

Albyn Housing Society Limited

Procurement Strategy 2021

1. INTRODUCTION

This strategy has been produced to ensure compliance with relevant legislation and regulatory requirements and will support the implementation of the Albyn Housing Society Business Plan in our drive towards achieving our strategic objectives.

This document sets out the overarching principles of how Albyn will obtain and evidence value for money when purchasing goods and services. It should be read in conjunction with the Procurement policy.

The Procurement Reform (Scotland) Act 2014 (The Act) provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. This strategy has been prepared in the context of the Scottish Model of Procurement (see Figure 1) and Section 15 of The Act.

The Scottish Government's Value for Money triangle below sets out the Scottish Model of Procurement; it is not just about cost, but about the best balance of cost, quality and sustainability and continues to seek to improve capability in the sector through the public procurement reform programme.

Scottish Procurement

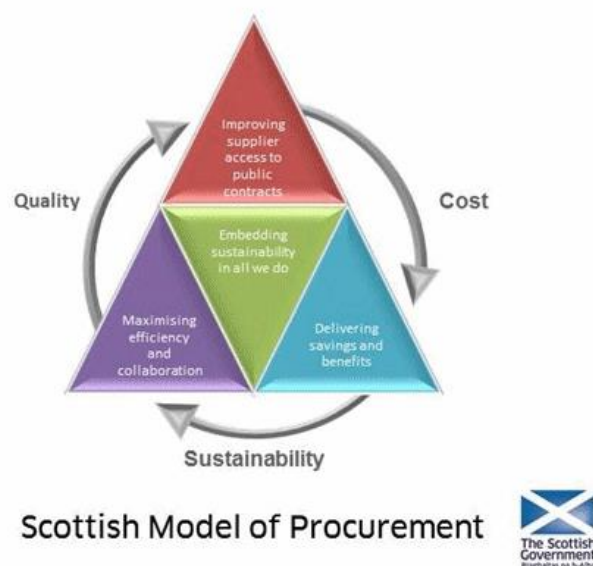


Figure 1: Scottish Model of Procurement (Scottish Government)

2. PROCUREMENT MISSION AND VISION STATEMENT

Albyn Housing Society's mission is "To provide affordable, high quality homes to people who need them". To achieve this, we need to ensure that this strategy provides strong procurement governance through knowledge, collaboration and communication to deliver best value in support of our business activities.

Our procurement vision is "to achieve best value through our procurement activities embedding sustainable procurement practices for the benefit of the organisation and our stakeholders".

3. CONTEXT

Albyn Housing Society is a Registered Social landlord (RSL), a registered Scottish Charity, and a Co-operative and Community Benefit Society under the Financial Conduct Authority.

We operate to generate a profit/surplus, through the implementation of our Business plans, reinvesting for our beneficiaries into our property and communities.

As a Social landlord of systemic Importance in the Scottish Highlands, we are the largest independent RSL in the area managing over 3,500 homes, across social rent, mid-market rental and shared ownership tenures.

Our Strategic Objectives are set out below:

- **Our homes** - We will provide high quality, affordable, sustainable, and energy-efficient homes by implementing an asset management strategy driven by tactical analysis of data and targeted investment
- **Customer experience** – We will streamline our customers' journey and improve customer satisfaction by developing a Customer Experience Strategy. Underpinning this strategy will be the successful implementation of Project Phoenix, delivering on our digital transformation agenda, to enable our customers more flexibility in how they interact with us by providing a suite of online services.
- **Our people** – Our working culture is respectful, effective, engaging, and inclusive and driven by our tenants' needs. We embrace agile and flexible working and the lessons we are learning from COVID 19, enabling cultural change, and driving the people agenda.
- **Our finances** – We will be efficient and effective stewards of our tenants' money and charitable resources to enable the delivery of affordable, quality services for our tenants. We will support the business to invest in stock improvement, systems, and our people.
- **Our partnerships** - We will use our expertise to influence social housing policy and develop partnerships across the Highlands that add value to our communities.

This strategy covers regulated procurement the period from 1 April 2021 to 31 March 2024 and is aligned to our Business Plan.

4. STRATEGIC PROCUREMENT AIMS, OBJECTIVES & KEY PRIORITIES

Our Procurement Policy details five key aims, this strategy identifies the objectives and key priorities required to deliver these aims and will ultimately contribute towards improving our homes, creating more places for those in need to live whilst maintaining rents at a level that our tenants can afford to pay.

- a) To set clear guidelines and methods by which the Society and its subsidiaries will procure works, services, or supplies.

We will achieve this by:

- Preparing and publishing a 3-year procurement strategy and reviewing it annually
- Preparing and publishing an annual procurement report
- Using Public Contracts Scotland to advertise all regulated procurement activities
- Ensuring all staff involved with procurement are familiar with the use of Public Contracts Scotland and The Procurement Journey and providing additional support to staff who infrequently carry out procurement activities
- Publishing a register of all regulated procurement activities
- Promoting and supporting procurement and supplier management training opportunities for staff and consultants working with us
- Participating in 'Knowledge Sharing' across the RSL sector

- b) To procure works, goods and services and award contracts that achieve value for money and meet the needs of the Society and its subsidiary companies.

We will do this by:

- Working with partner organisations to benchmark best value across a range of service
- Carrying out lifecycle costing to ensure we are taking into consideration the ongoing maintenance and replacement of items as well as the upfront purchase cost
- Improving consultant, contractor and supplier relationship management to streamline the delivery of our projects and services
- Ensuring goods, services and works are procured on the basis of the most economically advantageous tender
- Continuing to deliver a range of community benefits in both regulated and non-regulated procurement activities

- c) To promote and encourage partnership working in furtherance of the Societies core objectives

We will do this by:

- Seeking out opportunities with our partners to provide procurement support and undertake joint procurement where possible
- Taking opportunities to work with Scottish Government in the development of procurement capability across the RSL sector
- Investigating and utilising public and sector procurement frameworks

d) To promote community benefit and advancement

We will do this by:

- Considering all procurement options available including in house delivery, partnering, and competitive tendering
- Encourage the procurement of fair and ethically traded goods and promote the highest standards
- Promote the Living Wage and the adoption of fair work practices
- Promote compliance by contractors and suppliers with the Health and Safety at Work Act 1974
- Review our SME and local business engagement and utilization
- Engage with supported businesses and third sector bodies when considering procurement options
- 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 conditions.
- Increase market engagement by taking part in information sharing and promotion events

e) Contribute to the aims and objectives of Society or Subsidiary as detailed in the business plan

We will do this by:

- Ensure consistent application of the Procurement lifecycle
- Ensuring all procurement activity is carried out electronically and opportunities advertised openly
- Embedding KPIs and the regular review of them into the delivery of all contracts
- Ensure consistent application of contract management for use across all departments
- Maintaining and publishing the Society's Contracts Registers where necessary
- Publishing an Annual Procurement Report

5. BUILDING CAPABILITY

During 2020, the Society introduced a revised Procurement Policy which received Board approval. In building capacity in the understanding of the importance of undertaking procurement activity well, the Society's attention must be focused upon delivering a programme of procurement training commensurate with the requirements of individuals carrying out the job.

Workforce development will include the requirements set out in this strategy to support the acquisition of specific skills to undertake procurement activities well and to raise the profile of the importance and legislative background to procurement in a regulated environment.

6. IMPLEMENTATION

A range of activities have been identified which will allow us to achieve our aims and objectives. These are divided into the following areas covering three main elements:

- a) Strategy, Policy and Advice
- b) People and Organisations
- c) Processes and Systems

New Build Homes – The future

Albyn will continue to play an important role as a key delivery partner for the Scottish Government for new build within social housing. We will champion the on-going supply of high quality, affordable homes, where needed and integrate our ability to deliver into our development programme.

Albyn has recently invested significant resources into its delivery of a 750 strong building commitment across three years which will reduce to a planned level of 100 units per annum across the remainder of the business planning period.

Our programme will seek to promote the Scottish Government's ambitions within *Housing 2040* whilst maintaining a sustainable programme of improvement and maintenance to our existing stock.

Reactive Repairs

Over the next 5 years, Albyn will spend more than £10m on delivering a reactive repairs service. This includes routine, emergency, and void repairs to tenants' properties.

We will set out a full tender to establish a procurement framework for the delivery of this service, ensuring Albyn tenants receive a high-quality consistent level of service no matter where they live in the Highlands.

The procurement process will be carried out in the 2021/22 financial year with awards expected to be implemented for the 22/23 financial year.

IT Service provision

As part of the approval process for the Society's next ICT strategy, we will carry out a procurement exercise to secure the services of an IT Partner to assist in its delivery.

The ICT strategy approval is expected to be confirmed in 21/22 with the tender award expected in 2022/23.

Professional Services

We will continue to market test our core professional services as and when they reach the end of contractual lifecycles. These services include legal, audit and taxation and other consultancy arrangements.

Cyclical and Planned Repairs

Albyn delivers a programme of planned and cyclical maintenance and improvements across its stock portfolio, from component replacement to statutory testing and inspection. This programme represents a significant investment for the Society with over £27million planned to be spent in the next 5 year period.

In delivering this programme we will seek to utilize procurement framework and explore opportunities to work with others to secure best value for money.

Exploiting Digital Technologies

The quick pace of technology innovation is likely to increase yet further. we want to develop services that allow our customers to benefit from this and make sure than no customer is left behind. This will require customer insight, innovation and agile working with our technology providers and partners.

The roll out of our new Housing management System in 2021/22 will provide the basis for advancement of our digital technologies alongside our customer engagement strategy.

Community benefits

Albyn has a unique opportunity for making a positive difference in people's lives through the delivery of its mission. We will continue, through our approach to community benefits, to focus on ensuring that our procurement spend derives benefit for our customers and their families. This will require approaches tailored to particular customer and community needs across all areas of our patch.

Compliance with Procurement Legislation

The Scottish Government continues to promote a national programme of public sector procurement reform to drive continual improvement in procurement practice and we endorse and support that position.

This Strategy recognizes that Albyn and its subsidiaries, as a contracting authority are subject to the application of the legislative requirements which bind public procurement practice in Scotland namely:

- EU Directive 2014/24
- The Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016

It is further acknowledged that all procurement activity must conform to the processes and governance detailed in the Society Rules, Procurement Policy and contractual obligations.

The legislation has introduced additional requirements for contracting authorities to demonstrate transparency and equal treatment of suppliers. In order to increase transparency and treat all suppliers equally and fairly, Albyn have committed to undertaking all contractual requirements in accordance with agreed methodologies and maintain an audit trail throughout the process.

We will provide advice to Managers and budget holders on procurements that are low value, non-complex to support best practice.

7. RISK ASSESSMENT

Risk Management Policy Statement

Albyn is committed to maintaining the long-term health of the organisation in terms of financial stability, management of resources and the quality of service provision.

We recognise that risk is an inevitable part of our work. However, we will seek to proactively identify, understand and manage risk to encourage a responsible and informed approach to risk.

Effective risk management optimises the balance between risk and control. Our Risk management system identifies and monitors risks according to the following types of risks:

- 1) Strategic risk – those risks that impact on the achievement of long-term strategic objectives and may include the following sub categories:
 - Diversification
 - Regulation
 - Reputational
 - Growth
 - Demand
 - Competition
 - Financial
 - Implementation of Change
- 2) Operational risk – those risks that impact on the achievement of annual objectives and may include the following sub categories:
 - Health and safety
 - Business Continuity

The Procurement Strategy is a mitigation control against the following operational risks:

1. Procurement Risk

A assessment of risk should be carried out for each procurement exercise. This is designed to take into consideration the procurement not being compliant with the Strategy, the procurement regulations and the risk of challenge over the procurement exercise.

Procurement risk may be relevant during the renewal of an existing contract, a new contract, or a one-off procurement activity. In managing this risk, we will consider –

- Specialist or legal advice sought as part of the procurement process.
- The use of Joint procurement, using an externally procured framework
- The procurement route, whether unregulated, regulated, or OJEU

2. Contract Management Risk

As part of the appointment process and during ongoing contract review periods the contract management risk will assessed and may include the following sub categories:

- The financial stability of the supplier
- The staffing and capacity to manage the contract

- Albyn's capacity to manage the supplier
- The impact contract failure would have on the Society's ability to deliver its core services to tenants and customers
- The impact contract failure would have on the development programme
- The reputational risk to the Association of contract failure

8. MONITORING, REVIEWING AND REPORTING ON STRATEGIES

This strategy will be reviewed each year and will be reported to the Board for approval prior to publication.

As part of the reporting of implementation progress, we will produce an Annual Procurement Report on procurement activities following the end of the financial year. This will include reporting against the Mandatory Requirements of the Procurement Reform (Scotland) Act 2014.

The annual procurement report will include:

- A summary of the regulated procurements that have been completed during the year covered by the report;
- A review of whether those procurements complied with the procurement strategy;
- The extent to which any regulated procurements did not comply, including a statement detailing how the organisation will ensure that future regulated procurements do comply;
- A summary of community benefit required as part of a regulated procurement that were fulfilled during the year;
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the report period;
- A summary of regulated procurements expected to commence in the proceeding financial years