



GWSF

**Community Benefits and Procurement
For Housing Association Contracts**

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How did we get here ?

EU Procurement Directive: Principles

- Non Discrimination: nationality or locality
- Equal treatment: appropriate information to all
- Transparency: advertising to open markets to competition
- proportionality

Now under Scots law from 18th April 2016

Procurement Reform (Scotland) Act 2014

Public Contracts (Scotland) Regulations 2016

RSL's are still considered to be bodies governed by public law (2004!)



What is procurement?

Buying, purchasing or ordering:

Supplies

- Stationery, Furniture, Building materials, software packages

Services

- IT support, office cleaning, consultants, gas maintenance

Works

- Reactive maintenance, Stage 3 adaptations, windows, kitchens, new build, refurbishment



How the Regulations Apply

- Procurement Regulations from 18 April 2016
- Housing Associations still classed as 'Public Bodies'
- Works contracts >£2m
- Services/ supply of goods contracts >£50k
- Full value of the contract, not the annual price

What Contracts are Affected ?

We have been following EU process generally anyway:

Works- all to EU £4.1m+ **and now Scot Regulated £2m+**

- site preparation; construction of new buildings and works; restoration and common repairs; civil engineering works (roads and bridges); building installations works such as electrical and plumbing installations; and building completion works (plastering, joinery and painting)

Services- all to EU £164k+ **and now Scot Regulated £50k+**

- Maintenance of equipment; gas inspections/ testing; grass cutting, consultants

Supplies all to EU £164k+ **and now Scot Regulated £50k+**

- Building components, beware supply and installation, eg. windows or kitchens where greater value determines classification- if in doubt use lower threshold

Thresholds

Building components, beware supply and installation

eg. windows or kitchens where greater value determines classification- if in doubt use lower threshold

| | £50k | £164k | £2m | £4.1m | |
|-----------------|------------|-------------------------------|------------|----------------|------------|
| Services | Principles | Scot Regulated | EU Process | | |
| | | | | | |
| Works | Principles | Mirror Scot Regulated process | | Scot Regulated | EU Process |
| | | | | | |



Sustainable Procurement Duty

Aim is to improve social, environmental and economic wellbeing, reducing inequality:

Procurement Strategy:

- where regulated procurements exceed £5m in a year, also encouraged for RSL's with spend below £5m. Required by 31st December 2016.

Procurement Report:

- Annual report on outcomes set out in strategy, so after 31st March 2018.

Community Benefits [contract value >£4m]

- Reduce waste
- Employment & skills development
- Promote SME's and local businesses



Sustainable Procurement

- Not just for Regulated Contracts: consider for below threshold too?
- It's in the Association's interests to help improve the economic, social and environmental wellbeing of the area [tenants]
- Help through the involvement of small and medium sized enterprises, third sector bodies and 'supported businesses'
- Promote innovation: anything new in that context = wide ranging definition



Supported Businesses

- contract to be available only to a 'supported business' as long as this is stated in the contract notice
- A supported business is one in which at least 30% of workers are disabled or 'disadvantaged', unable to work in the open labour market
- The "aim is to support the social and professional integration or reintegration of disabled and disadvantaged persons, such as the unemployed, members of disadvantaged minorities or otherwise socially marginalised groups"



Improvement Targets

- Sustainability
- Community benefits- local and Social
- Engagement with stakeholders
- Wages
- Health and safety
- Fairly/ethically traded goods
- Improving the health and wellbeing of the community
- Prompt payment



Examples Cited

- Reduced waste to landfill for demolition and new build project through re-use of construction and demolition waste
- Community benefits: employment and skills development
- Supply chain engagement: bidders days and targets for inclusion of % of work for SMEs in supply chain
- 'Buy-last' policy – e.g. Furniture, reduce, re-use, buy second hand before new
- Materials in small quantities- on line or damaged stock



Living Wage

- Statutory (mandatory) guidance – Oct 2015
- Cannot require payment of living wage, minimum wage is law

But can take account of bidder's approach to fair work practices:

- If relevant to the delivery of a contract
- Including: payment of living wage, skills and training, engagement and empowerment, no zero hours contracts etc.



Examples in Practice

- Apprenticeships on term contracts [eg painting, gas maintenance, landscaping, electrical inspections & making good]
- Schemes for larger capital projects- may lead to apprenticeships
- Short term training site and support
- Employer's policy and practice on local [to you] recruitment
- Financial/ Time contribution to community events
- Donating excess materials to charities/ groups
- Sub contracting specialist works/ supply locally [EPC's, energy advice]
- Contractor/ supplier help & advice for in-house contractors
- Staff training from contractor/ suppliers [condensation, asbestos]



Implementation

- Early action- Contract Notice
- Pre-qualification- remind that promises must be followed through
- Tender- be explicit, tie it down as far as possible
- Get requirements priced- no shirking
- Housing Associations in an area should/ could collaborate
- SME's and micro businesses can contribute, not just larger Multi-Trades



What should Housing Associations Do?

Key Points

- Required where spend >£5m annually- mirror for below threshold?
- **Consider individual contracts and sensible, proportionate measures to help the Association and its area**
- Procurement policy- update
- Procurement strategy- internal/ published?
- Sustainable procurement- set objectives and monitor
- Community benefits- set objectives and monitor

- **[Annual] Report on outcomes**