



**Muirhouse
Housing
Association**



**Muirhouse
Homes Ltd**

Policy: Procurement Strategy

Title of Policy:	Procurement Strategy
Date of Adoption or Last Review:	September 2019
Lead Officer:	Paula Mcvay
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Scottish Social Housing Charter Outcomes and Standards:	4 Quality of Housing 13 Value for Money
Regulatory Standards of	3 Management of resources 4 Open and Accountable
Governance and Financial Management:	4 Good quality information and advice

PROCUREMENT STRATEGY 2019 - 2022

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1. Introduction

- 1.1 This Procurement Strategy sets out a vision to focus on all procurement activities undertaken by MHA setting out the strategic direction for all procurement activity during the next three years.
- 1.2 The purpose of the Procurement Strategy is to introduce a Procurement Strategy detailing the main areas of focus for all procurement activities and promote a methodology which will ensure that MHA follows best practice in both EU and Scottish procurement legislation.
- 1.3 This strategy is MHA's route plan to ensure that all procurement activities across the organisation are performed in a fair, transparent and cost-effective manner. It takes account of the Scottish Government ambition to support the delivery of high-quality public services that offer value for money, in a sustainable way. It promotes a methodology which will ensure that MHA follows best practice in both EU and Scottish procurement legislation.
- 1.4 In addition, it provides a framework for the Association to develop a plan to achieve continuous improvement in all its procurement activities to the benefit of front-line services. Embracing this strategy requires the application of consistent corporate responsibility and of close partnership working.
- 1.5 MHA's expenditure on works and services will invariably vary from year to year, and in the current economic context there is the ongoing expectation of reduced financial revenues in the economy.
- 1.6 This strategy sets out a focused procurement process providing a framework for the effective management of risks, regulatory compliance, and on the delivery of quality works and services.
- 1.7 It is intended that this strategy will be implemented with immediate effect.

2. Procurement Vision

- 2.1 Successful procurement performance is prerequisite to achieving MHA's aim of Accountability, Excellence and Partnerships.
- 2.2 To aid MHA in achieving the Strategic Objectives of improving procurement performance, this strategy will require consistent application and delivery across the organisation. Through its use MHA aims to secure any available financial savings and contribute to its corporate social responsibility.
- 2.3 MHA will work towards using Public Contracts Scotland (PCS) and the Scottish Government's "Procurement Journey" as the base process for all procurements.

3. Strategy Context

- 3.1 This strategy is a performance management framework to be used across MHA and through the complete procurement cycle, supporting MHA in achieving effective and efficient procurement services:

- Outlining what will be done, how and when it will be achieved.
- Identifying the outcomes that we aim to achieve
- Applying strategic thinking to procurement choices and assessing the best value option – singular, partnership framework
- Identifying the value of adding community benefits
- Working towards sustainable procurement
 - Meeting conditions on obligations to pay
- Taking account of legal obligations to publicly advertise contracting opportunities
- Encouraging local companies and organisations to compete for our business
- Assessing for continuous improvement and future delivery

4. Aims, Objectives and Organizational Priorities

4.1 Aim

It is MHA's aim to develop a Procurement Strategy to deliver our front-line service within the boundaries of best value and to formulate a Procurement Action Plan, refer **Appendix 1**, to ensure procurement objectives and highlighted areas for improvement are delivered over the period of this Strategy.

4.2 Organisation's overall procurement objectives

Develop strategy to comply with all European, UK, and Scottish Procurement Legislation ensuring that best value/value for money is being obtained consistently when works, goods and services are purchased. **Appendix 2** National Procurement Policies.

- Ensure compliance with all mandatory requirements, Procurement Reform (Scotland) Act 2014 – Mandatory Requirements
- Where feasible and possible, adopt PCS as the tool for advertising procurement activity and for public display

4.3 Organisational Priorities

MHA will look for outcomes across the following headings to demonstrate the effective implementation of the Procurement Strategy:

- **Contracts** – ensuring that all spend that can be positively influenced by procurement activity has a corresponding contract
- **Compliance** - ensuring that all procurement activity complies with statutory and regulatory requirements
- **Accessibility** - ensuring that contracts can be structured in such a way as to assist wherever practical small and medium enterprises
- **Community Benefits** - ensuring that all relevant contracts are arranged to include community benefits
- **Sustainability** - ensuring that all relevant contracts are arranged to include sustainable procurement requirements
- **Savings** - ensuring that where possible savings can be identified they are monitored through to delivery, and evaluation.

5. Implementation

5.1 Procurement Strategy Plan

MHA will develop and maintain a three-year procurement delivery plan – covering contracts for each area of spend identified and review this annually with the Audit and Risk committee. Further detailed in the Procurement Policy.

5.2 Continued Development of Staff Skillset

MHA is a small business with staff tasked to cover many specialisms. Whilst it is not wholly feasible to become expert in public procurement at the outset of this Strategy, MHA will seek through training and guidance to ensure the organisation operates to high standards of compliance. Staff training will address improvements in the staff skillset in the area of Public Procurement through staff development plans and ensure that staff are kept up to date with developments in the legal framework and to ensure they are equipped to meet legal and regulatory obligations.

6. Budgetary Implications

6.1 Utilising historical spend profile of the last year 3 years demonstrates that the Total Annual Spend falls below the Scottish Government Reform threshold for documenting a formal procurement strategy (below £5m), however as previously noted the Association will undertake to map out a 3 year programme of its public contracting opportunities, the Procurement Strategy Plan, and publish a timetable for those that are above Scottish and EU thresholds.

6.2 In relation to our overall procurement spend, it would not be proportionate to set a specific percentage savings target on future procurements. Each procurement opportunity will be assessed, and targeted improvements listed against current projected contract cost. At the assessment stage it should be reviewed to see where costs and savings could be made for the next project.

6.3 The Audit and Risk committee will review the PSP bi annually and identify:

How the organisation will minimise cost and maximise value

- Practices, processes and compliance
- Specifications

Who does the organisation want to contract with?

- Sourcing existing and new Contractors and Suppliers
- Available frameworks
- Contract available to SME's / supported businesses
- Collaboration with other parties

Financial tools, systems & processes and can these be improved?

- Planned budget allocation
- Accountability and auditability – previous results and projections

6.4 The Associations Financial Regulation Policy should be referred to before commencing any procurement activity. It is important to note that budget limits and the Regulations on incurring and Authorising Expenditure are set out within section 29 of the Financial Regulation Policy.

7. Monitoring, Review and Reporting

7.1 The Strategy will be reviewed and updated with any changes to practice or legislation. Future revisions of the Strategy and Policy will fall into a regular agreed timetable. The Audit and Risk committee will monitor the 3year procurement strategy plan and the Action plan will be developed by the Chief Executive.

7.2 The Association will operate this Procurement Strategy broadly within the reporting timetable and guidance of the Scottish Government – Annual Report including 3 year overview for 31 March each year, on a rolling cycle.

7.3 The Association will promote visibility of current and future regulated public expenditure by publishing on the Associations web page.

8. Other relevant or related policies

8.1 This strategy does not stand on its own – it should be read in conjunction with the following policies and procedures (this is not an exhaustive list):

- Risk management strategy
- Financial regulations and financial procedures
- Entitlements, payments and benefits policy
- Anti-bribery policy
- Procurement Policy
- Asset management policy and strategy

Appendix 1 Procurement Action Plan Is set out below (This has still to be formalised)

Listing of Procurement Strategy Objectives setting out the overall “direction of travel” and specific actions to achieve our Procurement vision and Aims:

2019 / 20	Practice / Initiative	Measurement of Success	Timescale Start	Responsibility
	Review practice with guidance	Enhance/renew documents	June 2019	PM/BA/SM
	Develop operation of Procurement Method Statements	Regularly completed across all work teams	August 2019	All leadership team
	Develop quarterly review of Policy, Procedures and Guidance notes from the team with ideas for refinement and further development	Quarterly update included in leadership meeting schedule	Commence June 2019	All leadership team
	Review all existing contracts, at suitable juncture, for procurement improvements, negotiation of additional savings and community benefits from suppliers	Knowledge shared at leadership quarterly update	Commence July 2019	All leadership team
	Link to Procurement Strategy on Associations web page	Working link	July 2019	All staff
	Integrate Procurement Strategy Plan (PSP) information to Associations web page	Summarised table available on web	August 2019	All leadership team
	Review anticipated community and sustainability considerations – include additions on PSP	Documented list of recent suggestions	July/August 2019	All staff
	Assessment of future delivery – frameworks, collaboration and aggregation of need with other Local Associations / partner organisations	Collation and sharing of Associations delivery need	September 2019	Leadership team
	Develop annual review and reporting to Audit and Risk Committee including format to satisfy Scottish Housing Regulator and Scottish Government should future spends exceed £5m	Commenced regular reporting cycle and template information	March 2020	Leadership team
	Collaborate with other local Associations to review, learn and improve	Sharing of Associations documentation and planned learning event	August 2019	PM/BA
	Incorporate tenant and community involvement with process for each procurement stages	Consult through various methods including own groups	September 2019	Leadership team

APPENDIX 2 National Procurement Policies

Links to the National Policies, Tools and Legislation can be found below (this is not an exhaustive list):

- [Scottish Model of Procurement](#)
- [Changes to European Directives](#)
- [Public Procurement Reform Programme](#)
- [Suppliers Charter](#)
- [EU Procurement Thresholds](#)
- [Procurement Journey](#)
- [PCIP](#)
- [Public Contracts Scotland](#)
- [Information Hub](#)

