

Cloch Housing Association Ltd

Procurement Strategy

April 2024 – March 2025



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1. INTRODUCTION

Cloch Housing Association is a public contracting body in terms of Section 15 of the Procurement Reform (Scotland) Act 2014. The Act states that:

“A contracting authority which expects to have significant procurement expenditure in the next financial year must, before the start of that year prepare a procurement strategy setting out how the authority intends to carry out regulated procurements.”

The Act goes on to state that:

“An authority has significant procurement expenditure in a year if the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5,000,000.”

The Public Contracts (Scotland) Regulations 2015

The table below lists updated contract value thresholds, to be applied by Contracting Authorities when considering from **1 January 2024** onwards, whether they must comply with the Public Contracts (Scotland) Regulations 2015. The threshold values used to determine whether a public contract falls within the scope of the Scottish public procurement regulations are updated every two years to ensure that they remain aligned to the threshold values set by the World Trade Organisation's Government Procurement Agreement.

The way the value of a contract is estimated for the purpose of determining whether that contract meets or exceeds the new threshold values changed. **From 1 January 2022 VAT, where applicable, must form part of the calculation.** The standard rate of VAT (currently 20%) should be used to avoid underestimating the contracts value unless the Contracting Authority is able to demonstrate that a lower (or nil) rate of VAT applies to a contract.

Contracting Authority	Public Contracts for	New Threshold (gross 20% VAT)	Indicative Value (net of VAT)
Registered Social Landlord	Supplies or Services	£214,904	£179,087
	Works	£5,372,609	£4,477,174

The Procurement Reform (Scotland) Act 2014

This Act imposes separate procurement obligations for contracts with values above the following thresholds. **The method for calculating the estimated contract value under this Act has not changed and remains exclusive of VAT.**

Contracting Authority	Public Contracts for	Threshold (net of VAT)
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Registered Social Landlord	Supplies or Services	£50,000
	Works	£2,000,000

Action Required

For procurement processes which commence on or after 1 January 2024 contracting authorities must:

- Apply the revised thresholds laid out above.
- Consider VAT when calculating the estimated value of a procurement for the purposes of determining whether that contract meets or exceeds the new threshold values.
- When calculating the total value of the contract, all lots and contractual options should be included in that calculation.
- When completing relevant forms on PCS which require an estimated contract value to be quoted, VAT must be excluded from the value.

2. CONTEXT OF CLOCH HOUSING ASSOCIATION

Guidance from the Scottish Government is that contracting authorities should be encouraged to have a procurement strategy even when regulated procurement is likely to be below £5m. Cloch will endeavor therefore to always have a strategy in place regardless of the volume of regulated procurement activity.

This procurement strategy covers the period to 31st March 2025. At that time, an annual procurement report will be produced outlining how the aims and objectives of the strategy have been met. During the period of this strategy, we expect to be involved with the following procurement activities. Note that estimated contract values are only for the initial contract term and not inclusive of the optional extension periods.

Works / Services	Estimated Contract Value (inc VAT) (£)	Procurement Details
Kitchen and Bathroom Renewals	£1,150,860	Term: 2 years Route TBC: I-Flair or Open Tender Process
Gas Boiler Renewals	£778,345	Term: 2 years Route TBC: I-Flair or Open Tender Process

Passenger Lift Upgrade – 58 Regent Street	£109,300	Single Works Contract Open Tender Process
Window Replacements	£882,860	Term: 2 years Route TBC: I-Flair or Open Tender Process
Landscape Maintenance Contract Renewal	£229,600	Term: 2 years plus 3 x individual 12-month extension options Open Tender Process *Tender notification November /2023*
Discretionary garden tidy scheme	£18,000	TBC
Close Cleaning Contract Renewal	£204,430	Term: 2 years plus 3 x individual 12-month extension options Open Tender Process *Tender notification 26/1/2024*
Office Heating & Hot Water System Renewal	£160,000	Single Works Contract Open Tender Process
Office – Flat Roof Renewals	£15,000	Single Works Contract Open Tender Process
Close Door / Door Entry System Upgrades	£30,560	Term TBC Open Tender Process
Malfunction Device Contract Renewal (photocopiers / printers)	£10,000	Term: 4 years Procurement Route: TBC (framework or Quick Quote via PCS)
Housing management System Renewal	£175,000	Term: 4 years with option for 12 month rolling renewal Procurement Route: TBC (framework or open tender on PCS)
TOTAL	£3,763,955	

Due to the uncertain current financial climate and in particular the requirement to still provide affordable rent in comparison to the high costs currently being realised when tendering for works, this has impacted on the reduced procurement values for the highlighted works. A final decision on tendering and or award on all the contracts detailed above will be taken during the financial year based on either the availability of competent contractors or costs identified after tender in comparison with available budgets.

The total anticipated value for all planned procurement for works or service awarded after 1 January 2024 for completion by 31 March 2025 is approximately **£3,763,955**.

3. ACHIEVING OUR AIMS AND OBJECTIVES

The Association's vision is:

'Homes and services which exceed customer expectations delivered by a strong and resilient organisation'.

Our Strategic Business Objectives as detailed in our Business Plan 2023-2026 which link to this strategy are as follows:

- Strategic Priority 2: Strengthen our approach to asset management.
- Strategic Priority 3: Improve the environmental appeal in our communities.
- Strategic Priority 4: Meet national energy efficiency targets.
- Strategic Priority 6: Explore employability and training opportunities.
- Strategic Priority 7: Enhance our 'wider reach' within the community.
- Strategic Priority 12: Demonstrate value for money in delivering maintenance services.
- Strategic Priority 23: Embed a value for money approach.

Regulated procurements can only be made on Most Economically Advantageous Tender (MEAT) terms. Individual awards will not be made on price alone. Assessments will have due regard to both cost effectiveness and quality to obtain the best outcome for the Association.

An in-house Contract Manager will be designated for each contract and their role will be to ensure that the procurement process, tender preparation, appointment of any relevant contract supervisors, architects etc., relevant CDM preparation and any internal or external consultation is carried out prior to works starting.

The Contract Manager will ensure that the contract is delivered in line with the approved budget and the objectives contained within Cloch's business plan, and in accordance with the Procurement Reform (Scotland) Act 2014. The Contract Manager will develop a set of clear and measurable outcomes for each contract and ensure that these are met during the delivery of the contract. Progress of the contracts will be

reported to the respective Sub Committee, when ongoing. However, a summary of these will be reported on in our annual procurement report which will be received by the Board and published.

4. VALUE FOR MONEY

Most of our regulated contracts will be procured via existing frameworks to which we have access to and are members of; these are mainly I-FLAIR, Procurement for Housing, Scotland (PfHS), and Scottish Procurement Alliance (SPA). In these cases, relevant value for money issues were addressed prior to framework appointment. Utilising the frameworks is not always a simple call-off and can lead to “mini-competition”. In our I-Flair framework, the balance of quality and price is 30% quality and 70% price; however, in other circumstances we may choose to either amend the ratio, or the question sets to make up the quality.

Any directly procured contracts will be advertised openly on the Public Contracts Scotland portal. The balance of price and quality and the scoring criteria to be applied will be set out clearly in the contract documentation.

Life cycle costings are used by the Association for major component replacement to ensure that value for money is delivered over the course of the contract. Our programme covers 30 years and is used to determine budget spend as well as influence contract specifications – window types, kitchen types, boiler types etc. all have a lifespan yet can differ dependent on quality – these are decisions which are taken both in our Asset Management Plan and in our contract considerations.

5. EQUALITIES & NON-DISCRIMINATORY PRACTICES

Our approach to regulated procurements will be to treat tenderers fairly, equally and without discrimination and this in turn, should encourage greater competition, innovation and reputation.

For all directly procured contracts we will advertise contracts at each relevant stage on the Public Contracts Scotland Portal (PCS) and in the Find a Tender Service (FTS).

We will use clear and precise language in our contract documentation and endeavour to use electronic communication at all stages of the procurement process. We will ensure that any questions relating to the procurement are logged in the questions and answers section of the portal, responded to timeously and copied to all potential tenderers.

We will promote transparency and proportionality in our procurements to ensure we are operating in an open manner. We will use the PCS portal as much as possible and use the Q&A facilities which will ensure that all parties are simultaneously updated with

additional and new information. All contract documentation will be uploaded directly to the portal and all prequalification and tender returns will be managed via the portal's post box. Contract award notices will be lodged on the portal and feedback requests from unsuccessful tenderers will be responded to timeously.

6. SUSTAINABLE PROCUREMENT DUTY

All works and major service contracts will reflect a commitment to the use of sustainable materials and energy and waste management. This requires us to consider, before we start a procurement, how we might:

- Improve the economic, environmental and social well-being of our area;
- Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses, and
- Promote innovation.
- Aspire to meet the Energy Efficiency Targets set by the Scottish Government

The duty requires us to develop a robust achievable approach to sustainable procurement as above. It should be noted, however, that most of our regulated contracts will be procured as call offs or mini-competition tenders from a framework and this is exempt from the duty.

7. COMMUNITY BENEFITS

Cloch is committed to maximising Community Benefits and social, economic, and environmental value from its procurement activities. Under our procurement activity Contractors will be required to support our social, economic, and environmental objectives relating to participation in training and employment initiatives, supply chain initiatives and other Corporate Social Responsibility (CSR) contributions, where appropriate.

Through our involvement with I-Flair, we have a comprehensive Community Benefits Matrix which ensures that those contractors operating within the framework comply with relevant Community Benefits as determined within the schedule on I-Flair. This approach will also be adopted in other regulated contracts and will broadly operate on the understanding that the higher the value of the contract the more contribution will be expected for Community Benefits – this can extend from promoting an event through to employing apprentices.

Community Benefits will be reported in our annual procurement report.

8. CONSULTATION & ENGAGEMENT

Cloch engage with our customers in a variety of ways using for example, focus groups, complaints information and satisfaction surveys after our contracts to understand our customer's views on our products and services. The results of these are fed into our decision-making processes on procurement in terms of quality of specification and

customer experience of contractors. Where possible we will hold open days to engage tenants and residents on each contract – for example, kitchen unit choices, painting choices, discussions about roof redesign and retrofit solutions. Again, this will feed into our procurement processes.

9. LIVING WAGE COMMITMENT

Cloch is a living wage accredited employer and will encourage contractors appointed through its procurement process to also become living wage accredited employers. This will be considered through the quality aspect of tenderer returns.

10. HEALTH & SAFETY

All consultants and contractors will be required to demonstrate the highest commitment to health and safety before being considered for work.

The potential Health and Safety risks relevant to each contract will be analysed and assessed by the Contract Manager before the contract is advertised. Where we have specific concerns relating to an impending contract, we will ask tenderers to detail as part of the procurement process how they will deal with these concerns through the course of the contract. Contractors will be required to respond to specific risks and provide risk plans and method statements outlining proposals for managing health and safety during the contract term. This should be detailed as part of their tender return. The response to Health & Safety compliance will form a score within the quality assessment of the procurement process.

Monitoring of compliance with Health and Safety requirements during the contract terms will be the responsibility of the Contract Manager or Principal Designer where the Construction (Design and Management) Regulations 2015 apply. Health and Safety will be a standing agenda item at all site and progress meetings. All contractors will be required to disclose both at the meetings and to the Contract Manager any near misses, concerns, incidents or new identified risks.

In summary, Cloch will promote compliance by its contractors with the Health and Safety at Work Act 1974 and any provision made under that Act by ensuring that all Health and Safety documentation, risk assessments and processes relevant to the contract are in place before the award of the contract. We will require all tenderers to provide evidence to demonstrate that they comply with current Health and Safety legislation and to provide details of how they actively promote and manage good health and safety practice, for example through toolbox talks, training to staff, communication briefings etc.

11. FAIRLY TRADED GOODS

As part of our procurement process, we will consider the wider implications of our activity and how, by including fair and ethical requirements we can promote fairness and dignity across the local and wider economy. To achieve this, we will ensure that contractors comply with environmental, social and employment law – this will be in the contract conditions.

12. PROCUREMENT OF FOOD PROVISION

None of our regulated procurements during the period covered by this Strategy involve the provision of food.

13. PROMPT PAYMENTS

All public bodies have a legal duty to pay commercial debt within 30 days and the UK Late Payment Directive allows our contractors to claim interest and recover costs if invoices are not paid on time. Our invoice processing system is set up to ensure this happens. The Contract Manager is responsible with the Finance Director for ensuring that invoices are paid on time.

14. ANNUAL PROCUREMENT REPORTING

Our annual procurement report will provide detail to the Board on the procurement activity of the previous year and future procurement opportunities outlining outcomes, community benefits, difficulties and any changes required to policy.