

Procurement Strategy



LINKGROUP

CONTENTS

1. INTRODUCTION	2
2. PURPOSE OF THIS STRATEGY	2
3. REGULATED PROCUREMENT	3
4. VALUE FOR MONEY	4
5. EQUAL AND NON-DISCRIMINATORY TREATMENT	4
6. TRANSPARENCY AND PROPORTIONALITY	5
7. REALISING SUSTAINABILITY	5
8. IMPLEMENTING COMMUNITY BENEFIT REQUIREMENTS	6
9. CONSULTATION/ ENGAGEMENT	6
10. THE LIVING WAGE	7
11. ENSURING HEALTH AND SAFETY	7
12. WORKING WITH SMES, SUPPORTED BUSINESS & THE THIRD SECTOR....	8
13. ENSURING PROMPT PAYMENT TO CONTRACTORS AND THEIR SUB- CONTRACTORS.....	8
14. ENSURING COMPLIANCE.....	8
15. REVIEW	9

1. INTRODUCTION

This procurement strategy, in line with the Link Group Business Plan 2016/17 – 2020/21, has been informed by and prepared pursuant to the Procurement Reform (Scotland) Act 2014 (the "**Act**") and the EU Directive 2014/24 on public procurement (the "**Directive**").

This strategy aims to equip Link Group Ltd and its subsidiaries ("**Link**") with the direction required to continue achieving the overarching goals of sustainable procurement, attaining value for money and being able to demonstrate appropriate standards of governance and accountability in relation to the expenditure of Link's funds. This strategy covers the period 2017/18.

The Act and Directive both address procurement's core aims of transparency, equal treatment and non-discrimination, and emphasise Link's key role in delivering innovation, sustainability and social justice.

Link is a 'contracting authority' for the purposes of the Public Contracts (Scotland) Regulations 2015 (the "**Regulations**") and the Act. The Regulations specify legal procedures which Link must follow when buying supplies (at the value of £164,176 or more), services (at the value of £164,176 or more) and works (at the value of £4,104,394 or more).

The Act introduces a separate procurement regime which applies when buying services and supplies valued at £50,000 or more and works valued at £2m or more ("**regulated procurements**"). Where a contracting authority has an anticipated annual spend of more than £5m on regulated contracts, the Act obliges it to prepare and publish a procurement strategy. Link anticipates that it will have such an annual spend and this strategy aims to fulfil that obligation.

2. PURPOSE OF THIS STRATEGY

The key themes supported by this procurement strategy include:

- encouraging small and medium-sized enterprises ("**SMEs**") to apply for Link's contracts;
- ensuring better efficiency, savings and value for money;
- ensuring equality through Link's processes;
- adding value for Link's tenants, customers, their communities and the wider local economy; and
- encouraging suppliers to work in a socially responsible manner.

The aim of Link is to deliver transparent and effective procurement services which offer best value, are legally compliant, follow best practice, align with Scotland's Economic Strategy and address the needs of Link's Business Plan 2016/17 – 2020/21.

Link will do this through working with tenants, customers and suppliers and ensuring it has a professional and capable team. Link will continuously improve and measure its progress through results from benchmarking, self assessment (with processes approved by the Scottish Housing Regulator), tenant led inspection, customer feedback processes, supplier involvement, quality and service delivery appraisal and where appropriate, external scrutiny, evaluation and accreditation.

Link has an existing procurement manual which is aimed primarily at operational staff who require day to day guidance on how Link should comply with procurement rules. This strategy aims to provide a higher level overview of Link's approach to procurement and to satisfy its obligations under the Act.

3. REGULATED PROCUREMENT

Link follows the 'Scottish Model of Procurement', using the Scottish Government's Procurement Journey as the basis for its policy and procedures. Procuring officers will always consider Link's functions, this strategy and the procurement manual at the outset of, and during, any regulated procurement activity. Link's procurement requirements will be discussed and agreed to ensure the most appropriate route is developed to meet its needs and ensure value for money is achieved. For regulated procurements procuring officers will design, develop and procure contracts that are fit for purpose, ensure value for money and are compliant with legislation.

Link may on occasion make use of joint procurements or frameworks such as Procurement for Housing or the Scottish Procurement Alliance but only where there is a clear benefit to doing so, such as increased value for money through economies of scale. Any framework used will be compliant with Link's general approach to procurement as outlined within this strategy.

Link will use this process for the majority of its procurement activity to open up the opportunity to suppliers (SMEs in particular) and reduce paperwork and timescales. Link's policy, where possible, is to advertise tender opportunities for regulated contracts, excluding VAT, on the national advertising portal, [Public Contracts Scotland](#), in order to make opportunities available to all potential suppliers. Link will always seek to ensure that clear outcomes are set out in contract notices. Link will award contracts on the basis of the Most Economically Advantageous Tender (MEAT), considering a balance between price and quality in all procurement decisions.

Link will ensure that regulated procurements are carried out in accordance with this strategy, as far as is reasonably practicable. Each regulated procurement will record details of how they have met the key standards of value for money, equality, sustainability, transparency, health and safety, community consultation, fair and ethically traded goods, fair working practices and community benefit and this information will be used to inform the Annual Report on procurement activities at the end of the financial year. All regulated procurements will also be monitored through KPIs and regular meetings with contractors throughout the life of the contract.

4. VALUE FOR MONEY

Link will always consider its functions, this strategy and the procurement manual at the outset of, and during, any procurement activity.

The balance of 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 in line with the fundamental principles of transparency, equal treatment and non-discrimination.

Procuring officers will use the flexibility afforded to Link by the value for money concept in order to consider priorities that are relevant to Link's particular area and the particular procurement, and align these with Link's overall policies.

Link will continue to provide value for money while maintaining the required quality of service. Link will select the most economically advantageous tender having due regard to the most appropriate balance of price and quality relevant to the goods or services being procured. Link will always encourage tenders from social enterprises and small and medium sized enterprises but tenders from organisations under either of these categories will not necessarily gain an advantage because of their status. In determining the most economically advantageous tender Link will take account of the added value offered as part of the quality assessment.

Link sets its annual budgets in March of each year for the forthcoming financial year. The pattern of spending throughout the year will depend to a large extent on what is being procured in any one year and available staff resources. Often tender opportunities will be spread evenly over the year but few may arise in the first three months of every calendar year as in order for expenditure to take place by March 31st contracts will have to be awarded in sufficient time for the goods or services to be supplied.

5. EQUAL AND NON-DISCRIMINATORY TREATMENT

In line with the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, Link considers equality throughout its procurement activity and complies with legislation. Link's standard procurement documentation is drafted in clear and precise language to allow all reasonably well-informed and normally diligent tenderers to interpret it in the same way.

Link uses standard tender documentation, including the ESPD, and always consider contract size, including the opportunity to break requirements into smaller lots. Where appropriate, Link will state desired outcomes using clear and precise language without stating how they should be achieved.

Suppliers are required to provide details of any equality policies and systems that they have in place that will be utilised when delivering the contract. This is included in Link's standard terms and conditions. Discrimination in relation to the treatment of

workers in the main contract and sub-contracts is also addressed in tender documentation and standard terms and conditions. Also included in Link's tender documentation and standard terms and conditions are the Employment Relations Act 1999 (Blacklists) Regulations 2010 which addresses blacklisting activities.

6. TRANSPARENCY AND PROPORTIONALITY

Implementation of the various actions required by this strategy shall evidence that Link is actively compliant both with legislative requirements and also with best practice in respect of its procurement activity. Once implemented, the actions required under this strategy shall demonstrate Link's commitment to ensuring transparency, equal treatment, non-discrimination and proportionality in all regulated procurement activity.

Wherever appropriate, Link shall use electronic communication for all procurement activity, in particular, Public Contracts Scotland. Link will ensure that clear and precise language is used throughout its procurement activity and make use of inclusive, not overly burdensome, and known award criteria.

To ensure transparency and to assist prospective suppliers, existing suppliers and other stakeholders, Link includes a procurement-related section on its website where it outlines Link's procurement processes, current framework agreements, sustainable procurement policy, and advice on collaborative bidding. From December 2016, Link will also publish its procurement strategy, current regulated contracts register and forward procurement plan. This additional information will advise suppliers when Link's contracts will be procured and assist them in bidding for work.

7. REALISING SUSTAINABILITY

Link's sustainable procurement policy reflects the statutory sustainable procurement duty in the Act, which requires public bodies to consider how, through their procurement activities, they can promote innovation including undertaking comprehensive market engagement prior to defining procurement requirements and then to undertake procurements with a view to achieving those objectives.

Link's sustainable procurement policy sets out how it intends to ensure best practice and to meet its legal and financial obligations as well as achieve wider economic, social and environmental benefits. The policy also encourages the procurement of low carbon options to support the development of a low carbon economy.

As part of the policy, Link will continue to consider the whole life cost and environmental impact of construction projects as appropriate, including:

- specifying high BREEAM ratings for sustainable design and construction;
- encouraging recycling and the reuse of materials through waste management plans in order to minimise waste to landfill;
- using low energy equipment and environmentally friendly chemicals; and
- maximising use of materials from sustainable sources in accordance with government buying standards.

Consider the tools provided by the Scottish Government in relation to the sustainable procurement duty – e.g. the Scottish prioritisation tool, life-cycle mapping, sustainability test and the Scottish flexible framework.

An action plan is in place to further develop of policy and procedures in relation to sustainability.

8. IMPLEMENTING COMMUNITY BENEFIT REQUIREMENTS

Link will continue to promote the use of community benefit clauses within procurement exercises where relevant, proportionate to the contract, and in line with its objectives, and ensure such clauses are considered within all regulated procurement contracts.

Procuring officers will always have regard to Link's community benefits policy and, for contracts with an anticipated value of £4m or more, the statutory guidance on community benefits. Community benefits are extremely varied, and can range from training opportunities such as apprenticeships to *promoting careers to school children from disadvantaged areas*.

In respect of contracts with an anticipated value of £4m or more, Link will:

- consider the inclusion of community benefit clauses, such as contractual requirements relating to training and recruitment, the availability of sub-contracting opportunities or otherwise intended to improve the economic, social or environmental wellbeing of Link's area in a way which is additional to the main purpose of the contract in which the requirement is included; and
- provide a summary of the community benefit requirements Link intends to include as award criteria or a statement of its reasons for not including any such requirements.

In respect of contracts with an anticipated value of less than £4m, Link will consider whether, despite there being no legal obligation to consider community benefit clauses, it would be appropriate to include community benefit clauses. Further detail is provided in Link's Community Benefit in Procurement Policy.

9. CONSULTATION/ ENGAGEMENT

Link will carry out appropriate consultation prior to the adoption of each of its annual procurement strategies.

Where appropriate, Link will undertake supplier surveys on an ad hoc basis to understand supplier satisfaction with, and improve on, its processes. Link will survey all of its successful and unsuccessful tenderers on regulated contracts to understand if, in their opinion, they were treated fairly and transparently and if Link could improve its processes to reduce the burden on suppliers.

Link will comply with the principles set out in the National Standards for Community Engagement and the Community Empowerment (Scotland) Act 2015 in any consultation and engagement.

10. THE LIVING WAGE

Link is committed to promoting the use of the Scottish Living Wage and is working to ensure zero hours contracts are only used by suppliers in the delivery of services to Link where this is in the interests of its employees. Link will continue to incorporate evaluation of workforce matters into all contracts where the use of labour is a key deliverable. Link also aims to go further than required by the current legislation. As approved by senior management, Link will monitor closely the use of zero hours contracts, the Living Wage and community benefits and will provide reporting information on these in future. Link is also a member of the network of Living Wage Employers accredited by the Living Wage Foundation.

Link will always have regard to the statutory guidance on the selection of tenderers and award of contracts addressing fair work practices, including the Living Wage, in procurement activity.

Link is a Living Wage Accredited Employer and promotes this through relevant public contracts.

Procuring officers will consider how Link's living wage policy will be approached in regulated procurement in a way which takes account of other relevant factors, whilst ensuring an appropriate balance between quality and cost. Link will always ensure a proportionate approach based on the nature, scope, size and place of the performance of the regulated contract.

11. ENSURING HEALTH AND SAFETY

Link has a comprehensive health and safety policy and associated guidance/procedures which relate to staff and contractors. Health and safety policies and associated information are requested where relevant from suppliers as part of the procurement process and health and safety policies are covered in Link's standard terms and conditions to ensure that suppliers comply with all relevant regulations and best practice.

Procuring officers will undertake assessments of potential health and safety risks arising from particular contracts and consider how Link will monitor regulated contracts to ensure compliance with health and safety requirements, including how a supplier demonstrates compliance.

Link will ensure that any measures it takes to ensure the promotion and compliance of health and safety requirements in its procurement activity is relevant, proportionate and not overly burdensome, and meets current legislation as a minimum. The degree to which health and safety requirements are specified within tender documents will vary according to the goods, services or works being purchased and, therefore, these will be considered on a case by case basis.

If there are specific health and safety concerns in relation to a particular regulated contract, Link may require an economic operator to detail the measures they would implement to respond to the identified risks.

Link will consider whether it is appropriate to require suppliers to provide evidence demonstrating all levels of the supply chain act in compliance with relevant health and safety regulations, and provide details of how they actively promote and manage good health and safety practice, such as through training and the communication of relevant information to staff.

12. WORKING WITH SMEs, SUPPORTED BUSINESS & THE THIRD SECTOR

Link will continue to review and update its procurement policies and procedures to ensure that Link contributes to improving social, economic and environmental wellbeing where relevant in delivering our regulated contracts. This ongoing review will ensure that Link remains an inclusive organisation and encourage a diverse range of suppliers including SMEs, the third sector and supported businesses.

Link's procurement activity is designed to promote SME participation wherever possible and its terms and conditions have been simplified in order to share risks with suppliers in a more equitable manner, as well as being easier to understand. Link follows the code of conduct laid out in the Scottish Government's Suppliers Charter, which aims to facilitate access to public sector procurement opportunities.

In regulated procurements, where relevant, Link will consider how, by including fair and ethical requirements, it can promote fairness, dignity and the rights of workers and producers in international trading.

Link accepts all labels which have equivalent standards and bids from suppliers that meet the specified criteria without certification so as not to discriminate against any suppliers, to maintain transparency and to promote competition and innovation.

13. ENSURING PROMPT PAYMENT TO CONTRACTORS AND THEIR SUB-CONTRACTORS

Link is committed to paying our suppliers promptly, and include a clause in its standard terms and conditions stating that Link will pay undisputed invoices within 30 days from receipt.

Link shall ensure effective contract management and monitoring throughout the term of its regulated contracts to ensure that prompt payment continues to be applied throughout the duration of the contract – for example, by requesting information on prompt payment at all levels of the contract and Link shall, where relevant, take any necessary steps to rectify prompt payment issues experienced to ensure that this flows through the supply chain.

14. ENSURING COMPLIANCE

Link will focus on developing procuring officers professionally to ensure they have both the skills and knowledge to maximise the benefits of procurement to Link. Link will undertake quarterly audits of regulated procurements across the organisation. Where any issues are identified, the procurement Hub follows up with relevant project managers to ensure improvements are identified and implemented.

Link will continue to identify, manage and control risk by developing policy and procedures which consider risk, and balance operational effectiveness and compliance. This is further managed by pragmatic decision-making. Procuring officers will consider risk proportionately in our activities – for example, ensuring that financial thresholds and other short listing criteria do not unreasonably discriminate against participation by SMEs.

Also, Link has a comprehensive whistle-blowing policy which encourages employees to raise concerns about possible improprieties in the conduct of its business – whether in matters of financial reporting or other malpractices – at the earliest opportunity and in an appropriate way.

A risk assessment is undertaken for each regulated procurement with risk management allocated to relevant individuals. The Procurement Hub will continue to feed relevant risks into the divisional risk register and, where required, these will be escalated to Link's corporate risk register in line with risk management arrangements.

15. REVIEW

In line with the Act's requirements, this strategy will be reviewed and updated annually with any slippage in targets addressed. In accordance with the requirements of the Act and as part of this strategy development, an action plan has been developed to monitor and continually improve the strategy. An annual procurement report will also be developed to record progress.

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