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## 1. Introduction

VHA Limited (referred to in this Strategy as “VHA”) 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 VHA’s procurement activities 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 VHA Business Plan 2021-22, the Scottish Model of Procurement, and Section 15 of the Procurement Reform (Scotland) Act 2014. It sets out VHA procurement aims and objectives which reflect both regulatory obligations, internal policies and local/ national priorities. VHA aims to comply with all legislative requirements placed upon it including the Public Contracts Scotland Regulations 2015 but also to protect the interests of its tenants and stakeholders as well as the reputation of the sector by ensuring compliance with the Bribery Act 2010.

VHA 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 VHA to achieve this aim. It will also allow VHA 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:**

Joy in Later Years

### **Our Procurement Vision:**

To achieve excellent procurement performance through sustainable procurement practices for the benefit of the organisation and its stakeholders.

### **Our Mission:**

Life needn't be complicated. We're here simply to help people enjoy their later years.

Everything we do is about realising this vision and in order to achieve this we have an equally straightforward set of values.

### **Our Values:**

- Treat people as we would a loved one
- Say Yes I can and I will
- Work hard have fun and laugh
- Do according to our customers' wishes and ambitions
- Celebrate age, experience and wisdom
- Inspire with positive smiles and words
- Stay courageous, creative and ahead of the game
- Work with those that share our values

### **Our Strategic Objectives:**

- Provide a continually improving, high quality housing and care home service that meet the needs and aspirations of our service users and protects our investment
- Maintaining quality homes & local environment
- To develop highly skilled and engaged Staff and Committee Members
- Maintain the financial viability of the Association through sound business planning and controls
- Build partnerships with others for the benefit of our customers and the communities we serve
- Ensure that the Association's services are delivered in a cost effective and efficient way to demonstrate value for money.

### **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 and care homes to address fuel poverty and reduce carbon emissions,
- Provide adaptations to enable tenants and residents to remain in their homes when circumstances change.

### 3. Strategy Context

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

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

VHA estimated total value of regulated procurement spend may at times exceed £5 million so there is a requirement to prepare and publish a procurement strategy. This Strategy is also produced 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. VHA carries out a range of procurement activity ranging from high value 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 VHA 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 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 services, supplies & works and the range of risks

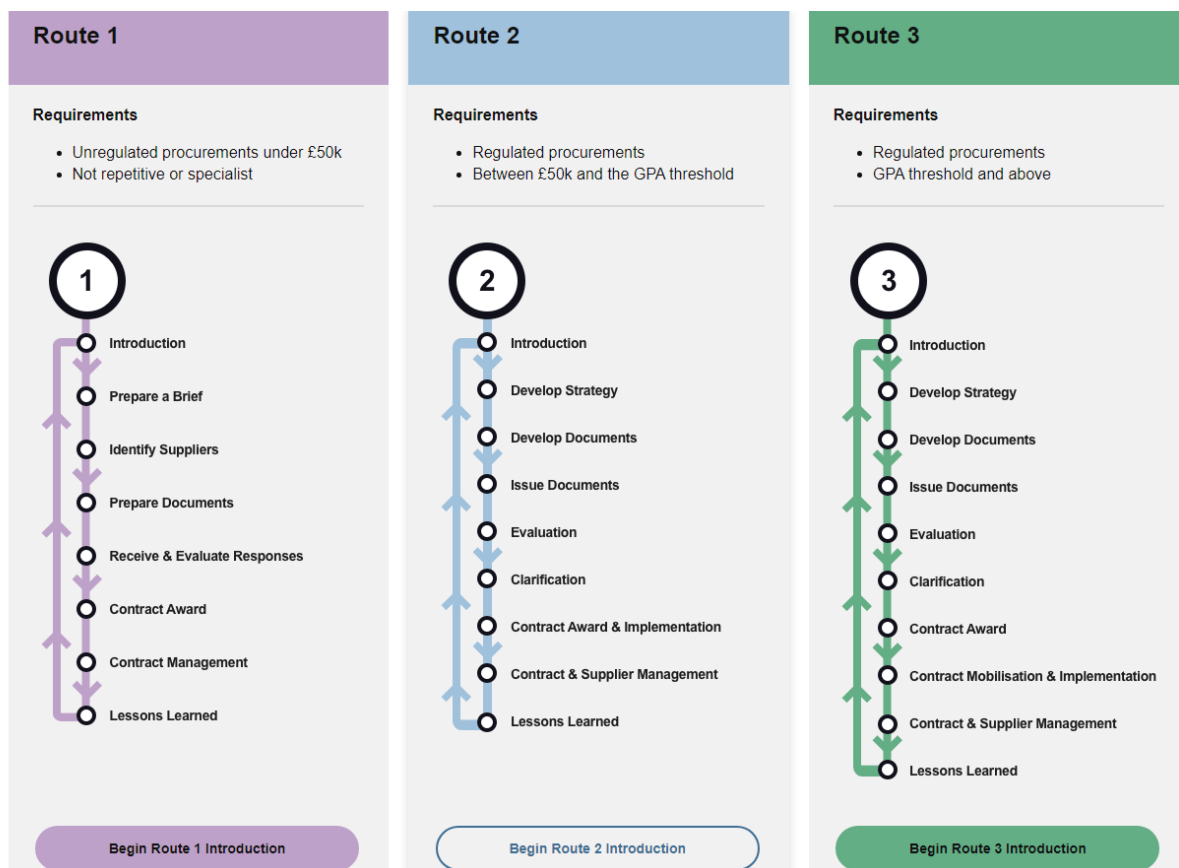
<b>Increasing Risk</b> 	<b>Bottleneck</b> (Low value but significant impact)	<b>Strategic</b> (Large Capital Development Projects)
	<b>Routine</b> (Stationery)	<b>Leverage</b> (Utilities, IT Equipment)
<b>Increasing Expenditure</b> 		

- **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 VHA.

### Procurement Processes

Viewpoint will use the *Procurement Journey* per the *Public Contracts Scotland website* (see table below)



Where a Framework is used it must be approved and compliant under the Scottish Regulations.

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 are to ensure:

**Objective 1:** Consistently apply effective procurement practice across the 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 in accordance with Community Benefits ambitions,
- 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,
- Complying with VHA policies,
- Encouraging all companies we contract with to pay the National Living Wage as their minimum hourly rate,
- Where possible, facilitating involvement in the procurement process of small & medium enterprises (SME's), third sector bodies (organisations that provide benefits for society/ the environment) and supported businesses (organisations where > 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,
- Regularly reviewing risk management processes in accordance with VHA internal policies and procedures,
- Assessing Supplier performance on a regular 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.

**Objective 4:** Tender and award contracts in accordance with VHA 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 VHA internal procedures, Financial Regulations and procurement processes,
- Fully recognising VHA Anti-Fraud and Anti-Bribery Policies when carrying out all procurement activities,
- Recognise VHA Employment, Payments and Benefits policy constraints when awarding contracts.

## 5. Finance

VHA 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 within which we operate.

Whilst procurement expenditure on capital and revenue works and services externally procured during 2020-21 was significantly reduced as a result of Covid forecasted equivalent expenditure in the coming years is estimated as follows

2022-23	£5.2 million
2023-24	£5.3 million
2024-25	£5.3 million
2025-26	£5.4 million
2026-27	£5.5 million



The quantum of the expenditure profile means that VHA must ensure that its operating procedures and processes are compliant to avoid the potential risk of any challenge. Given the profile the area of greatest risk is in terms of capital expenditure. However, this is mitigated by the practice of using consultants with a track record both of successful procurement and with a good working knowledge of Scottish Procurement Regulations. As Viewpoint continues to implement its Business Plan 2022-25 and its associated service delivery and business systems, it is likely in the medium term to want to build up its in-house procurement capacity but will continue to rely on consultancy input in the interim.

A further risky area in terms of experience and knowledge is the lesser revenue based expenditure where procurement rules did not necessarily apply to the degree they have since the 2015 Regulations.

In addition VHA 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 VHA'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**

VHA 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.

Inter alia, 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.

VHA 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**

While it may be arguable given the size of our activities, whether Viewpoint has an obligation to publish this strategy in accordance with the Procurement Reform (Scotland) Act 2014, for those organisations where there was no dubiety about the application of the legislation, there was a requirement to publish their strategies by 31 December 2016. The approval and subsequent publication of this Strategy will allow our position to be regularised

On publishing this strategy VHA will notify 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.

The Executive Team will implement and review this strategy and develop our approach during the early years following best practice in the sector and beyond.

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

This strategy will be approved annually by the Board and will be reviewed on an annual basis to build up the quality of the Strategy and associated practices; ensure compliance with legislation; and to enable VHA to strategically respond to any changing environmental factors.

VHA will publish an annual procurement report which will provide details on all regulated procurement and address all matters contained within this strategy.

## **8. Point of Contact**

Jean Gray  
Chief Executive Officer,  
Viewpoint Housing Association,  
4 South Oswald Road,  
Edinburgh  
EH9 2HG

Tel: 0131 668 4247

Email: [jean.gray@viewpoint.org.uk](mailto:jean.gray@viewpoint.org.uk)

## **9. Policy, Tools and Procedures**

National policies, tools and legislation can be accessed through 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>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

#### Regulated Contract Thresholds:

Supplies	<b>£138,760</b>
Services	<b>£213,477</b>
Works	<b>£5,336,937</b>
“Light Touch Regime” services	<b>£663,540</b>

(NOTE: Figures are current as at 1<sup>st</sup> January 2022)

#### Lower Value Regulated Contract Thresholds:

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