breach of trust and as a result, following investigation, any contractor found to have behaved in such a manner will not be used by Ardenglen and we will ensure that others seeking references concerning the contractor are made aware of such conduct. Ardenglen will refer to the provisions contained in the Bribery Act to pursue such situations to the fullest extent possible. In addition the Association will consider any liaison required with the Scottish Housing Regulator in relation to Notifiable Events.

Contractors are similarly bound to alert the Ardenglen's Chief Executive and/or the Chairperson immediately should any inducement be sought by any member of staff or Board member.

- Such action is viewed as a serious breach of the Ardenglen's Conditions of Service for staff and Code of Conduct for Board members. Therefore, following investigation, such conduct may lead to disciplinary action up to and including dismissal in the case of staff and removal from the Board for Board Members. Again as previously noted, the Association will consider any liaison required with the Scottish Housing Regulator in relation to Notifiable Events.
- All staff/Board will annually complete a Declaration of Interest Form noting any "close relationships" where they may be a conflict. These will be reported, along with suggested actions to Board annually. If circumstances change throughout the year then the Board/staff member should update the Chief Executive immediately.

Objective 4 – Sustainability and Social Value

In compliance with the Act, Ardenglen will give consideration to the environmental, social and economic issues relating to all regulated procurements and how benefits can be accrued, on a contract-by-contract basis by taking proportionate actions to involve SME"s, third sector bodies and supported businesses in our procurement activities. We will also:

- Where appropriate, work with providers to minimise the environmental and social impacts associated with products and services.
- When procuring larger contracts, either directly or via consortia, 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.

6. EXPECTED OUTCOMES AND BENEFITS

In taking this strategy forward Ardenglen can expect to realise the following outcomes:

- To evaluate and improve current procurement practices to achieve better value for money and to ensure customer needs are met.
- To raise awareness and understanding of the Procurement Strategy, ensure that staff members responsible for procurement and contract management are fully conversant with the principles of good supply chain management.
- To ensure good practice examples are identified and applied consistently across the organisation.
- To align procurement activities with other strategies and to ensure that corporate objectives are addressed.
- To ensure that current and future procurement activities are planned, monitored, and reviewed effectively.
- To identify opportunities for working with others, both public and private sector, in order to widen the scope for maximising purchasing power and identifying innovation.
- To ensure that, where relevant, procurement practices are fully in compliance with obligations under Scottish Procurement legislation.

In taking this strategy forward, Ardenglen can expect to realise the following benefits:

- Improved value for money.
- More efficient procurement procedures.
- Effective partnership to be developed with suppliers.
- Benefits for the local economy.

- Effective collaboration to be developed with other service providers, across a variety of sectors.
- Better, risk management for strategic procurement.
- Better project planning.
- Integration with overall strategic aims and objectives.

7. RISK MANAGEMENT

Ardenglen's Risk Management Strategy has been developed to make sure that risk to Ardenglen, and the customers it serves is properly recognised and managed. In all its procurement dealings, Ardenglen will identify risks, evaluate their potential consequences, consider possible opportunities, and manage those risks effectively, at every stage of the process.

8. E-PROCUREMENT

As part of our "Lean Agenda" Ardenglen fully supports the drive to e-enable procurement processes, including electronic ordering, invoicing and payments. The e-tendering service, Public Contracts Scotland must be used to publish notices for contract opportunities and the award of contracts for tender regulated by the Act or the Regulations.

9. WORLD TRADE ORGANISATION (GPA THRESHOLDS)

The WTO Agreement on Government Procurement (GPA) regulates the conduct of international trade in government procurement markets. It aims to ensure fair, transparent, and non-discriminatory conditions of competition for purchases of goods, services and construction services by the public entities covered by the Agreement. It also serves broader purposes of promoting good governance, the efficient and effective management of public resources, and the attainment of best value for money in national procurement systems. The GPA Thresholds currently are:

Services Contracts - £213,477
 Supplies Contracts - £213,477
 Works Contracts - £5,336,937

If the estimated value of a contract is equal to or greater than the relevant threshold, then that contract will need to be publicly procured in accordance with the terms of the Regulations.

Contracts with an estimated value below the thresholds set out in the Regulations may still need to be publicly procured in terms of the Procurement Reform (Scotland) Act 2014 and details of the terms of this Act are set out below.

Ardenglen's tendering and award procedures must strictly adhere to the provisions of the Regulations (and all subsequent or relevant legislation pertaining to procurement).

In terms of guidance, where a proposed contract contains elements of both supplies and services, the classification should be determined by the respective values of the two elements. Where it covers works/supplies or works/services, it should be classified according to the predominant purpose. In the event of the classification not being clear, Ardenglen shall seek appropriate guidance and determine the matter.

In determining whether a contract price is likely to exceed the GPA thresholds, the "aggregation" rules should be considered. For example, where a single works involves more than one contract the estimated value of all the contracts must be aggregated to decide whether the threshold is reached. Where the threshold is reached each of the work's contracts will be covered by the Regulations.

The aggregation rule also applies to contracts for goods and services which must not be artificially split in order to avoid the threshold being achieved.

10. CONTRACTS BELOW THE EU GPA THRESHOLD VALUE

Where it has been determined that the Regulations do not apply to a contract because its value is below the relevant threshold of the Regulations, the contract may still need to be publicly procured in term of the Procurement Reform (Scotland) Act 2014 (the "Act") and advertised on the Public Procurement Website.

The thresholds under the Act applicable to Ardenglen as a Contracting Authority are:

Services Contracts - £50,000
Supplies Contracts - £50,000
Works Contracts - £2,000,000.

Contracts which have an estimated value equal to or above these thresholds and below the GPA thresholds are subject to the provisions of the Act and must be approved by the relevant Manager.

Any contract with an estimated value which meets or exceeds the above thresholds will need to be procured in terms of the Act. In addition, Ardenglen will need to comply with the sustainable procurement duty under the Act before carrying out a tender exercise.

This duty requires Ardenglen to consider how the procurement might:

- improve the economic, social and environmental well-being of Ardenglen's local area; promote innovation; and facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses.

There are exceptional circumstances in which quotations or tenders shall not be required where the contract is for the procurement of supplies, works or services, including:



- where the contract may only be awarded to a particular supplier for technical or artistic reasons or where there are exclusive rights in respect of the required supplies, services or works; or
- where Ardenglen has already entered into a contract with a supplier which requires additional works or services to be supplied and due to unforeseen circumstances cannot be provided to Ardenglen separately from the original contract without causing major inconvenience due to technical or economic reasons; or are strictly necessary for the later stages of the original contract, albeit they could be provided separately.

The above exceptions may only be relied upon in limited circumstances, and you must obtain the approval of the Chief Executive before relying on any such exception. A description of all contracts entered into (and where possible before completion) will be provided to the Business Support Corporate Services Officer who will keep a central contracts register.

11. MANAGING PROCUREMENT

This strategy describes the way this spending will be managed by looking at the types of things we purchase. The over-arching principal 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 goods and services.

Increasing Risk 	Bottleneck (Low value but significant impact)	Strategic (Large Capital Projects)
	Routine (Stationary)	Leverage (Utilities, IT Equipment)
Increasing Expenditure 		

- **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. The Procurement Manual provide guidance to ensure that whatever is being procured, there is a process and route to follow which will ensure value for money for Ardenglen.

12. PROCUREMENT PROCESSES

The procurement process is summarised below:

Value	Method	Form of competition & advertising (if no Framework available)	Approval to Purchase	Procurement Route (See Section 11)
Up to £2,800	<ul style="list-style-type: none"> • Low Value • Direct Award • Price only • No Quotation 	None	Staff as per Authority Levels	No Formal Route: Seek VfM
£2,801 - £7,000	<ul style="list-style-type: none"> • Low Value • Direct Award • Price only • One Quotation 	None	Staff as per Authority Levels	No Formal Route: Seek VfM
£7,001 - £25,000	<ul style="list-style-type: none"> • Low Value • Competition • Most economically advantageous • Minimum of 3 Quotations • Record of Quotations kept. 	Either or both: <ul style="list-style-type: none"> • Existing suppliers + market information • Public Contracts Scotland Portal – Quick Quotes 	Staff as per Authority Levels	Route 1
£25,000 - £50,000	<ul style="list-style-type: none"> • Medium Value • Competition • Most Economically Advantageous or Balance Quality & Price • Minimum of 3 Quotations • Recorded in Register 	Either or both: <ul style="list-style-type: none"> • Existing suppliers + market information • Public Contracts Scotland Portal – Quick Quotes 	Board of Management Committee approval to contract required	Route 1
Above £50,000 but below GPA limits	<ul style="list-style-type: none"> • High Value • Competition • Balance Quality & Price • Minimum of 3 Written Tenders 	Advertise via: <ul style="list-style-type: none"> • Public Contracts Scotland Portal 	Board of Management approval to contract required	Route 2
Above GPA limits	<ul style="list-style-type: none"> • High Value • Competition • Restricted Method • Tender under GPA Procurement Rules 	Advertise via: <ul style="list-style-type: none"> • Post to OJEU GPA using Public Contracts Scotland Portal 	Board of Management approval to contract required	Route 3

13. SCOPE OF THE STRATEGY

This strategy covers procurement across all our functions and services, and the following procurement definitions apply:

Definition	Examples
Works	<ul style="list-style-type: none">• site preparation;• construction of new buildings and works;• restoration and common repairs;• Reactive Repairs;• Gas Service, boiler changes and installations (mixed contract);• civil engineering works (for example, roads and bridges);• building installations works such as electrical and plumbing installations; and• building completion works (for example, plastering, joinery and painting).
Services	<ul style="list-style-type: none">• Service of equipment e.g. central heating, fire alarms, lifts,• Landscaping and grounds maintenance, a service procured in isolation;• Quantity Surveyor, architect, engineer, employers agent and clerk of works.
Supplies	a public supply contract is a contract for the purchase, hire or lease of goods and for any installation of these goods where this is incidental to the supply.

14. THE “PROCUREMENT JOURNEY”

Recognising the complexities and ever-changing nature of the procurement process, the Scottish Government have developed the “Procurement Journey”.

The Procurement Journey is intended to support all levels of procurement activities and help manage the expectations of stakeholders, customers and supplier alike. It facilitates best practice and consistency across the Scottish public sector.

<https://www.procurementjourney.scot>

The Procurement Journey provides one source of guidance and documentation and is updated on a continual basis with any changes in legislation or policy.

The Scottish Government encourage all public sector bodies including Housing Associations to use the source documentation, templates and guidance for every procurement exercise.

The Procurement Journey has been developed as an online tool and not a manual and should therefore be accessed for each individual procurement

exercise. The Procurement Journey begins by accessing the Decision Matrix which should be used to ensure the most appropriate Procurement Journey Route is selected.

Route 1	Route 2	Route 3
This Route provides guidance for procurements of relatively low value, risk and a non-repetitive nature which is un-regulated.	This Route provides guidance for regulated procurements which are between £50k and GPA Threshold	This Route provides guidance for regulated procurements of GPA Threshold and above

The Procurement Journey also contains a large document library, additional resources and a news/update section.

Given the importance and legal complexities of procurement, Ardenglen expects all staff responsible for procurement use the Procurement Journey during the preparation of all procurement exercises.

15. CENTRAL PURCHASING BODY & FRAMEWORKS

Ardenglen will consider procuring contracts through a 'Central Purchasing Body' provided that Value for Money can be demonstrated through this method of procurement.

A Central Purchasing Body is an organisation ~~public body~~ that has procured a contract for specific works, services or supplies on behalf of themselves and/or other organisations. Ardenglen will satisfy itself that all EU-GPA requirements and Scottish procurement legislation has been complied with by the Central Purchasing Body prior to entering into any contract through this route.

Such organisations may also facilitate Dynamic Purchasing Systems which are less rigid arrangements than Framework Contracts and can allow for a greater number of suppliers bidding for a contract.

Board of Management approval will be required in advance if Ardenglen intends to procure contracts through a 'Central Purchasing Body'.

16. PARTNERING AGREEMENTS

It should be noted that 'Partnering' is not a procurement route, rather it is a term used to describe a non-confrontational way of working through which all parties, including clients and suppliers act as a single team to achieve common goals. It is about developing systems and methods to enable people and organisations to operate more effectively and efficiently together, irrespective of the nature of the project or the method of procurement used, and it is intended to overcome old confrontational ways of working.

Strategic and Project Specific Partnering Agreements will be considered by Ardenglen where added value can be clearly demonstrated or were entering into a partnering arrangement is likely to lead to additional business opportunities for Ardenglen which would not otherwise be available.

As with Central Purchasing arrangements, it will be incumbent on Ardenglen to satisfy itself that all GPA and Scottish procurement legislation is complied with prior to entering into any contract through this route.

17. ROLES AND RESPONSIBILITIES

Implementation of this strategy requires clear functional responsibility to be assigned for procurement at both Board and staff level. An outline of the responsibilities and delegation is shown below:

Board Members	<ul style="list-style-type: none"> • Adopting a Procurement Strategy ensuring it supports the achievement of Ardenglen's Aims and objectives • Overseeing procurement and contract management to ensure they are operating effectively. • Making decisions in relation to value for money, risk management, and major contracts. • Ensuring that key policies and strategies are being considered during the procurement process. • Scrutiny through the Audit and Risk Committee. • Challenging the progress of major procurement projects. • Scrutinising strategic procurement contracts and reviewing their impact upon the community and staff.
Chief Executive	<ul style="list-style-type: none"> • Capacity building to ensure that organisational arrangements are in place to deliver the Procurement Strategy effectively. • Making sure that those involved with procurement have the right skills in place to be able to deliver it effectively. • Ensuring that option appraisal is robust and challenging. • Maintaining an overview of corporate arrangements for procurement and ensuring they are operating economically, efficiently and effectively. • Ensure value for money from procurement is achieved.
Senior Managers Directors	<ul style="list-style-type: none"> • Taking responsibility for procurement in their services, following the guidelines in this Strategy and the Procurement Manual. • Ensuring that relevant staff in their area have the right level of skills to deliver effective procurement. • Monitoring of all procurement activity in their services. • Project management and making sure an appropriate project plan is in place and resourced.
Budget Holders	<ul style="list-style-type: none"> • Following procurement guidelines relevant to the level of risk associated to the goods, works, and services being purchased.

	<ul style="list-style-type: none">• Conducting relationships with suppliers and partners in an appropriate manner to promote Ardenglen in a positive manner.
--	--

18. TRAINING

Appropriate training will be provided to members of the Board of Management and Staff Members to ensure that they have the necessary information, skills and confidence to make informed choices and contribute effectively.

19. EQUALITIES AND DIVERSITY

This policy will be implemented in line with our Equality and Diversity Policy and is subject to an Equality Impact Assessment to assess the likely or actual effects of the policy to our customers in respect of their disability, age, gender, race, religion/belief, sexual orientation or gender identity to ensure equal and fair access for all.

20. MONITORING AND REPORTING

The Association will use appeals, complaints, comments or suggestions from users of this policy to monitor its effectiveness. These will also be used to prompt a review of the policy where necessary.

21. REVIEW

This Strategy will be approved by the Management Committee. It will be reviewed every three years unless amendment is prompted by a change in legislation or monitoring and reporting reveals that a change in Strategy is required sooner.

22. DISTRIBUTION

This Strategy will be made available to every employee and committee member and will be made freely available to any tenant or interested party.

--- END OF POLICY ---

APPENDIX A – PROCUREMENT THRESHOLDS

EU World Trade Organisations Government Procurement Agreement Regulated Contract Thresholds:

Supplies	£213,477
Services	£213,477
Works	£5,336,937

N.B All figures are current as of 1st January 2022, and are inclusive of VAT.

Procurement Reform (Scotland) Act 2014 - Lower Value Regulated Contract Thresholds:

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

N.B All figures are current as of 1st January 2016 and are exclusive of VAT.

