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CLYDE VALLEY GROUP

PROVIDING HOMES | SHAPING COMMUNITIES

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# Procurement Strategy

December 2016 to  
December 2018

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**Clyde Valley Group  
Procurement Strategy**

Contents

1.	Introduction.....	3
2.	Purpose of the Strategy .....	3
4.	Objectives and Benefits .....	4
5.	Managing Procurement.....	4
7.	Value for Money.....	6
8.	Risk Management.....	6
9.	EU Procurement Directives (the EU thresholds) .....	6
12.	Avoiding Conflict and Fraud/Bribery.....	9
13.	Equality.....	9
14.	Community Strategy and Regeneration .....	9
15.	Sustainability .....	10
16.	Procurement Responsibility and Delegation.....	10
17.	Consultation and Engagement.....	12
18.	E-Procurement.....	12
19.	Review of Procurement Strategy and Procedure Manual .....	12
	List of Regulated Procurement Contracts .....	13

## 1. Introduction

- 1.1 Procurement is a high value activity within the Clyde Valley Group that has a critical impact on its performance and success. The Group currently spends a significant amount of its resources each year on revenue goods, works and services, and capital investment.
- 1.2 Procurement is defined as the process of acquiring goods, works and services and this strategy outlines the approach to be taken by buyers within the Group in order to obtain maximum value for money from everything we buy and all the services we provide to our customers.

## 2. Purpose of the Strategy

- 2.1 This document aims to ensure that procurement planning reflects the Clyde Valley Group's aims and objectives. This strategy therefore will provide an opportunity not only to co-ordinate current processes but will also provide a clear pathway for identifying and acting on improvements to ensure that value for money is being obtained consistently when goods and services are purchased and that where relevant, the Group fully complies with obligations around all procurement legislation.
- 2.2 The overall aim of the strategy is to maximise the benefits of procurement and make a positive impact on customers and service users, supporting the Group's strategic aims.

## 3. Fit with Legislation, Corporate Policy and Strategy

- 3.1 The fit between this Strategy and the Group's corporate policy and strategy is considered below in the context of links to other relevant policies and legislation:

This policy seeks to comply with:

- EU Procurement Directives
- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement & Commercial Improvement Programme (PCIP)
- Scottish Model of Procurement
- Risk Strategy
- Standing Orders and Delegated Authority Policy
- Whistleblowing Policy
- Gifts and Hospitality Policy
- Payments and Benefits Policy
- Fraud, Bribery and Money Laundering Policy

- 3.2 This Policy is implemented through our Procurement Manual which provides detailed guidance on all aspects of the Group's procurement.

- 3.3 Our Corporate Plan details our Vision, Values and Strategic Themes and how they cascade to a series of Ambitions. Those relative to this Strategy are:

Innovation	We will look for innovative solutions to resolve problems, deliver positive outcomes and achieve value for money.
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## **4. Objectives and Benefits**

4.1 The objectives are to outline the role that all procurement activity will play in the delivery of the Group's Aim and Priorities as follows:

- To evaluate and improve current procurement practices to achieve better value for money and to ensure customer needs are met.
- To ensure good practice examples are identified and applied consistently across the organisation.
- To align procurement activities with other strategies adopted and to ensure that corporate objectives are addressed.
- To ensure that current and future procurement activities are planned, monitored, and reviewed effectively.
- To identify opportunities for working with others, both public and private sector, in order to widen the scope for maximising purchasing power and identifying innovation.
- To ensure that, where relevant, procurement practices are fully in compliance with obligations under EU Procurement and Scottish Procurement legislation.

4.2 In taking this strategy forward, the Group can expect to realise the following benefits:

- Improved value for money.
- More efficient procurement procedures.
- Effective partnership to be developed with suppliers.
- Benefits for the local economy.
- Effective collaboration to be developed with other service providers, across a variety of sectors.
- Better, risk management for strategic procurement.
- Better project planning.
- Integration with the Group' overall aims and objectives.

## **5. Managing Procurement**

5.1 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 goods and services.

Figure 1: Range of Risks

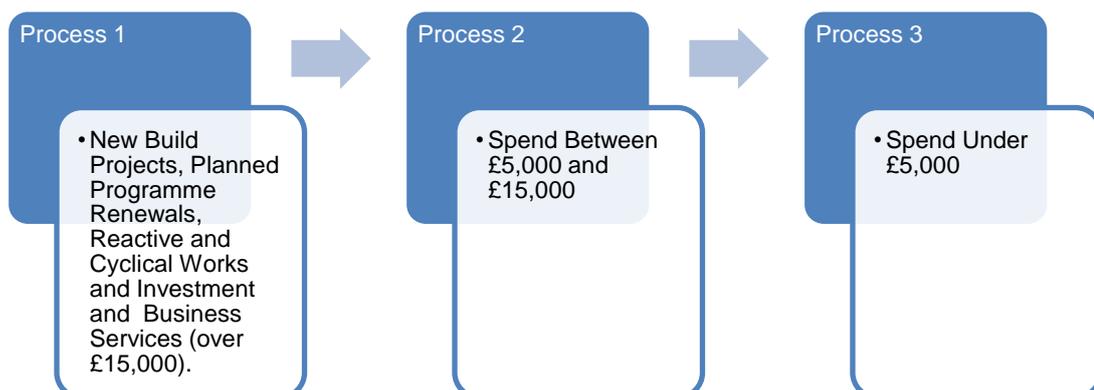
↑ Increasing Risk	<b>Bottleneck</b> (Low value but significant impact)	<b>Strategic</b> (Large Capital Development Projects)
	<b>Routine</b> (Stationery)	<b>Leverage</b> (Utilities, IT Equipment)
	Increasing Expenditure →	

- **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.

5.2 Most things we buy and services we deliver fit into one of the four categories in the risk/expenditure matrix and the Procurement Manual will be written so that for whatever the buyer is procuring there is a process to follow which ensures they are obtaining value for money for the Group.

## 6. Procurement Processes

6.1 As detailed above, overall the Group has 3 Procurement Processes and these are detailed in the chart below:



- 6.2 No supplies or services should be broken up or divided to avoid any tendering or quotation process.
- 6.3 Regulated Procurement – a summary of the Group’s regulated procurements is available at Appendix One.

## **7. Value for Money**

- 7.1 The Group is fully committed to improving the economy, efficiency, and effectiveness of all its activities. All procurement of goods, works and services will be based on value for money principles, having due regard to propriety, regularity and the Group’s legal obligations.
- 7.2 The Group will take full account of the needs of customers, both internally and externally in purchasing goods, works and services.
- 7.3 The Group promotes economy, efficiency, and effectiveness in its expenditure and it will seek to ensure that competition supports this, where appropriate. Goods, works and services will be purchased in a mixed economy of suppliers from the public, private, voluntary and community sectors, according to which supplier best delivers on the value for money test.

## **8. Risk Management**

- 8.1 The Group’s Risk Management Strategy has been developed to make sure that risk to the Group, and the customers it serves is properly recognised and managed. In all its procurement dealings, the Group will identify risks, evaluate their potential consequences, consider possible opportunities, and manage those risks effectively, at every stage of the process.

## **9. EU Procurement Directives (the EU thresholds)**

- 9.1 The EU Procurement Directives promote open competition for European public contracts to support the free market and help ensure value for money in public purchasing. This applies to the procurement of goods, materials, works or services. The EU thresholds currently are:

Services Contracts - £164,176

Supplies Contracts - £164,176

Works Contracts - £4,104,394

- 9.2 If the estimated value of a contract is equal to or greater than the relevant threshold, then that contract will need to be publicly procured in accordance with the terms of the Regulations.
- 9.3 Contracts with an estimated value below the thresholds set out in the Regulations may still need to be publicly procured in terms of the Procurement Reform (Scotland) Act 2014 and details of the terms of this Act are set out below.
- 9.4 The Group’s tendering and award procedures must strictly adhere to the provisions of the Regulations (and all subsequent or relevant legislation pertaining to procurement).

- 9.5 In terms of guidance, where a proposed contract contains elements of both supplies and services, the classification should be determined by the respective values of the two elements. Where it covers works/supplies or works/services, it should be classified according to the predominant purpose. In the event of the classification not being clear, the Group shall seek appropriate guidance and determine the matter.
- 9.6 In determining whether a contract price is likely to exceed the EU thresholds, the “aggregation” rules should be considered. For example, where a single works involves more than one contract the estimated value of all the contracts must be aggregated to decide whether the threshold is reached. Where the threshold is reached each of the works contracts will be covered by the Regulations.
- 9.7 The aggregation rule also applies to contracts for goods and services which must not be artificially split in order to avoid the threshold being achieved.

#### **10. Contracts below European threshold value (effective 18 April 2016)**

- 10.1 Where it has been determined that the Regulations do not apply to a contract because its value is below the relevant threshold of the Regulations, the contract may still need to be publicly procured in term of the Procurement Reform (Scotland) Act 2014 (the “Act”) and advertised on the Public Procurement Website.
- 10.2 The thresholds under the Act applicable to the Group as a Contracting Authority are:
- Services Contracts - £50,000  
Supplies Contracts - £50,000  
Works Contracts - £2,000,000.
- 10.3 Contracts which have an estimated value equal to or above these thresholds and below the EU thresholds are subject to the provisions of the Act and must be approved by the relevant Director.
- 10.4 Any contract with an estimated value which meets or exceeds the above thresholds will need to be procured in terms of the Act. In addition, the Group will need to comply with the sustainable procurement duty under the Act before carrying out a tender exercise.
- 10.5 This duty requires the Group to consider how the procurement might:
- improve the economic, social and environmental well-being of the Group’s local area; promote innovation; and facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses.
- 10.6 There are exceptional circumstances in which quotations or tenders shall not be required where the contract is for the procurement of supplies, works or services, including:
- where the contract may only be awarded to a particular supplier for technical or artistic reasons or where there are exclusive rights in respect of the required supplies, services or works; or
  - where the Group has already entered into a contract with a supplier which requires additional works or services to be supplied and due to unforeseen circumstances cannot be provided to the Group separately from the original contract without causing major inconvenience due to technical or economic

reasons; or are strictly necessary for the later stages of the original contract, albeit they could be provided separately.

10.7 The above exceptions may only be relied upon in limited circumstances and you must obtain the approval of the Customer Services Director before relying on any such exception. A description of all contracts entered into (and where possible before completion) will be provided to the Customer Services Director who will keep a central contracts register.

#### 10.8. Sustainable Procurement Duty

10.9 In compliance with the Act the Group will give consideration to the environmental, social and economic issues relating to all regulated procurements and how benefits can be accrued, on a contract-by-contract basis by taking proportionate actions to involve SME's, third sector bodies and supported businesses in our procurement activities. This will be considered through a matrix as part of any contract documentation.

### 11. Definitions

11.1 The following definitions apply:

**Works:** this list includes all activity that would usually be regarded as works such as:

- site preparation;
- construction of new buildings and works;
- restoration and common repairs;
- Reactive Repairs;
- Gas Service, boiler changes and installations (mixed contract);
- civil engineering works (for example, roads and bridges);
- building installations works such as electrical and plumbing installations; and
- building completion works (for example, plastering, joinery and painting).

**Services:** for the supply of services.

- Service of equipment e.g. central heating, fire alarms, lifts,
- Landscaping and grounds maintenance, a service procured in isolation;
- Quantity Surveyor, architect, engineer, employers agent and clerk of works.

**Supplies:** a public supply contract is a contract for the purchase, hire or lease of 'goods' and for any siting or installation of these goods where this is incidental to the supply.

11.2 Some aspects of the rules apply differently to contracts. This depends on whether the contract is for a work, service or supply. If you want to procure some combination of works, supplies and services, you will need to properly classify these so-called 'mixed' contracts.

11.3 Generally, you should classify contracts for a mix of goods/works/services according to the main purpose of the contract. For example, if your contract is mainly for the supply of services but you have also included some incidental works, then you should classify the contract as a services contract.

11.4 Any contract which combines design with construction will always be a works contract.

- 11.5 The Regulations provide a limited number of specific exclusions. Importantly for RSLs, these exclusions include contracts for the acquisition of land or any interest in land. For example, this exclusion will apply in circumstances where the RSL is acquiring land; and newly completed or existing dwellings.

## **12. Avoiding Conflict and Fraud/Bribery**

- 12.1 The Group is determined to ensure that its procurement decisions reflect and preserve the integrity of the organisation and are transparent. The Payments and Benefits Policy and Fraud, Money Laundering and Bribery Policy set out criteria and how the Group must conduct its business. Other measures are set out below to ensure openness and transparency.

- 12.2 The Group requires that all staff immediately alert their Director, and Board Members immediately alert the Chief Executive, to any attempt by any firm to influence a procurement decision by way of inducement or otherwise. Canvassing of staff or Board by any Contractor for any contract is expressly forbidden. Such actions are a serious breach of trust and as a result, following investigation, any contractor found to have behaved in such a manner will not be used by the Group and the Group will ensure that others seeking references concerning the contractor are made aware of such conduct. The Group will refer to the provisions contained in the Bribery Act to pursue such situations to the fullest extent possible. In addition the Association will consider any liaison required with the Scottish Housing Regulator in relation to Notifiable Events.

- 12.3 Contractors are similarly bound to alert the Group's Chief Executive and/or Chairperson immediately should any inducement be sought by any member of the Group's staff or Board. Such action is viewed as a serious breach of the Group's conditions of service for staff and Code of Conduct for Board members. Therefore, following investigation, such conduct may lead to disciplinary action up to and including dismissal in the case of staff and removal from the Board for Board Members. Again as previously, the Association will consider any liaison required with the Scottish Housing Regulator in relation to Notifiable Events.

- 12.4 All staff/Board will annually complete a Declaration of Interest Form noting any "close relationships" where they may be a conflict. These will be reported, along with suggested actions to Board annually. If circumstances change throughout the year then the Board/staff member should update the Customer Services Director immediately.

## **13. Equality**

- 13.1 The Group is committed to review services and policies to remove any discrimination and to ensure that the Group fulfils its duties in relation to equality. Procurement practice will reflect this commitment by encouraging relationships with contractors and service providers who are as equally committed to diversity.

- 13.2 The Group will use clear and precise language in all procurement documentation.

## **14. Community Strategy and Regeneration**

- 14.1 For all contracts, and specifically contracts valued over £4,000,000 the Group will consider whether to impose community benefit requirements before undertaking the procurement exercise.

- 14.2 In order to consider its contribution to community benefits and the sustainable procurement duty the Group will consider community actions or initiatives. For those contracts all suppliers will be asked to complete a Community Benefit Outcome Menu, with points awarded relative to actions. There will be minimum points required to Pass/Fail this aspect of the contract tender award and these are detailed below, which is dependent on contract value:

<b>Contract Value</b>	<b>Community Benefit Points Required</b>
Up to £250K	10
£250 - £400k	20
£400 - £750k	30
£750 - £1m	40
£1 - £2m	50
£2 - £3m	60
£3 - £4m	70
£4m>	80

- 14.3 Community benefit outcomes will meet the values and the Group's objectives. They will aim to benefit the Group's local communities and support third and voluntary sector organisations as well as social enterprises and charities.

## **15. Sustainability**

- 15.1 Criteria based upon the procurement of environmentally friendly goods, works, and services will be used in all purchasing decision making processes.

## **16. Procurement Responsibility and Delegation**

- 16.1 Implementation of this strategy requires clear functional responsibility to be assigned for procurement at both Board and staff level. An outline of the responsibilities and delegation is shown below.

### **16.2 Board Members**

- Adopting a Procurement Strategy ensuring it supports the achievement of the Group's Aim and objectives
- Overseeing procurement and contract management to ensure they are operating effectively.
- Making decisions in relation to value for money, risk management, and major contracts.
- Ensuring that key policies and strategies are being considered during the procurement process;
- Scrutiny through the Audit and Risk Committee.
- Challenging the progress of major procurement projects.
- Scrutinising strategic procurement contracts and reviewing their impact upon the community and staff.

- Ensuring that value for money is provided by all services and contracts.
- To ensure that, where relevant, procurement practices are fully in compliance with obligations under EC Procurement Rules.

### 16.3 Chief Executive

- Capacity building to ensure that organisational arrangements are in place to deliver the Procurement Strategy effectively.
- Making sure that those involved with procurement have the right skills in place to be able to deliver it effectively.
- Ensuring that option appraisal is robust and challenging.
- Maintaining an overview of corporate arrangements for procurement and ensuring they are operating economically, efficiently and effectively.
- Ensure value for money from procurement is achieved.

### 16.4 Directors

- Taking responsibility for procurement in their services, following the guidelines in this Strategy and the Procurement Manual.
- Ensuring that the relevant staff in their area have the right level of skills to deliver effective procurement.
- Monitoring of all procurement activity in their services.
- Project management and making sure an appropriate project plan is in place and resourced.

### 16.4 Customer Services Director

- Co-ordination of Group wide procurement as per strategy and procurement manual.
- Development and review of procurement processes and procedures.
- Record and log all procurement activities.
- Develop value for money strategy and annual statement.

### 16.5 Budget Holders

Staff involved directly with the buying of goods, works, and services will be responsible for:

- Following procurement guidelines relevant to the level of risk associated to the goods, works, and services being purchased.
- Conducting relationships with suppliers and partners in an appropriate manner to promote the Group in a positive manner.

## 16.6 Procurement Areas

The Standing Orders and Delegated Authority Policy sets out procurement and authority areas and spend levels.

## 17. **Consultation and Engagement**

17.1 The Group will aim to engage, if appropriate, in relevant community and stakeholder consultation during procurement exercises.

## 18. **E-Procurement**

18.1 The Group fully supports the drive to e-enable procurement processes, including electronic ordering, invoicing and payments. The e-tendering service, Public Contracts Scotland must be used to publish notices for contract opportunities and the award of contracts for tender regulated by the Act or the Regulations.

## 19. **Review of Procurement Strategy and Procedure Manual**

19.1 In line with the requirements of the Procurement Reform (Scotland) Act 2014 the Strategy will be reviewed every 2 years and published on our website at [www.cvha.co.uk](http://www.cvha.co.uk).

19.2 Our annual contracts register will be available to view on the Public Contracts Scotland website.

19.3 In accordance with the Procurement Reform (Scotland) Act 2014 the Group will formally publish this strategy by 31 December 2016 and will notify the Scottish Ministers by sending an email to [ProcurementStrategies@gov.scot](mailto:ProcurementStrategies@gov.scot) with a copy of this Strategy.

**Procurement Strategy**  
**List of Regulated Procurement Contracts**

<b>Contract Works or Services</b>	<b>Current Contract Start Date</b>	<b>Contract End Date</b>	<b>Responsibility</b>	<b>Procurement route</b>	<b>Approximate Value</b>	<b>Notes</b>
Term Maintenance Contract	23 July 2015	22 July 2019	Investment Director	OJEU notice /public contracts Scotland	£1.3m per annum	4+1 year contract.
Cleaning Services	1 February 2016	31 January 2018	Customer Services Director	OJEU notice /public contracts Scotland	£70,000 per annum	2 year contract
Legal Services – All Areas	2 February 2009	Ongoing	Customer Services Director	OJEU notice /public contracts Scotland	£150,000	
Insurance Services	1 April 2014	31 March 2019	Customer Services Director	OJEU notice /public contracts Scotland	£200,000 per annum	3+2 year contract.
External Audit Services	1 April 2014	31 March 2019	Finance Director	OJEU notice /public contracts Scotland	£50,000 total for 3 years	
Landscape Maintenance	3 April 2017	2 April 2020	Investment Director	OJEU notice /public contracts Scotland	£210,000 per annum	3+1+1 year contract.
Gas Servicing and Reactive	8 November 2010	9 November 2017	Investment Director	OJEU notice /public contracts Scotland	£400,000 per annum	
Gas Heating Installations	8 December 2014	8 December 2017	Investment Director	OJEU notice /public contracts Scotland	£340,000 per annum	
Quantity Surveying/ Consultants	17 August 2012	17 August 2017	Investment Director	OJEU notice /public contracts Scotland	£20,000 per annum.	
CDM-C	17 August 2012	17 August 2017	Investment Director	OJEU notice /public contracts Scotland	£56,500 per annum.	
Kitchens & Whole House Rewires	4 August 2014	4 August 2017	Investment Director	OJEU notice /public contracts Scotland	£325,000 per annum.	3+1 year contract.
Medical adaptations	23 July 2015	22 July 2019	Investment Director	OJEU notice /public contracts Scotland	£160,000 per annum	4+1 year contract.
Electrical Inspection	10 May 2011	9 May 2017	Operations Director	OJEU notice /public contracts Scotland	£60,000 per annum	
Electrical Re-wire Only	10 November 2014	10 November 2017	Investment Director	OJEU notice /public contracts Scotland	£284,000 per annum.	3+1 year contract.

<b>Contract Works or Services</b>	<b>Current Contract Start Date</b>	<b>Contract End Date</b>	<b>Responsibility</b>	<b>Procurement route</b>	<b>Approximate Value</b>	<b>Notes</b>
Roof & Render	6 June 2016	30 April 2020	Investment Director	Competitive LHC OJEU compliant Framework	£420,000 per annum.	
Asbestos Inspections	5 September 2014	31 May 2018	Investment Director	Competitive LHC OJEU compliant Framework	£30,000 per annum.	
Asbestos Removals/Works	N/A	31 May 2018	Investment Director	Competitive LHC OJEU compliant Framework	£30,000 per annum.	Works allocated on call off basis.
Painter Work	7 January 2013	7 January 2017	Investment Director	OJEU notice /public contracts Scotland	£130,000 per annum.	
PVC-U Window and Doors	2013	31 July 2018	Investment Director	Competitive LHC OJEU compliant Framework	£470,000 per annum.	
Energy Efficiency and Refurbishment (Insulation Measures & Heating)	2015	30 April 2020	Investment Director	Competitive LHC OJEU compliant Framework	£320,000 per annum.	
Site Identification and Works Contract for New Supply Housing	2016	TBC	Investment Director	OJEU notice /public contracts Scotland	Will depend on size of sites identified.	Sites will only be delivered if matched to Council Local Housing Strategy