



PROCUREMENT STRATEGY 2018 – 2023

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1. Introduction and Organisational Context

The purpose of the Procurement Strategy is to set out a framework for the delivery of the future vision for procurement within Bield and to comply with the requirements of the Procurement Reform (Scotland) Act 2014 (*'the Act'*). The strategy will cover the period from 1 April 2018 to 31 March 2021.

The strategy seeks to build upon the successes of the previous Procurement Strategy 2012-2017 as well as driving future improvement. It underpins the Procurement Policy and any associated procedures and will ensure the delivery of strategic objectives aligned with and in support of the organisation's overall business strategy. Bield's vision and mission, as set out in the Business Strategy, are as follows:

Vision - *'A Scotland where people of all ages are respected, can make their own choices and are able to live independent and fulfilling lives'*

Mission – *'To improve the quality of life for older people by offering a diverse range of house, care and other services'*

Bield spends approximately £17m each year with external suppliers and contractors on goods, services and works in order to carry out the operations of the organisation and to subsequently deliver its vision and mission. Procurement activity therefore contributes in some way to each of the organisation's strategic objectives.

2. Procurement Vision and Mission

Vision – *'Delivery of excellent services and value for money to our customers as a result of our procurement activity'*

Mission – *'To continually improve as a housing provider in relation to procurement by implementing and embedding compliant, modern and efficient practices and processes; which deliver positive outcomes and value for money to our customers; and which encourage suppliers and contractors to view us as a customer of choice'*

Our vision and mission are reflected in our Procurement Objectives, which are linked to the organisation's Strategic Objectives. We will achieve our Procurement Objectives and subsequently our vision and mission through the implementation of policy, procedure and processes; and through delivery of the annual Procurement Action Plan and Contract Delivery Plan.

3. Background and Wider Environment

In addition to our own organisational priorities there are a number of external influences that shape our approach to procurement including national policy and legislation.

Scottish Model of Procurement

The Scottish Model of Procurement summarises the aims of the Scottish Government in terms of procurement. The Value for Money triangle below sums up the model. It is not just about cost and quality but about the best balance of cost, quality and sustainability. The aims and principles of the model are embedded in legislation and policy.



Procurement Legislation

The legislation surrounding procurement includes the following:

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016
- Guidance under the Procurement Reform (Scotland) Act 2014 (issued 17 March 2016)

The above legislation and associated documentation sets out in Scottish Law the requirements arising from European Procurement Directives as well as Scotland-specific requirements as set out by the Scottish Government.

A specific requirement of the Act (section 15) is that all organisations who expect to spend in excess of £5m per year must prepare a procurement strategy setting out how they intend to carry out regulated procurements. The Act sets out a number of mandatory requirements in terms of what the Procurement Strategy is to include.

The Act also introduces a new 'Sustainable Procurement Duty' (section 9) which sits at the heart of the new legislation and requires organisation to consider in relation to all regulated procurement how it can:

- i) Improve the economic, social and environmental wellbeing of the authority's area (for Bield this applies to all areas which we serve)
- ii) Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and
- iii) promote innovation

Procurement Support from External Organisations

Scotland Excel and the Procurement and Commercial Improvement Programme

On the back of its Affordable Housing Supply Programme and 50k Homes target, Scottish Government recognises the considerable procurement activity which requires to be undertaken by the affordable housing sector. It has subsequently provided funding to Scotland Excel, the Centre of Procurement Expertise for Local Authorities, to develop a programme to help housing associations achieve best possible value from their procurement. This focusses on three areas: Capability, Collaboration and Social Value.

A key priority of the programme will be to work with organisations in order to improve their procurement capability. Housing Associations will be able to benchmark their procurement capability through an established assessment tool – the Procurement and Commercial Improvement Programme (PCIP) – and to identify areas for improvement. Whilst housing associations with new build programmes are being prioritised for assessment there is an expectation those without will also be assessed (and continue to be assessed on an ongoing basis), particularly those with considerable procurement spend.

In addition to the PCIP, Scotland Excel will also be developing its collaborative procurement offering for housing associations, as well as working with them to secure additional value from their procurement.

Collaborative Procurement and Pre-Tendered Framework Agreements

Whilst collaborative procurement organisations have been in existence for a number of years and we have made use of some pre-existing collaborative framework agreements, the opportunity to do so has been severely limited by the lack of either Scottish or Housing Sector-specific focus. In addition frameworks often have not met the specific needs we have due to our building types i.e. flatted with communal areas.

Recently however, a number of these organisations have recognised the opportunities that exist and are therefore developing more relevant and appropriate offerings. Scotland Excel (as mentioned above), Procurement for Housing (PfH) and the Scottish Procurement Alliance (SPA) in particular have increased their focus in the Scottish affordable housing sector. We also now have greater opportunity to engage with these organisations at the framework development stage which we should embrace.

There are also a number of national organisations whose framework agreements are available to us including Scottish Procurement and Crown Commercial Services.

Scottish Federation of Housing Associations Procurement Advisory Service

The Scottish Federation of Housing Associations now provides an advisory service. They also now facilitate a Procurement Forum for the sector, which meets regularly in order to discuss procurement related issues and share experiences. Bield will continue to engage with both the advisory service and the forum on an ongoing basis as appropriate.

4. Strategic Aims, Objectives and Key Priorities

The Procurement Objectives are linked to Bield's strategic objectives outlined in the current Business Strategy, due to be updated in May 2018.

Strategic Objective – Working Effectively

We will work in the most efficient way possible to provide value for money for our customers.

Procurement Objectives:

1. We will improve our procurement capability

We will seek to improve our procurement capability by implementing procurement systems, processes and procedures and developing skills that ensure we deliver best value for the organisation and ultimately to our customers. We will measure our procurement capability through formal assessment using the Procurement Capability Improvement Programme assessment tool and we will seek to improve our performance by implementing appropriate action plans. We will benchmark our performance against others and we will aim to become a top performing organisation in relation to our peers.

2. We will ensure that our procurement delivers value for money

Section 15(5) of the Act requires organisations to set out within their Procurement Strategy how the organisation intends to ensure that its regulated procurements deliver value for money.

In all procurement activity the ultimate objective will be value for money, ensuring that the optimum balance of cost, quality and sustainability is achieved. We will ensure that value for money is delivered by considering this balance in all procurement activity and by measuring procurement outcomes to ensure that our objectives have been achieved.

Strategic Objective – Homes/Services

We will actively manage our housing, care and other services to meet our customer's expectations

Procurement Objective:

3. **We will consult and engage with those affected by our procurement and we will ensure that procurement outcomes benefit our customers**

Section 15 of the Act requires organisations to set out within their Procurement Strategy their general policy in relation to consulting and engaging with those affected by our procurement. Our policy is as follows:

At Bield, we aim to have customer engagement at the heart of our decision making processes. In relation to procurement we will strive to consult, discuss and engage with customers who are directly affected by our procurement activities, ahead of any decisions being made. This ensures that we understand expectations and can ensure that these are incorporated into the procurement process. We will measure procurement outcomes to ensure that those expectations have been met and that they benefit our customers.

Strategic Objective – New Opportunities

We will develop our business in a sustainable and cost effective way, through creation of key partnerships and the development of new homes and services

Procurement Objectives:

4. **We will build strong working relationships with suppliers and contractors**

Good suppliers and contractors are critical in helping us carry out our operations in order to provide services to our customers. We will do this in the following ways:

- a) We will encourage suppliers to bid for our contracts by ensuring that our procurement processes are open, fair, transparent and proportionate. We will take specific measures to encourage small and medium enterprises, third sector bodies and supported businesses to bid for our contracts
- b) We will improve our approach to contract management; with the aim of developing a partnership approach and encouraging improvement and innovation

5. **We will actively seek out collaborative opportunities in relation to procurement**

In order to make best use of our limited resource we must take a much more focussed approach in relation to seeking out collaborative procurement opportunities. In order to achieve this:

- a) We will always consider using an existing framework agreement before we undertake our own procurement
- b) Where there is no existing framework agreement, we will consider whether there is an opportunity to collaborate with another organisation(s). Where an opportunity does exist we will pursue it if it will bring benefit to Bield.

Strategic Objective – People

We will aim to develop, recognise and value our people and the contribution they make

Procurement Objective:

6. We will ensure that our people are supported in relation to procurement and that procurement competency within the organisation is appropriate and proportionate to the level of procurement activity carried out

We will achieve this by:

- a) Implementing appropriate governance structures
- b) Ensuring that our policies and procedures are appropriate, easy to understand and communicated throughout the organisation
- c) Ensuring that procurement staff are sufficiently competent to carry out their duties
- d) Ensuring that non-procurement staff receive appropriate support, and in some instances training, in relation to procurement

5. General Policies

Section 15 of the Act requires organisations to set out within their Procurement Strategy their general policy in relation to a number of areas as follows. These will be included in our updated Policy and Procedures.

| Procurement Reform Act Requirement | Bield Policy Statement |
|---------------------------------------|---|
| Use of community benefit requirements | In relation to all regulated procurement activity we will consider at the outset whether there is the potential to include a community benefit clause and if so then we will incorporate this into the procurement process. Specifically when considering community benefits we will not only look to benefit the local communities where our developments are located; but we will seek opportunities that help to improve the lives of older people. We will monitor and report on the use of community benefit clauses within our contracts and the outcomes achieved. |

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| <p>Consulting and engaging with those affected by our procurement</p> | <p>At Bield, we aim to have customer engagement at the heart of our decision making processes. In relation to procurement we will strive to consult, discuss and engage with customers who are directly affected by the work taking place, ahead of any decisions being made. This ensures that we understand expectations and can ensure that these are incorporated into the procurement process. We will measure procurement outcomes to ensure that those expectations have been met and that they benefit our customers.</p> |
| <p>Payment of the Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements</p> | <p>Bield recognises the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers and contractors and that payment of living wage is a significant motivator Payment of living wage itself will not be a condition of any assessment process, however in all contracts we will consider whether it is reasonable and proportionate to allocate additional points to those who pay living wage.</p> |
| <p>Promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 and any provision made under that Act</p> | <p>Bield is committed to contracting only with suppliers and contractors who comply with all appropriate and relevant legislation, including Health and Safety legislation. Where appropriate, and on a contract by contract basis, Bield should assess the legislation applicable and take steps to ensure bidders comply with such legislation. Where proportionate, we may also assess such compliance of subcontractors.</p> |
| <p>The procurement of fairly and ethically traded goods and services</p> | <p>We will always aim to procure fairly and ethically traded goods and services. Where appropriate we will make use of appropriate standards and labels in our procurement to take account of fair and ethical trading considerations</p> |
| <p>How the organisation ensures that, so far as reasonably practical, the following payments are made no later than 30 days after invoice:</p> <ul style="list-style-type: none"> - Payment due by the organisation to the contractor(s) - Payments due by a contractor to a sub-contractor(s) - Payments due by a sub-contractor to sub-contractor(s) | <p>We will ensure that all payments to contractors are made within 30 days of receipt of a valid invoice. We will introduce clauses into our contracts to encourage our contractors pay their sub-contractors within 30 days. We will monitor and report on our payment performance.</p> |
| <p>How we intend to approach regulated procurements involving the provision of food to: improve the health, wellbeing and education of communities in the organisation's area; and promote the highest standards of animal welfare</p> | <p>Bield will work with its suppliers in order to put in place affordable and sustainable contracts which meet the nutritional requirements of our customers. We will seek information from our contractors in relation to animal welfare.</p> |

6. Governance and Leadership

The Board are ultimately accountable for all procurement carried out within the organisation and will provide effective leadership to ensure that the Procurement Strategy objectives are delivered.

Responsibility for operational delivery of procurement activity is delegated via the Senior Management Team, which subsequently delegates in line with the organisation's Authorisation Levels and Procedures.

The Procurement Manager is responsible for providing leadership in terms of the delivery of the Procurement Strategy and annual Procurement Action Plan and Contract Delivery Plan; as well as reporting on performance.

The Act introduces a level of accountability to Scottish Ministers, where performance against the procurement strategy objectives is to be provided on an annual basis.

7. Implementation

The Procurement Strategy is approved by the Board and is subsequently published online and notified to Scottish Ministers in compliance with the requirements of the Procurement Reform Act. The annual Procurement Action Plan and Contract Delivery Plan, as agreed with Senior Management Team, will detail the actions required to deliver the objectives set out in the Procurement Strategy.

8. Related Policies

Procurement Policy and Procedures

9. Measuring and Reporting

Performance will be monitored and reported in a number of ways:

- Six monthly reporting to SMT and Performance & Audit Committee
- Annual report to Board
- Annual report to Scottish Ministers in accordance with the requirements of the Act

10. Performance Measures

The performance measures below will be monitored and reported upon, although no targets are set out in relation to achievement of savings and other benefits, these will be established after year 1 and implemented in relation to years 2-5.

| Links to Procurement Objective No. | Performance Measure | Target | Target Date |
|------------------------------------|--|--------------------|--------------------------|
| 1 | PCIP Level | Level 2 Level 3 | 31/03/2021 31/03/2023 |
| 2 | Contract spend as % of total | 65% 80% | 31/03/2021 31/03/2023 |
| 2, 3 | Direct price based savings | No target | Annual reporting |
| 2, 3 | Price v market Savings | No target | Annual reporting |
| 2, 3 | Customer satisfaction levels in contracts with direct impact | To be developed | To be developed |
| 4 | SME spend as % of total | No target | N/A |
| 4 | Third sector spend as % of total | No target | N/A |
| 4 | Supported business spend as % of total | No target | N/A |
| 5 | Existing framework agreements as % of total spend | No target | N/A |
| 5 | Local collaborative contracts as % of total spend | No target | N/A |
| 5 | Process savings from use of collaborative arrangements | No target | N/A |

11. Review

The Procurement Strategy will be reviewed after Year 1 (2019) in order to determine realistic targets to be incorporated as above. A full review will take place in Year 5 (2023). The Procurement Strategy may also be updated outwith this period, should there be any required changes as a result of Brexit.