



Queens
Cross
Housing
Association

*Value for money
and Procurement
Strategy*

2017-2020

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Our Vision

Excellent housing in vibrant communities

Our Values

Respect

We see the positive in everyone, especially our tenants. We treat everyone fairly, regardless of age, race, gender, sexuality or background. We ask for opinions even if we know we might not like what we hear. And we address people's concerns in any way we realistically can.

Integrity

What we say in public is the same as what we say behind the scenes. If we say we'll do something, we mean it. Our tenants can count on us to solve their problems and make sound decisions.

Aspiration

We want the best for all our current and future tenants. We're not afraid to strive for things that won't be easy – or try things that haven't been done before. We seek out opportunities and welcome change. If it doesn't turn out as planned, we learn and improve again. And then we try again.

Our Strategic Objectives

- A. Build more desirable homes in popular neighbourhoods
- B. Deliver more excellent services to suit our tenants' lives
- C. Invest in our people to grow and develop their skills
- D. Find more ways to ensure value for money
- E. Continue to challenge poverty
- F. Put even more focus on community health and wellbeing
- G. Be ready for opportunities

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1. Foreword

Queens Cross Housing Association's business plan sets out our vision to be a leader in excellent housing and community services, and to create and sustain vibrant communities. All our internal strategies exist to deliver on this vision and the strategic aims that should support it.

This strategy on Value for money and Procurement provides Queens Cross Housing Association with a framework to ensure that we deliver the best possible outcomes for tenants and other service users from every pound we spend both through external procurement and within the organisation. It supports the delivery of our overall corporate objectives within the regulatory and legislative environment that the association operates in.

The procurement of goods, works and services has a fundamental impact on the success and service delivery of any organisation and particularly for a community based organisation like Queens Cross HA.

The Procurement Scotland Regulations (2016) outlined a series of obligations and requirements for the association and this strategy seeks to address these. We will do so by ensuring any procurement undertaken is mindful of the needs of SME's, the delivery of wider community benefits and ensures procurement is delivered sustainably, ethically and in line with Equality & Diversity regulations. This strategy outlines how, through application and monitoring of our procurement practices, best value can be delivered.

In this strategy we set out our strategic view and aims for procurement and value for money. It highlights the areas we will focus on over the next three years and how we will measure progress and success.

Neil Manley

Director of Finance and Corporate Support

2. Introduction and background

Queen's Cross Housing Association's commitment to Value for Money is driven by the desire to deliver the best possible outcomes for our customers from the resources and assets available to the association. To support our value for money vision we strive to be an organisation with a full understanding of the cost, effectiveness, impact and demand for our services, informed by our knowledge of the community and customer needs.

Through our Value For Money approach, we are committed to achieving commercial excellence in our procurement activities, and to do so in an effective, efficient, ethical and sustainable way which delivers local economic, environmental and social benefits.

3. Where we are now

Queens Cross Housing Association was formed in 1976. We currently have over 4300 homes within our ownership, ranging from high rise multi storey blocks, to terraced and detached houses. We employ approximately 200 staff members and our turnover in 2016-2017 was over £25 million. We operate in the Dundasvale, Queens Cross, Woodside and Westercommon/Hamiltonhill areas of Glasgow. We are the lead company in a group structure, which includes Queens Cross Factoring Limited, a wholly owned subsidiary, delivering a factoring service to over 2,000 owner occupiers.

The association's stock and range of services has grown incrementally over the last 40 years but our focus on quality, efficiency, and therefore Value For Money (VfM), is longstanding, with an increasing focus on measuring and reporting VfM in recent years. The Association became a member of Housemark, the benchmarking organisation for social housing in 2012, and is continuing to develop the use of its techniques for benchmarking the cost, efficiency and effectiveness of our services, making comparisons over time and with a our peer group. We now include VfM measures within our performance reporting to tenants, and are now engaged in a process of procurement reviews for all significant areas of expenditure. Within our financial planning, the association has made a firm commitment to limiting rent increases to ensure rents remain affordable and has undertaken a rent restructure across the stock to ensure parity of rents for similar stock types.

Our most significant recurring expenditure on an annual basis is the contract for responsive maintenance works, including cyclical repairs and repairs to empty properties. The average spend per annum in this area is £3 million. The current contract for these works was recently procured through a competitive tendering process via the Public Contracts Scotland web portal, all as a single repairs and maintenance contract. The 3-Year contract was awarded to a local SME (which subsequently joined a UK wide Group), and is providing value for money, benefits to the community and local employment opportunities.

In the past three years, we have delivered 184 new build homes at a cost of £21.4million. We have completed a number of planned maintenance projects having a total value of £5.7 million. In addition to this, we have procured a further £21million of capital investment works.

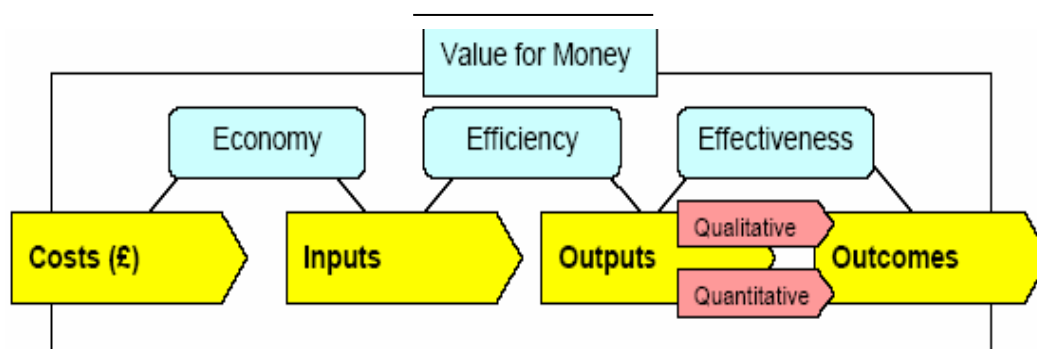
All of these contracts were procured prior to the new regulations coming into force in April 2016, but our processes were designed to comply with the requirements for public procurement at that time, and achieved excellent VfM for the Association.

Not all of our purchases of goods and services are high-value, and our procurement procedures encompass a range of potential routes including selective tendering, framework agreements, using existing external procurement frameworks, quick quote or desk based comparison etc. with the route selected depending on the value of works, goods or services being procured. Recent procurements have included Fleet Vehicles, Mobile telephones, Printing and print services, Audit and Legal services and Office cleaning, resulting in savings to the Association.

4. Where we want to be.....Value for money

4.1 Developing a VfM approach for Queens Cross

For Queens Cross HA Value for money means delivering the best possible outcomes for our customers using the resources available to their maximum effect. The commonly used definition of VfM are the three components of economy, efficiency and effectiveness demonstrated within the following diagram :



Economy is the price paid for what goes into providing a service, for example; the annual cost of a Housing Officer, the rent per square metre of office accommodation, the cost paid for specific repairs.

Economy is also about minimising the cost of resources for an activity (doing things at a low price or achieving the best price or highest income for delivering a service) and therefore has a direct linkage to the procurement strategy outlined before.

Efficiency is a measure of productivity - how much you get out in relation to what is put in.

For example, the efficiency of services such as rent collection may be measured by the cost of the service compared to the rent roll. Similarly, tenant participation costs may be expressed as an annual sum amount per resident.

Efficiency is primarily associated with the process and delivery of procurement, i.e. performing tasks with reasonable effort 'doing things the right way'.

Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. For example Increasing the number of homes that Queens Cross has available to let, by reducing the time taken to renovate void property, in so doing reducing rent loss (quantitative); satisfaction levels among different sections of the community with community involvement arrangements (qualitative), and so on. Outcomes should be equitable across communities, so effectiveness measures will include aspects of equity. Effectiveness is associated with the outcomes for customers, i.e. the extent to which objectives are met ('doing the right things') and meeting the objectives of our business plan.

4.2 Overview of VfM strategic direction

Obtaining value for money is a priority for the association. The ability to demonstrate to all our key stakeholders that value for money is being achieved and provide the evidence is therefore important. We review on an on-going basis the performance and delivery of our service against our business plan objectives, as value for money is about effective delivery of our plans, as much as about cost.

Consequently the Queens Cross vision, values and business plan are all shaped by the drive to achieve VfM. Finding more ways to ensure VfM is stated as one of the strategic aims in the Business Plan 2017-20. The objectives flowing from the VfM Strategy are:

- Maximise the resources and income available to the association
- Working within agreed guidelines
- Deliver the best price/quality procurement of services and capital programmes
- Deliver a cost effective housing management service that gives high levels of resident satisfaction
- Maintain all homes economically and efficiently ensuring they provide a positive future cash-flow over the long term
- Deliver the best price/quality on management and maintenance
- Deliver the best price/quality for the procurement of goods and services
- Compare our price and quality with others.

Value for money is not about achieving the cheapest price for our services, but about providing the highest quality service for our residents at the best price.

5. How we will get there..... Value for money

5.1 Queens Cross HA's Best Value programme

A best value regime aims to ensure the delivery of quality services, not lowest price tendering. The association will develop the capacity to make appropriate choices between different service delivery models and to be able to implement change across these successfully.

We will apply the “4 C's ethos” to each functions of our organisation i.e. to

- challenge why and how a service is being provided
- compare with others' performance;
- consult with service users and the key partners;
- competition as a means of securing efficient and effective services in procurement.

5.2 The Best Value programme actions for 2017-2020

The “4 C's” ethos will be at the core of the association's business planning and annual budgeting process, evidenced by the following actions over the business planning period. These are presented using the 4 C's model.

Challenge and comparison

- Continue to develop our understanding of where we are currently (through benchmarking e.g. Housemark, and through the development of our tenant satisfaction framework of surveys).
- Value for money should be embedded across the association; all board reports include financial implications, full costings where appropriate and a clear statement of how the proposed expenditure supports organisational objectives.
- Continue to develop the use of service inspections and internal audit including working with the Residents Task Force.
- Either through Housemark or other collaborative agencies develop “critical friend” relationships to support service reviews.
- Ensure VfM is championed by the board with the audit committee having responsibility for receiving reports and directing action.

- VfM audits will be undertaken as directed by the Executive, Board or audit committee.
- QCHA will develop its Service Plans and performance management tools and reports to allow more informed comparisons on performance against our own track record and/or our peers.
- Review Policies, procedures and organisational structures to ensure they support cost and performance management.
- The budgeting process will be reviewed to include greater elements of a zero based approach and embedded systematic reviews of expenditure and service delivery.
- Continue to maintain a system with clear budgetary lines of responsibility supported by strong financial reporting and management.
- Continue to develop Benchmarking of our performance on costs and service provision against other organisations as part of a benchmarking group such as Housemark and use this benchmark to inform our view of our costs and services.
- Encourage self-awareness of our performance and costs in a culture ownership.
- Establish an annual target for efficiency gains against which recorded savings can be measured.
- Develop the reward scheme for staff or staff teams to encourage critical review of our processes.
- Support and participate in sector wide initiatives to develop better benchmarking and performance reporting i.e. Haymarket group.
- The association will include more zero based elements within its budget planning.
- The management reporting structure will be reviewed to ensure that the appropriate managers are provided with necessary financial information to allow them to manage their operational activity. Reports are made to both Senior Management and the Board.
- The Director of Finance will be nominated as VfM lead to promote VfM work across the association with the board nominating a VfM champion.

Consultation

- VfM is a key element of a robust business planning process. We will develop our consultation process with key stakeholder groups such as the Residents Task Force to include greater VfM discussion.
- We will develop VfM partnerships with a useful neighbour or peer organisation.
- We will raise the profile of our VfM focus via staff training, and ensure VfM is a key agenda item at team meetings.
- We will strive to ensure the impact of any changes is equitable across our customers.

- We will consult with tenants on any proposed changes to ensure effectiveness is maintained.
- The association will constantly look for ways to improve and encourage innovation.
- We will establish a cross departmental value for money group which will meet quarterly to discuss a three year value for money programme.
- The VfM group will work with departmental teams to analyse service delivery models to seek improvements. Staff will be continually encouraged to come up with ideas that will enhance our service to our residents.
- Promote the use of a VfM Register to measure success and allow reinvestment of efficiency gains and to communicate these gains to staff and other stakeholders.

Competition

- Our Procurement strategy will promote best value purchasing, creating competition on both quality and price criteria.
- The association will ensure a systematic and regular approach to re-procurement of its services, challenging our suppliers to maintain competitive rates.
- We will ensure there is training and support to promote best practice in procurement processes and staff are aware of the organisational policies in place.

5. Monitoring and evaluation.....Value For Money

The association will record the processes towards achieving value for money and be able to demonstrate VfM through the actions as outlined above. This would include clear and transparent procurement processes, good financial reporting structures and budgetary ownership, savings registers, performance data and a structured programme and reports on value for money.

Whilst our VfM focus and activities will be on-going, the association will report to the Board on our progress at appropriate points in our annual calendar (Business Planning, budget-setting etc.), and we will highlight VfM achievements to tenants in our annual performance review.

6. Where we want to be.....Procurement

Over the next three years, we have major ambitions to deliver our programme of planned investment in our assets across our area, and to build new assets via our development programme, including the Hamiltonhill masterplan for 600 new build houses and infrastructure works.

The scale of our activity is such that as a contracting authority, we must comply with the Procurement Reform Act 2014. We will procure these projects in line with the Public Contracts regulations, following closely the Scottish Government's best practice procurement model as shown in the illustration on Page 12.

During the lifetime of this strategy, the association will be procuring a number of Regulated Contracts (contracts for Goods and Services over £50,000 and Works over £2,000,000). The anticipated value for each of these and the year in which we plan to procure them, is shown in the table below ;

Projected Spend

| Project Name | 2017-2018 Value £s | 2018-2019 Value £s | 2019-2020 Value £s | Anticipated Approach |
|--|--------------------------|--------------------------|--------------------------|---|
| Lift Maintenance | 275,000 | 0 | 0 | Two stage |
| Office and Facilities Cleaning | 265,000 | 0 | 0 | Two stage |
| New Build Works | 0 | 22,000,000 | 10,000,000 | Two stage or Competitive dialogue |
| New Build Consultancy Services | 467,000 | 0 | 0 | Framework (External) |
| Capital Investment Works | | 2,000,000 | | Two stage |
| Capital Investment Consultancy Services | 255,000 | 178,000 | 207,000 | Framework (Internal) |
| Total | 1,262,000 | 24,178,000 | 10,207,000 | |

Additional projects may be added throughout the period covered by this strategy.

For all regulated procurements, the association follows the Scottish Model of Procurement, and will ensure that the most appropriate procurement route is selected to meet business needs and maximise VfM. For high-value or complex procurements (such as Hamiltonhill Masterplan) we may obtain external procurement expertise to guide us to a successful outcome which is fully compliant with legislation. For all regulated procurements, our strategy is to ensure:

- All relevant economic operators are treated equally and without discrimination;
- We act in a transparent and proportionate manner; and
- We comply with the “Sustainable Procurement duty”.

Our Procurement Procedures provide detailed guidance on the standard routes we will use for the majority of our procurements and explain the route selection process. The association will maintain sufficient skills and resources within our Senior Management to design and deliver our procurements in-house, but may use external Frameworks where there is a clear VfM benefit in doing so, and these have been procured in a manner which aligns with our strategy i.e. using procurement processes that are sustainable and transparent, providing opportunities to local SMEs and Social Enterprises, providing excellent value for money, and will meet the objectives of our three year Business Plan.

We aim to ensure that through procurement, we can deliver benefits to our local communities, and provide opportunities which improve the local economy, no matter which procurement route is selected. Our Community Benefits approach will state minimum requirements which are proportionate to the contract value, but will allow scope for variation and innovation to be negotiated with successful suppliers.

In line with the association’s values, our aim is to place our contracts with suppliers who operate with integrity and social responsibility. Our pre-selection processes will be designed to consider potential suppliers in the round, including their track record of legal and financial diligence, employment practices, and commitment to meeting environmental and social responsibilities.

Scottish Procurement



Scottish Model of Procurement



7. How we will get there..... Procurement

The following table outlines the association's approach to adhering to the Scottish Model of Procurement and delivering its strategic aims and objectives through our procurement strategy.

| Strategic Aim | How we will Achieve This | Outcome |
|---|--|--|
| Delivering savings and benefits | <p>By planning our procurements carefully, selecting the best route to achieve the desired outcome</p> <p>By balancing quality and price in the outcome, including consideration of whole life cost and added value offers</p> <p>By applying our Community Benefits approach as a standard requirement in all procurements</p> | <p>Budget targets met</p> <p>Value for money in short and long term</p> <p>Improved standards in service delivery and savings achieved</p> <p>Community Benefits delivered in proportion to contract value</p> |
| Maximising efficiency and collaboration | <p>By monitoring procurement processes and outcomes, and identifying opportunities for innovation and areas for improvement</p> <p>By drawing upon external Frameworks when there is a clear VfM benefit</p> <p>By procuring goods and services as a Group (incorporating the QC subsidiaries) or with other RSLs where our requirements align</p> | <p>Continuous improvement in procurement processes</p> <p>Continue to meet legal and regulatory requirements with streamlined resources</p> <p>Establish group approach and improve quality and efficiency</p> |
| Improving supplier access to public contracts | <p>By promoting opportunities across a range of media and using the Public Contracts Scotland portal for regulated procurements</p> <p>By standardising and simplifying our procurement processes, including use of the ESPD for pre-qualification</p> <p>By providing opportunities through the procurement process for SMEs and Social Enterprises</p> <p>By collecting feedback from suppliers on our procurement processes</p> | <p>Increased awareness amongst suppliers and greater competition</p> <p>SMEs and Social Enterprises have the opportunity to compete for contracts</p> <p>Measurable benefits to the community</p> <p>Continuous improvement in procurement processes</p> |
| Embedding sustainability in all we do | <p>By adopting a consistent (fair and transparent) procurement approach, and actively managing/monitoring supplier performance</p> | <p>Positive longterm relationships with suppliers are developed</p> |

| | | |
|--|--|--|
| | <p>By engaging with our Tenants and other stakeholders to ensure that we reflect service user requirements</p> <p>By designing procurement routes to promote sustainability and encourage suppliers who can evidence ethical and sustainable practices e.g. Living Wage, positive Social and Environmental impacts, Equality and Diversity etc.</p> <p>By publishing an annual report on procurement activities which reviews the outcomes against our targets</p> | <p>Procurement activity contributes to achieving objectives set out in our business plan</p> <p>Wider economic, social and environmental benefits are achieved through procurement activity</p> <p>Sustainability goals remain central and targets are regularly refreshed</p> |
|--|--|--|

Scope

This strategy applies to all of the association's external expenditure on works, goods and services, and includes expenditure by subsidiary companies, e.g. Queens Cross Factoring Limited.

8. Monitoring and Evaluation.....Procurement

Progress on outcomes set out in this strategy will be monitored on a regular basis by the following means;

- Planned procurements are detailed in the association's departmental plans which are monitored quarterly.
- A standard report will be produced at the completion of all regulated contract procurements, confirming the business case, the selected procurement route and outcome, and will be reported to the association's Board or Executive, as appropriate to the value of the contract.
- Spend and performance against targets for placed contracts, are monitored by the relevant lead officer on a monthly basis, and performance variances are reported to the Executive officers.
- The Director of Finance and Corporate Support monitors overall spend against budget on a monthly basis.

In compliance with the regulations, the association will produce an annual report to the Board (to be shared with Scottish Government) detailing;

1. All contracts awarded in the year covered by the act.
2. The process followed for each procurement in line with our procurement strategy and how we have complied with the legislation.
3. Any community benefit requirements we have included in our contracts and any steps we have taken to involve 'supported businesses'.
4. Contracts covered by the Act expected in the next two years

In our annual report, we will review the success of completed procurements and evaluate our performance against the targets set in our Procurement strategy, and will make proposals to refresh our targets and the list of planned regulated procurements for the years ahead.

9. Footnotes and references

- 1 [*Procurement Scotland Regulations 2016*](#)
- 2 [*How do we know If we are providing value for money? Housemark Scotland*](#)
- 3 [*Scottish Social Housing Charter 2012*](#)

Contact Us



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