



# PROCUREMENT STRATEGY 2023-2026

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Policy	Procurement Strategy								
Version reference									
Approved by	Board of Management								
Date of Approval	02 November 2023								
Review Period	3 Years (updated annually)								
Review Due	September 2026								
Policy Review	Director of Asset Management								
Who this policy affects	Staff	X	Customers	X	Contractors	X	Members of the Public	X	
Where this policy affects	General needs		X	Supported		X	Office / staff base		X

## 1. Introduction

- 1.1. Almond Housing Association is the largest Housing Association in West Lothian. Our 2556 properties are primarily located in the Craigshill, Eliburn, Howden and Ladywell areas of Livingston.
- 1.2. This Procurement Strategy provides the framework to procure goods and services whilst also meeting the broader objectives of our Business Strategy.
- 1.3. The 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.

## 2. Executive Summary

- 2.1. This document outlines the procurement strategy for AHA for the financial years 2023-2026. The priority for the Association is to have a strategy which is sustainable and delivers social, economic and environmental value.
- 2.2. The strategy outlines the following key procurement objectives:
  - To ensure value for money is achieved alongside delivery of high quality services
  - To commit to transparency, equal treatment, non-discrimination and proportionality
  - To maintain a proportional and consistent approach to community benefit to ensure it supports our community projects and groups
  - To ensure tenant involvement in procurement that directly impacts our tenants
  - To ensure that we reduce environmental impact where possible in line with our Sustainability Strategy
  - To effectively monitor and improve contractor and supplier performance
  - To comply with relevant policies and procedures, including aligning with guidance from Scottish Government
  - To drive continual improvement in terms of our procurement activities

## 3. Procurement Vision

Our vision : Striving to improve life experiences and opportunities

Values: Work Together, Open to Change, Respect, Kindness, Social

Our procurement approach will be based on these values and would also expect any contractor or supplier to adhere to these values in respect of their interaction with us and our customers where they are delivering services directly to customers.

Our mission – Homes, people and communities to be proud of

Good procurement gives us the opportunity to deliver savings, increase the quality of services and improve contracts with suppliers and contractors to ensure we are making a real impact on the lives of our customers while supporting the local economy.

## 4. Context

### 4.1 What is Procurement?

*“Procurement is the process of buying goods, services and works from external suppliers. The procurement process begins when a need to buy something is identified and will generally end after the contract is awarded. Contracts must be awarded through genuine and effective competition unless there are exceptional reasons to the contrary”.<sup>1</sup>*

### 4.2 Effective procurement can deliver the following core benefits

- Security of supply
- Reduced life cycle costs
- Ability to deliver works timeously
- Reduced risk
- Improved quality
- Greater Added Value including benefits to the communities we work in
- Increased efficiency
- Reduced environmental impact
- Compliance
- Transparency and integrity of process
- Effective framework for contract and contractor performance management

### 4.3 Meeting the criteria defines AHA as a “Public Body Governed by Public Law”, and results in procurement duties prescribed by the following pieces of legislation:

#### **Procurement Reform (Scotland) Act 2014**

- A duty to publicly procure services / goods contracts over £50,000 in value and works contracts over £2m in value (values are exclusive of VAT)
- Duty to act in a transparent and proportionate manner and to carry out regulated procurement in a way that treats economic operators equally and without discrimination
- Duty to comply with sustainable procurement obligations
- Where procurement spend will exceed £5m in any year, a duty to publish a Procurement Strategy and review it annually
- Where regulated procurement spend has exceeded £5m in any year, a duty to publish an Annual Procurement Report reviewing our procurement activities in that year against our procurement strategy
- A duty to publish regulated procurement opportunities and contract awards on the Public Contracts Scotland website
- A duty to consider community benefit requirements for all procurement with an estimated contract value over £4m
- A duty to provide feedback to unsuccessful tenderers
- The duty to keep and maintain a publicly available contracts register

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<sup>1</sup> <http://www.gov.scot/Topics/Government/Finance/spfm/procure>

### **Procurement (Scotland) Regulations 2016**

- A duty to carry out public procurement of contracts with a value over £50k for goods / services and £2m for works but below the EU1 thresholds (see below) in accordance with the requirements set out in the Regulations which cover:
  - How contract value is estimated
  - Contract process (PIN, contract notices, splitting contracts into lots etc.)
  - Rules for awarding contracts without competition
- Mandatory and optional reasons for excluding tenderers or Rules for preparing technical specifications

### **Public Contracts (Scotland) Regulations 2015**

- A duty to publicly procure:
- Services / goods contracts exceeding the GPA threshold of £213,477 (inc VAT))
- Works contracts exceeding the threshold of £5,336,937 (inc VAT)

### **Post EU Changes to Regulations**

The changes made to procurement following the UK withdrawal from the EU are largely technical in nature. They do not impact on procurement procedures which will remain fundamentally unchanged. The basic requirements to advertise contracts, observe minimum timescales, and follow rules on technical specifications and award criteria, for example, remain in place. The requirement to afford equal treatment to bidders from countries which are signatories to the World Trade Organisation's Government Procurement Agreement (the GPA) also remains.

The requirement to publish notices on Public Contracts Scotland (PCS), which arises from the Procurement Reform (Scotland) Act 2014, remains.

Tenders above the "higher" thresholds are now published on Find a Tender Service (FTS) rather than the Official Journal of the European Union (OJEU).

### **4.4` Almond Focus**

AHA Ltd recognises that it needs to focus on key areas of procurement, some of which are SG requirements:

- We spend more than £5m annually and are therefore required to publish and review annually a Procurement Strategy.
- We need a defined process to ensure timely and accurate procurement information is captured for management information, and in case statistical returns are required by the Scottish Government.
- We need to place a stronger emphasis on community benefits and sustainability from AHA Ltd's procurement.
- We need to examine ways of removing barriers to SMEs participating in our procurement processes.
- We should be maximising procurement efficiency and collaboration.
- We are required to publish on our website our intended procurement activity for the forthcoming year
- Continue to develop our subsidiary business to deliver additional works programmes for AHA and as a result creating training and employment opportunities in our communities

- 4.5 AHA Ltd follows the 'Scottish Model of Procurement', using the Scottish Government's Procurement Journey as the basis for its policy and procedures. AHA'S Procurement Policy outlines this approach, Staff responsible for procuring will always consider AHA's objectives, this strategy and the Procurement Policy at the outset of, and during, any regulated procurement activity.
- 4.6 The procurement requirements of each contract will be agreed to ensure the most appropriate route is followed to meet the needs of the business and ensure that value for money is achieved. Staff members responsible for procuring are required to develop and procure contracts that are fit for purpose, ensure value for money and are compliant with relevant procurement legislation. AHA will, where appropriate, utilise a Procurement consultant for advice and contract preparation.
- 4.6 Where it is considered the most advantageous route, frameworks, for example Procurement for Housing (PfH), Scottish Procurement Alliance (SPA), Scotland Excel or frameworks established by other RSL's are utilised (this list should not be considered exhaustive). Consideration is also currently being given to set up a joint Framework with other Associations of a similar size and with whom we currently benchmark. Any framework used will be compliant with AHA's general approach to procurement as outlined within this strategy. AHA's policy is to make opportunities available to all potential suppliers and we are particularly keen to support SMEs and third sector organisations. AHA will award contracts on the basis of the Most Economically Advantageous Tender (MEAT), considering a balance between price and quality in all procurement decisions.

## 5. Strategic Aims & Objectives

### Strategic Aim

5.1 Our Procurement Strategy aims to deliver value for money and high quality services while embedding sustainability, fairness and transparency into our procurement actions Should this be a bullet point list of the headings from the 4 objectives below?

### 5.2 Key Priorities & Actions

1.	<b>To ensure value for money is being achieved alongside delivery of high quality services</b>
Key Actions	<ul style="list-style-type: none"> <li>• Ensure all goods, services and works contracts are procured on the basis of the most economically advantageous tender (MEAT)</li> <li>• Consider public procurement frameworks when assessing best procurement routes</li> <li>• Ensure lifecycle costing are considered when developing specifications for tender to minimise future maintenance and replacement costs</li> <li>• Consider joint procurements with other RSL's</li> </ul>

2.	<b>Ensure sustainability and governance are embedded in our procurement activities</b>
Key Actions	<ul style="list-style-type: none"> <li>• Ensure, regardless of value, that Community benefit is included in contracts where appropriate and work closely with Community Engagement Officer to ensure appropriate benefits are delivered</li> <li>• Undertake only to utilise suppliers who pay the Real Living Wage and advocate the adoption of Fair Work Practices to all suppliers and their sub-contractors</li> <li>• Where possible ensure that materials and working practises minimise the impact on the environment</li> <li>• Ensure where practical that suppliers and subcontractors are paid 30 days after a valid invoice is submitted or in accordance with the contractual terms and condition</li> </ul>

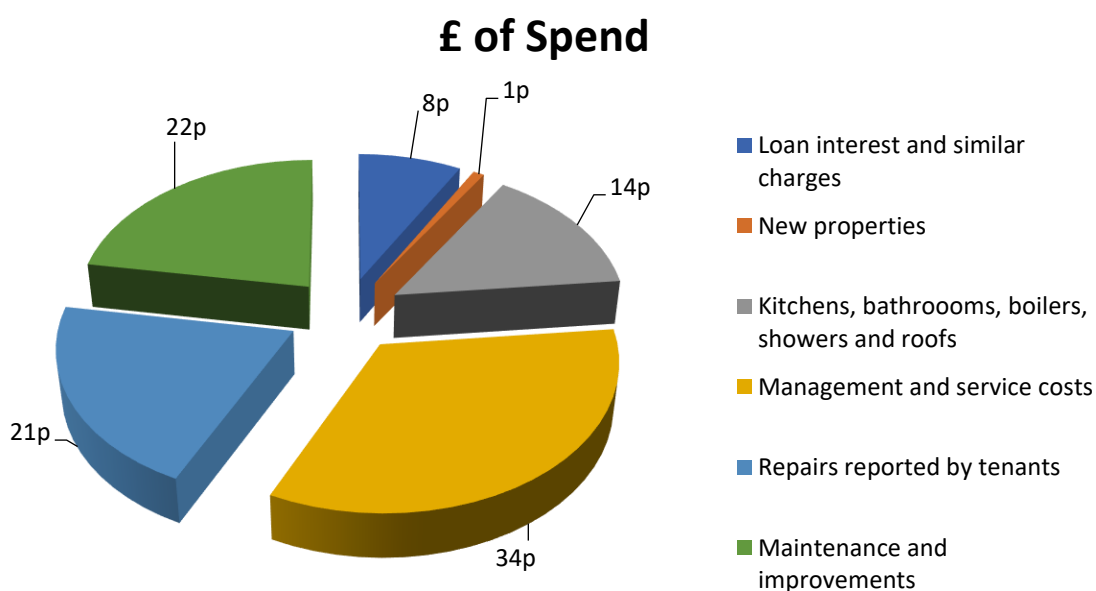
3.	<b>Ensure all procurement activity is carried out in line with Almond's Procurement policy and legislative requirements in a transparent and fair manner</b>
Key Actions	<ul style="list-style-type: none"> <li>• Alongside the Association's move to Sharepoint the creation of a centrally stored electronic contract register will be created and be include in reports to Board as required</li> <li>• Produce and publish the Annual Procurement Report on the Association's website</li> <li>• Procurement activity monitored by Senior Management Team to ensure continued good practise across the business.</li> <li>• Ensure transparency where a single supplier or unregulated procurement is required due to specific circumstances</li> </ul>

4.	<b>To effectively monitor and improve contractor and supplier performance</b>
Key Actions	<ul style="list-style-type: none"> <li>• Ensure KPI's are included in all key contracts and that these are regularly monitored and poor performance challenged</li> <li>• Carry out post-inspections of all works</li> <li>• Issue customer satisfaction surveys for all works and monitor and report on outcomes</li> <li>• Ensure customer feedback and input is sought when procuring contracts delivering frontline services</li> </ul>

## 6. Expenditure

6.1 AHA Ltd spend approximately £11M annually on goods and services from over 234 suppliers.

6.2 A breakdown of where AHA Ltd spends its money, and procures works, goods and services is shown in the following chart(financial year 2022/23):



6.3 Clearly the Largest element of our expenditure is across component replacements and repairs and maintenance. Financial years 2021/22 and into 2023 have proved to be the most challenging the sector has seen due to unprecedented levels of inflation and rising interest rates. Significant increases in materials costs and a reduced labour market has resulted in fewer companies tendering for work and tenders obtained being significantly higher than anticipated. We have worked closely with existing supplier to ensure contracts remain viable and reduce any impact on service delivery.

## 7. Meeting Procurement Obligations

This section documents our approach to meeting the mandatory requirements of a strategy defined within the Procurement Reform (Scotland) Act 2014.

### 7.1 Achieving our Purpose

Regulated procurements are delivered by relevant Managers across the Business. Prior to any procurement the appropriate routes to market are considered and approved by the relevant Director and in the cases of larger procurements the Senior Management Team. This ensures that our Procurement activity is aligned to delivering our Homes, People and Customer Care strategies.

### 7.2 Delivering value for money

Value for money as defined by the Scottish Model OF Procurement is not just about cost and quality but the best balance of cost, quality and sustainability.

Value for money will be considered on a case by case basis, whilst ensuring consistency and transparency in procurement activity, as well as the whole-life cost of each procurement in a clear, transparent and appropriate manner. This will always be undertaken in line with the fundamental principles of transparency, equal treatment and non-discrimination.

Delivery a quality service for our customers is a priority for us at Almond and we strive to do this by ensuring our specifications deliver our customers expectations.

Closely monitoring KPI's and expenditure by contract alongside regular benchmarking with our peer's allows us to ensure we are delivering value for money.

### 7.3 Requirement to treat relevant economic operators equally and without discrimination

In line with the Equality Act 2010 and the Equality Act 2020 (Specific duties) (Scotland) Regulation 2012, AHA considers equalities throughout it's procurement activities and complies with the legislation. Procurement documentation is drafted in plain English to prevent any ambiguity regarding requirements.

Planned procurements are delivered with appropriate timescales to minimise the burden of tenderers and maximise participation from potential supplier.

Where appropriate consideration is given to breaking contracts into smaller lots to allow Small and Medium Size operators (SME's) to be utilised.

Suppliers will be required to provide their equalities policies as part of the procurement exercise.

### 7.4 Duty to act in a transparent and proportionate manner

It is important that we comply with legislation and our procurements are carried out in an appropriate manner, To ensure this is the case we will maintain a Contract Register, prepare contract strategies for each project, ensure compliance with our policies and procedures and have our Contract Strategy and annual report available via our website.

We will engage with the local supply chain on an ongoing basis and facilitate further collaboration with other RSLs, public sector bodies and suppliers where possible.

Public Contract Scotland will be utilised to advertise contracts and where support is required to by a local SME to register as a supplier we will look to provide this.

We will ensure that contract requirements are proportionate and will not unfairly penalise SME's, in particular requirements around annual turnover, insurance cover and resources should be proportionate to the to the sizes and complexity of the contract being procured.

#### **7.5 Consulting and engaging with those affected by its procurements**

Many of our contracts involve front line services to our customers and the quality of that delivery as well as the costs ultimately will impact them.

We will utilise our existing tenant consultation frameworks to seek feedback regarding the proposed service being procured where appropriate. The requirement for customer consultation will be determined by the type and size of contract being procured.

#### **7.6 Payment of a Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements**

As a minimum AHA would expect contractors and supplier to pay the Living Wage and clarification of this requirement is requested as part of the tender process.

#### **7.7 Community benefits**

We will ensure that Community Benefit is imbedded in all appropriate contracts. In delivery of the Community Benefits we will ensure that this compliments the work being carried out by our Community Engagement Officer and the Community Groups delivering projects in Livingston.

Delivery of Community benefits will be monitored centrally and outcomes included in the annual procurement report.

#### **7.8 Health and Safety**

Health and Safety is of paramount importance to the Association and any contractors or suppliers that enter into an agreement with the Association must fully comply with relevant health and safety regulation and legislation. Compliance will be assessed as part of the procurement process

#### **7.9 Procurement of fairly and ethically traded goods and services**

We support the sourcing of goods and services which were fairly and ethically traded. Assurances in relation to this will be sought as part of the procurement process.

## 8. Monitoring / Review

8.1 The delivery of the strategy objectives will be monitored and measured as follows:

<b>Strategy Objective</b>	<b>Measurement</b>	<b>Target /Action</b>
To ensure value for money is being achieved alongside delivery of high quality services	Reporting and contract KPI's and tenant satisfaction	KPI targets are contract specific and KPI's around satisfaction are approved annually by Board and monitored monthly by SMT
Ensure sustainability and governance are embedded in our procurement activities	Reporting	The Association will prepare a framework for central recording of ESG
Ensure all procurement activity is carried out in line with Almonds Procurement policy and legislative requirements in a transparent and fair manner	Reporting to Board and centralised/monitored contract register	Bi-annual report provided to Board
To effectively monitor and improve contractor and supplier performance	Reporting and contract KPI's and satisfaction surveys	Surveys of customers or staff to review contractor or supplier performance

8.2 The strategy will be updated annually to reflect legislative and market changes and proposed work and a full review will be carried out in 2026.

8.3 Annually the Association will publish a Procurement Report on it's website, The report will be structured as follows:

The following table provides the sections required in the annual procurement strategy extract that has to be published on the AHA Ltd website annually.

Section	Title
1	Contents
2	Introduction
3	Summary of Regulated Procurements Completed
4	Review of Regulated Procurement Compliance
5	Community Benefits Summary
6	Supported Business
7	Future Regulated and Unregulated Procurements

8.4 The planned procurements for financial years 2023/24 is included in Appendix A of this document

## 9. Policies and Procedures

9.1 This strategy is linked to the following AHA Policies and Procedures

Procurement of Goods and Services Policy

Contract Management Procedure

Quotation and tender Procedure

Risk Management Strategy

## 10. Risk Management

10.1 AHA manage risk in line with our risk management strategy, Strategic and Operation risks are reviewed quarterly. The challenging financial climate over the last few years and particularly within financial year 2022/23 has resulted in an increased in risk in relation to procurement, contract management and ultimately service delivery. Where possible we have looked to mitigate the risks from rising costs, reduced labour and contractor market and supply chain challenges.

## 11. Equality, Diversity & Inclusion

11.1 Almond aims to ensure that equality, fairness, dignity and respect are central to the way we work and how we treat our customers. We support diversity and uphold equal opportunities in all areas of our work as an employer and service provider.

11.2 Almond will not discriminate against tenants, staff, visitors, suppliers or others based on their age, sex, sexual orientation, race, disability, religion or belief, marital status, pregnancy and maternity or gender reassignment (collectively referred to as 'protected characteristics' in the Equality Act 2010).

## 12. Data Protection

12.1 Our policies and procedures foster an approach of 'data protection by design and by default'.

What this means in practice is that:

- Policies and procedures consider data protection issues, ie how to protect the data subject served by the policy or procedure;
- New systems, services, products and business practices involving personal data are designed and implemented to ensure personal data is protected by default;
- That the Data protection principles and safeguarding of individuals' rights (such as data minimisation, pseudo anonymisation, and purpose limitation) are clear in the policy or procedure;
- And that if the policy or procedure aims to provide service to vulnerable groups (e.g. children) that the personal data is treated with extra protection.

What this requires users of this policy to do is:

- Make sure that staff understand why data protection is important for the implementation of this policy, for instance via training or by reading the data protection policies;
- If we are undertaking a review of the policy, change to process or change to system, that we must consider doing a Data Protection Impact assessment, if the change is likely to result in a high risk to individuals.
- It is also good practice to do a DPIA for any other major project which requires the processing of personal data.

We will consult our data protection officer, if there is doubt over these requirements.

### 13. Responsibilities Chart

13.1 AHA Ltd's Director of Asset Management will lead on the implementation of this strategy. Progress on the key strategic objectives will be monitored by the Senior Management Team.

13.2 A report against progress on the strategy will be provided to Board bi-annually and a report on performance against the strategy will be delivered annually in April and published on our website.

Our Director of Asset Management, Iona Taylor can be contacted by email [iona.taylor@almondha.org.uk](mailto:iona.taylor@almondha.org.uk).

	Board	SMT	Director of Asset Management	Managers	AHA colleagues
To set the Procurement Strategy	✓	✓	✓		
To ensure a Procurement Strategy is in place	✓				
To Implement the Strategy			✓	✓	✓
Deliver Strategy			✓	✓	✓
Ensure regular training activities are carried out			✓		
Ensure Almond H A staff have an understanding of the Strategy		✓	✓	✓	✓
Strategy Review			✓		
Ensure Strategy Reviewed	✓				

### 14. Appendices

Appendix A – Planned Procurement 2023/24