

TO:	Management Committee
PREPARED BY:	Mark Smith (Director of Asset Management)
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APPROVED BY:	Paul Martin (CEO)

PROCUREMENT STRATEGY 2025/2026 to 2027/2028

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1. Vision and Values

The overarching vision of Milnbank Housing Association (MHA) is to provide excellent homes and services to help sustain and create thriving communities in both the Dennistoun and Haghill areas. This requires the facilitation of growth and change which are achieved by upholding the following common values: -

1. Always putting our customers and the community first.
2. Getting things right first time.
3. Aiming for excellence and continuous improvement.
4. Working together and valuing each other.
5. A 'can-do' approach in everything we do.
6. Being accountable to the residents and the community.
7. Working in a creative and accountable way.
8. Working as 'One Milnbank' so that we offer the same quality of support and housing to all tenants and residents.

2. Introduction and Background

MHA's commitment to Value for Money (VfM) is driven by the desire to deliver the best possible outcomes for all its customers from the resources and assets available to the Association. MHA recognises that sustainable procurement has a critical role to play in making the best possible use of its resources whilst demonstrating VfM for its customers. At the same time, MHA will act compliantly in relation to procurement legislation that not only delivers VfM but also ensures that the Association acts in an efficient, ethical and sustainable way, whilst maximising local economic, environmental and social benefits.

MHA was established in 1975 and is therefore, one of the longest standing, community-controlled housing associations. The Association currently owns and manages 1,675 properties ranging from pre-1919 tenements, to interwar and post war housing, ex-Scottish Special housing and new build properties built during the 1990s and early 2000s. The Association also owns 2 No. high rise, multi storey blocks at Duke Wynd, built in 2010. The Association's subsidiary, Milnbank Property Services (MPS) is responsible for providing a factoring service to over 1,300 owners.

MHA's stock and the range of services it offers its customers has grown and evolved during the last 50 years in line with the objectives and priorities of the housing association movement. Following consultation with tenants in 2022, it was agreed that a rent structure based on property size and type was easier to understand and fairer. It was also agreed that some relevant property features should be included in rent setting like size of property, age of property etc. As a result of this consultation, the rent restructure began to be phased in over 7 years starting on 1 April 2023, and this will continue until 31 March 2030.

The most significant recurring expenditure on an annual basis is in relation to repairs, including reactive repairs, cyclical works, void repairs and planned investment. A concerted effort has been made over the last 3 years to ensure that VfM is achieved, including the development of a new Procurement Policy in June 2022 and updated in February 2025, the establishment of a Reactive Repairs Framework Contract that went live in May 2023, and regular budget review meetings with the Finance Team.

Spend in relation to repairs carried out by external contractors during 2023/24 was £2.2 million and the expected spend in 2024/25 is £1.8 million.

Following the acquisition of the ex-Haghill Primary School site in early 2022, MHA is now actively becoming a 'developing' association again, after a long period of inactivity in this regard. Other new development opportunities are also being considered. The new, potential development contracts are significant in value and duration and will result in a significant, positive impact on the community, offering existing and new tenants much needed, additional housing to support the healthy

waiting list. As a result of the new development contracts, the value of contracts to be procured by MHA will be more than the annual £5 million threshold in relation to the Procurement Reform (Scotland) Act 2014 from 2025/26 onwards. As such, a Procurement Strategy requires being in place. Tenders are being sought now in relation to the development at Haghill Primary School, working towards a site start summer 2025.

MHA recognises that not all purchases of goods and services are high-value and deemed to be 'Regulated' contracts. Notwithstanding, MHA's recently updated Procurement Policy clearly outlines the Association's approach to procurement for 'Unregulated' contracts to ensure VfM is achieved whether the Act or Regulations apply, and where neither apply due to value, the Association's procedures ensure VfM is achieved in a transparent, impartial and fair way. Moreover, MHA understands that the legislation is founded upon the European Treaty principles of non-discrimination, transparency, proportionality and equality. MHA therefore has not only a legal obligation, but a moral incentive to procure fairly. The Association's Procurement Policy addresses these principles regardless of value.

Further, MHA recognises that procurement affects not only repairs and development contracts, but also the supply of all goods, services and works overseen by other departments within the Association. The Procurement Policy has been prepared with this in mind for the use of all staff who have procurement obligations.

MHA's first Procurement Strategy will cover the 3-year period 2025/26 to 2027/28 and should be read in conjunction with the Association's Procurement Policy.

Further, this Strategy coincides with other relevant key documents and Strategies, as follows:

- Business Plan
- Asset Management Strategy
- Value for Money Strategy
- Risk Management Strategy
- Tenant Participation Strategy

Moreover, the Procurement Strategy coincides with relevant Policies, including:

- Procurement Policy
- Sustainability Policy
- Financial Regulations Policy
- Rent Setting Policy
- GDPR Policy
- Modern Slavery and Human Trafficking Policy – In development

3. STRATEGY CONTEXT AND OUTCOME OBJECTIVES

This sustainable Procurement Strategy is committed to ensuring that MHA's procurement activities are fair, open, transparent, proportional and non-discriminatory, whilst sustainable, and in accordance with legislation and best practice.

Defined as a "*Public Body Governed by Public Law*" MHA has a statutory obligation under the Public Contracts Scotland Regulations 2015, Procurement Reform (Scotland) Act 2014 (the 'Act'); and the Procurement Regulations 2016 underpinning the Act, to ensure procurement activity is compliant with relevant legislation. MHA will also act in a way to protect the interests of its customers and the reputation of the sector by ensuring compliance with the Bribery Act 2010.

Procurement is the full range of activities relating to purchasing goods, services and works. The Association carries out a range of procurement activity ranging from high value works through to the purchasing of small stationery items.

This Strategy is aimed at promoting efficient, effective and sustainable procurement practices throughout the organisation which will reflect MHA's vision, values and priorities.

MHA will raise awareness of the Association's commitment to sustainable procurement through its Procurement Policy, Financial Regulations Policy, internal procedures, and by heavily utilising the Public Contracts Scotland website when inviting quotations and tenders as part of the tendering process.

Outcome Objectives

To comply with the legal and regulatory requirements governing procurement, and ethical requirements of best practice, ten outcome objectives shall underpin Milnbank's procurement activity: -

1. To maximise VFM when procuring contracts, including joint procurement where timescales and sensibility permit.
2. To ensure sustainable procurement.
3. To maximise community benefits.
4. To maximise resident consultation and engagement.
5. To ensure that 'Fair Working First' is mandatory.
6. To ensure transparency in the supply chain to tackle Modern Slavery and Human Trafficking.
7. To act with integrity and adopt fair and ethical procedures.
8. To achieve tenants and residents' health and safety compliance.
9. To actively encourage the local supply chain.
10. To ensure payment within terms.

1.) Value for Money (VfM)

Value for Money will form the basis for all procurement decisions taken by MHA whilst adhering to the relevant legislation. Each procurement decision will ensure services or goods can be provided in the most effective, efficient and economical way. Obtaining VfM will mean choosing the goods, services and/or works which offer the optimum combination of whole life costs, quality, and service benefits that help achieve MHA's strategic objectives.

MHA's Procurement Policy outlines how VfM will be achieved in relation to both 'Regulated' and 'Unregulated' contracts. This is not necessarily the lowest price as demonstrated within the Policy in terms of below threshold procurements too.

The Policy outlines how the following will be achieved:

- All options will be considered, and the decision shall consider MHA's obligations in terms of delivering quality and social value whilst managing risk and health and safety.
- MHA will ensure that quality and the service received is monitored throughout the duration of the contract, including monitoring of KPIs outlined within the procurement process.
- MHA will look to secure partnerships which can be applied to several projects and/or work streams over a period of years to encourage delivery in the most efficient and cost-effective manner, including, where appropriate, joint procurement exercises.
- MHA will reduce administrative waste through reviewing, challenging and adapting processes and procedures to adopt appropriate new technology (e.g. e-procurement), changing supply chain relationships, streamlining back-office processes and reducing transaction costs.
- MHA will continuously improve by using cycles of learning. Procurement is not viewed as a single event but requires a culture of review, challenge, adaptation and continuous improvement to ensure optimal performance in a changing environment.
- MHA will regularly review current performance and processes and benchmark the wider market to ensure that the Association is making the most appropriate procurement decisions.

2) Ensure Sustainable Procurement

In compliance with the Act, MHA will consider 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 SMEs, third sector bodies and supported businesses. MHA will consider the environmental, social and economic issues relating to unregulated procurements too taking account of the value of the contract.

MHA will also:

- Where appropriate, work with providers to minimise the environmental and social impacts associated with products and services.

- When procuring larger contracts, either directly or via joint procurement exercises, seek to leverage additional social value in the form of providing apprenticeships and/or employment opportunities within the local community as part of contract specifications.

3) Community Benefits

The Act requires MHA to consider whether to impose Community Benefit requirements for any regulated procurement with an estimated value equal to or greater than £4,000,000 (excluding VAT). MHA will include within the Contract Notice and the commencement of any procurement exercise, a summary of the Community Benefit requirements it intends to impose. Examples of Community Benefits will include, but are not limited to:

- % Community Benefit contribution per annum from each contractor to be used for any local or national community works, community support, wellbeing, social, employment or environmental projects.
- Increasing digital skills for residents.
- Work to ensure job readiness in the local area.
- Work with groups in the communities, served by MHA, to improve skills, abilities and confidence.
- Work to increase local employment and reduce unemployment.
- Work to provide young or older apprenticeships relating to MHA contracts.

In the event MHA procures via an existing Framework, any Community Benefit clauses imposed by the framework provider will be followed.

Through regular review and progress meetings, KPIs will be measured, the results of which will be reported to the relevant Committee.

MHA will always maximise Community Benefit opportunities either via financial contribution or a points-based commitment system, proportionate to the size and dynamics of the contract being let.

4) Resident Consultation and Engagement

In accordance with the Housing (Scotland) Act 2001, MHA actively develops and supports tenant participation. Where MHA residents are affected by any procurement process, MHA will consult and engage with them in line with the Association's Tenant Participation Strategy, while taking account of the requirements of the Scottish Social Housing Charter, Scottish Housing Regulatory Standards and guidance issued by the Scottish Housing Regulator.

5.) Fair Working First (FWF)

MHA is a Fair Work First employer. MHA will take measures to ensure that any supplier awarded a contract by the Association, adopts the 7-core principles of Fair Working First in Scotland. Suppliers will be required to demonstrate how they will promote Fair Working First in the delivery of the contract and in turn, help secure best value. When procuring contracts, MHA will, as part of the procurement exercise, determine a supplier's position in relation to Fair Working First and for those who have not yet fully met the standards, monitor their commitment to progressing towards the seven criteria as follows:

1. Appropriate channels for effective voice, such as trade union recognition.
2. Investment in workforce development.
3. No inappropriate use of zero hours contracts.
4. Action to tackle the gender pay gap and create a more diverse and inclusive workplace.
5. Providing fair pay for workers (for example, payment of the Real Living Wage).
6. Offer flexible and family friendly working practices for all workers from day one of employment.
7. Oppose the use of fire and rehire practices.

6.) Transparency in Supply Chain to tackle Modern Slavery and Human Trafficking

In compliance with the Regulations and the Act, MHA will consider modern slavery and human trafficking issues relating to all procurements and how suppliers and where applicable, suppliers' supply chains ensure that they are taking measures to ensure that modern slavery and human trafficking are being considered. MHA will also:

- Ensure any supply chains are clear about the 'Transparency in Supply Chains', and any supplier from within the UK with a total annual turnover of £36m or more produces an annual statement, setting out the steps they have taken to tackle modern slavery and human trafficking in their organisation and supply chain.
- Work with suppliers with a turnover below £36m to ensure they consider modern slavery and human trafficking in their organisation and supply chain in relation to the products and services that they provide.

7.) Integrity - Ensure Fair and Ethical Procedures

MHA will ensure that its procurement decisions are transparent and preserve the integrity of the organisation. The Association's Code of Governance, Gifts, Hospitality and Donations Policy and Anti-Bribery Policy set out how the Association, including its Management Committee and staff members must conduct the Association's business to demonstrate openness and transparency. The Procurement Policy clearly demonstrates how the Association will procure goods, services and works relating to regulated contracts, governed by the relevant legislation and unregulated procurement to comply fully with the Association's own internal procedures.

8.) Tenant and Residents Health & Safety Compliance

MHA will ensure compliance with the Health and Safety at Work Act 1974 and CDM Regulations 2015 when procuring contracts of a works nature. This will include

bidders being required to provide evidence in relation to several items to ensure compliance and minimum standards are met.

The safety of the customers is paramount to MHA with the 'Big 7' listed below, ongoing business priorities, overseen by the Director of Asset Management as follows:

1. Gas Safety Policy
2. Electrical Safety Policy
3. Legionella Management Policy
4. Fire Safety Policy
5. Asbestos Management Policy
6. Damp and Mould Policy
7. Lift Safety Policy

9.) Local Supply Chain

MHA will strive to promote the involvement of the local supply chain in relation to works, services and supplies as far as possible. MHA will also endeavour to work with local businesses to ensure that they are able to compete for business to be procured by the Association against suppliers and contractors from outside the area.

10.) Payments within Terms

MHA will as far as reasonably practicable, ensure that:

- All contracts include the provision for the contractor to make any payment to any sub-contractors within 30 days of receipt of invoice/payments applications.
- All payments are made timeously in accordance with any specified Contract Conditions but no later than 30 days after the receipt of invoice/payments applications where no specific Contract Conditions are noted.
- Any grant received by MHA is paid to the intended recipient, taking account of conditions within any formal Offers of Grant.

4. FINANCE

MHA considers that the adoption of a compliant Procurement Strategy across all aspects of the business is not only desirable but essential given the legislative environment within which RSLs operate.

The Association's expected expenditure on repairs, including reactive repairs, cyclical works, void repairs and planned investment during 2024/25 is £1.8 million with a further, expected expenditure of £250k on development contracts. The forecasted and currently budgeted expenditure in the coming years is as follows:

Financial Year	Development Contracts	Maintenance Contracts
2025/2026	£5.0m	£2.7m
2026/2027	£6.85m	£3.2m
2027/2028	150k	£3.1m

MHA will update the figures noted above annually, as more detailed information becomes available, and more information is available relating to the development programme in terms of actual and potential site start dates.

5. RISK MANAGEMENT

The Association's Risk Management Strategy has been developed to make sure that any risks to MHA and the customers it serves are properly recognised and managed. In all its procurement dealings, MHA will identify risks as far as possible, evaluate their potential consequences, consider possible opportunities, and manage those risks effectively, at every stage of the process. This will include carrying out due diligence prior to contract awards, including, but not limited to a review of financial statements by the Association's Director of Finance, obtaining and scrutinising Dun and Bradstreet reports in relation to contractors' appointments, review all necessary insurances on a contract by contract basis, including, requesting up-to-date insurances during the lifetime of the contract, seeking references where applicable from other RSLs to identify suppliers'

performance and relevant experience, producing Life Cycle Costings and NPVs for new developments and acquisitions.

Where contract awards are because of utilising an existing Framework, already established by Framework Providers, MHA will adhere to the framework provider's Terms and Conditions, and where applicable, seek legal advice prior to commencing the procurement process.

Over and above, the relevant department will meet with consultants and contractors regularly to monitor performance and measure against any pre-agreed KPIs.

To further strengthen the Association's approach and understanding of both regulated and unregulated procurement exercises, and to comply with Offers of Grant from NRS, as members of Scotland Excel, MHA will utilise the services of Scotland Excel to comply with the Scottish Government's 'Procurement Improvement Programme' every 2 years, which will assess all aspects of the Association's procurement performance and not just 'Development' contracts that are grant funded.

6. DIGITAL PROCUREMENT

As part of MHA's digital transformation, the Association fully supports the drive to enable an electronic procurement process, including electronic ordering, invoicing and payments. Public Contracts Scotland will be used to publish notices for contract opportunities, manage tendering processes and the award of contracts, all in accordance with the Regulations, Act and Association's Procurement Policy in the interests of transparency and accountability.

7. ROLES AND RESPONSIBILITIES

Implementation of this Strategy requires clear functional responsibility to be assigned for procurement at both Committee and staff level. An outline of the responsibilities and delegation is shown below:

Committee Members	<ul style="list-style-type: none"> • Delegating authority to the appropriate Committee where appropriate. • Adopting this Procurement Strategy ensuring it supports the achievements of Milnbank Housing Association's objectives in line with its values. • Monitoring the outcome of the Procurement Strategy to ensure delivery thereof. • Overseeing procurement and contract management to ensure they are operating effectively. • Approval of the Annual Procurement Report.
Leadership Team	<ul style="list-style-type: none"> • Ensuring that key policies and strategies are being considered during the procurement process. • Capacity building to ensure that organisational arrangements are in place to deliver the Procurement Strategy effectively. • Maintaining an overview of corporate arrangements for procurement and ensuring they are operating economically, efficiently and effectively. • Ensuring that value for money is achieved from procurement. • Ensuring delivery of the procurement strategy.
All staff with responsibility for procuring contracts	<ul style="list-style-type: none"> • Taking responsibility for procurement within their remit, following the guidelines in this Strategy, the Procurement Policy and Financial Regulations Policy, including production of reports to the relevant Committee, updating the Contracts Register etc. • Liaising with their Line Manager to allow monitoring of all procurement activity within their remit. • Project management following Contract Awards to ensure all relevant items are monitored, such as KPIs etc. • Seeking advice, as and when required, to ensure compliance when procuring.

Ultimately, the Director of Asset Management will have responsibility for ensuring that the Procurement Strategy is up to date as well as the Contracts Register and Annual Procurement Report.

8. TRAINING

MHA is committed to supporting and encouraging any staff involved in procurement activity to obtain relevant procurement training and to gain the skills and experience necessary to carry out their duties and responsibilities. In this regard, a training session will be conducted by the Development Consultant early in the financial year 2025 in relation to the newly updated Procurement Policy. Thereafter, as part of the induction process for new employees with a responsibility for procurement, they too will receive training.

Inter alia, staff will be encouraged to use the Public Contracts Scotland Procurement Journey tool <https://www.procurementjourney.scot/procurement-journey> to help further support and develop the procurement skills of relevant staff.

MHA will also ensure that its governing body members also receive appropriate levels of training regarding organisational and governance responsibility for procurement compliance.

9. IMPLEMENTATION, MONITORING, REVIEWING AND REPORTING

The Association understands that it has an obligation to publish this Strategy in accordance with the Procurement Reform (Scotland) Act 2014.

On publishing this Strategy within the Association's website, MHA will notify Scottish Ministers by sending an email to ProcurementStrategies@gov.scot with a copy appended and confirmation that the document has been uploaded to the website.

This first publication covers the period 2025/26 to 2027/28, a 3-year period.

The Leadership Team will implement and review this Strategy and develop the Association's approach, continuing to take account of best practice in the sector and beyond.

Performance monitoring will be through future internal audit programmes, regular reports to the relevant Committee, and assessment against a selection of questions from the Continuous Improvement Programme for Procurement (CIPP).

This Strategy will be reviewed on at least a 3 yearly basis to build up the quality of the Strategy and associated practices, ensure compliance with legislation and to enable the Association to strategically respond to any changing environmental factors. Notwithstanding, the Strategy will be updated annually to take account of out-turn spend and future, anticipated spend at Section 4: Finance.

Further, MHA will publish an Annual Procurement Report which will provide details of all procurement activities (both regulated and unregulated).

In compliance with the Regulations, the Annual Procurement Report will be produced for the Management Committee, detailing:

- All contracts awarded in the year covered by the Regulations and/or Act.
- The process followed for each procurement in line with the Procurement Policy and Strategy and how MHA complied with legislation.
- Any Community Benefit requirements outlined as part of the procurement process and subsequently received, and steps taken to involve supported businesses.
- Contracts covered by the Regulations and/or Act expected to last more than one financial year.
- Success of completed procurements and evaluate performance against the targets set in the Procurement Strategy.

Further, MHA understands its obligation to publish and keep up to date, the Contracts Register on the Association's website.

10. EQUALITIES & DIVERSITY

MHA acknowledges the importance of equality and diversity, while acting in an open and transparent manner, complying with the Regulations and Act where applicable. Through the provision of services and initiatives, including procurement of goods, services and works, MHA will work to ensure inclusivity, address and remove discrimination, support, promote and celebrate difference and offer services which represent the needs of all customers and stakeholders.

11. POINT OF CONTACT

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