



# Procurement policy

Approved by Committee

Due for review

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# Procurement policy

## 1. Introduction

- 1.1 Calvary Housing Association recognises its responsibilities as a contracting authority and will carry out its procurement activities in a fair, transparent and responsible manner, improving supplier access and embracing collaborative approaches to realise efficiency savings and achieve sustainable benefits for tenants and the wider community.
- 1.2 This Policy sets out the principles that will be applied to all procurement undertaken by the Association, to ensure that the acquisition of supplies, services and works are progressed in accordance with best practice, meeting legislative requirements and our Business Plan Objectives to:
- To govern effectively
  - To provide a high quality housing service
  - To enhance our asset base
  - To engage effectively
  - To enhance community capacity

## 2. Aims of the policy

- 2.1 The key aims of this policy are to:
- Comply with all relevant legislative requirements
  - Work collaboratively to improve efficiencies and enhance value for money
  - Ensure that all procurement is proportionate to the size and scale of the requirement
  - Ensure best practice in procurement is applied consistently across the organisation
  - Consider small and medium enterprises in the design of procurement activities
  - Ensure sustainability is considered throughout our procurement activities
  - Incorporate community benefits which positively impact upon the wider Barlanark area
  - Ensure that there is a clear audit trail associated with the procurement of all contracts

## 3. Legislative framework and regulatory guidance

- 3.1 The following legislation and guidance are relevant to this policy:

- Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014
- Procurement (Scotland) Regulations 2016
- Guidance under the Procurement Reform (Scotland) Act 2014
- Scottish Government Construction Procurement Manual
- Scottish Government Procurement Journey
- EU Public Procurement Directive – 2014/24/EU
- EU General Data Protection Regulation (GDPR) 2016
- Freedom of Information (Scotland) Act 2002
- SHR Regulatory Standards of Governance & Financial Management & Guidance 2019

#### **4. Links to other documents**

4.1 This Procurement Policy should be cross referenced and used in conjunction with:

- Tendering Policy and Procedures
- Contractor Selection Policy and Procedures
- Scheme of Financial Delegation

#### **5. Key roles in procurement**

5.1 Key roles and responsibilities in relation to procurement are illustrated below:

Committee	Ensure appropriate governance and that resources are made available to deliver the policy.
Senior Management Team (budget holders)	Ensure that the function is appropriately staffed, organised and supported.
Officers (purchasers)	Carry out procurement activity in accordance with the policy to comply with legislation and achieve value for money.

5.2 A manager should ensure that:

- The Procurement policy is followed
- Professional procurement advice/assistance is obtained as required
- Procurement is carried out in accordance with the Associations Financial Regulations and procedures, including authority to procure
- Value for money is achieved

- Contractor performance is effectively monitored

5.3 The roles of budget holder and purchaser should where possible not be performed by the same individual and the Association aims to achieve this via the separation of duties.

5.4 Duties are divided as follows:

- Budget holder (normally a Manager) - has overall responsibility for spending within their budget headings and has authority to commit the organisation to payments and or contracts for the purchase of supplies, services or works.
- Purchaser - has authority to issue the invitation to tender or request quotations, place a purchase order and approve invoices for payment.

5.5 Due to the size of the organisation, however, it is not always possible to split the duties of the budget holder and purchaser.

5.6 All staff and committee members involved in the procurement of works, supplies or services are required to register declarations of interest, where they exist in relation to a supplier or contractor who is involved in the procurement process.

## 6. Procurement Levels

6.1 The policy splits procurement of supplies, services and works (other than development works) into the following expenditure levels:

Procurement Level	Value (excl VAT)	Requirement
L1 - Very low value	Under £1,000	No quotation required
L2 - Low value	£1,001 - £5,000	At least one written estimate required, or other evidence of value for money
L3 - Medium value	£5,001 - £20,000	At least one written estimate required, or other evidence of value for money

L4 - High value	>£20,000	A minimum of 3 quotations
L5 – Very High value	>£50,000	Except in exceptional circumstances advertised via Public Contracts website

6.2 *L1 – Very low value procurement:*

This relates to the purchase of supplies, services or works valued between £0 - £1,000 (excl VAT) and will normally cover the day to day activities of the Association such as reactive repairs or office supplies.

6.3 *L2 – Low value procurement:*

This relates to the purchase of supplies, services or works valued between £1,001 - £5,000 (excl VAT). A single Consultant or Contractor can be appointed where there is no on-going contractual relationship.

6.4 *L3 – Medium value procurement:*

This relates to purchases of supplies, services or works valued between £5,001- £20,000 (excl VAT). Consideration to be given to using the quick quotes facility on Public Contracts Scotland (PCS) where possible. To prevent costly delays, void repair works may be treated as an exception.

Where services relate to a business-critical function, a single consultant or contractor can be appointed, up to a maximum of £10,000 (excl VAT).

6.5 *L4 – High value procurement:*

This relates to purchases of supplies, services or works valued above £20,000 (excl VAT). A minimum of three quotations will be sought.

## 7. Regulated procurement

7.1 In carrying out procurement activities, the Association will comply with the Procurement Reform (Scotland) Act 2014, Public Contracts Scotland Regulations 2015 and all EU Procurement Thresholds (OJEU).

7.2 Regulated procurement thresholds as at 1 January 2018 are detailed below:

<b>Legislation</b>	<b>Supplies and Services (excl VAT)</b>	<b>Work Contracts (excl VAT)</b>
<i>Scottish Regulated Contracts</i> Procurement Reform (Scotland) Act 2014	£50,000	£2,000,000
<i>OJEU Contracts</i> European public contracts directive (2014/24/EU)	£189,330	£4,733,252

7.3 In doing so, the Association will:

- advertise all regulated procurement on the Public Contracts Scotland website or award contracts through a Framework established under the terms of the Public Contracts(Scotland) 2016 Regulations by the association or to which the association has access
- use electronic means of communicating all regulated procurement procedures
- utilise the European Single Procurement Document (ESPD) when seeking potential suppliers

7.4 In most situations the procurement of regulated supplies, services or works will require some form of consultancy to ensure that the Association meets its legislative requirements.

## 8. Unregulated procurement

8.1 The procurement of supplies, services and works below regulated thresholds will follow the same overall principles as regulated procurement, in terms of obtaining value for money in an open, transparent and non-discriminatory manner. The Association will make its procurement requirements known to the market in a proportionate manner by advertising opportunities on our website, in trade journals, and through open market engagement.

## **9. Summary of regulated tender process**

9.1 There are a number of routes to market as detailed below:

- Open procedure
- Restricted procedure
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership procedure

9.2 The above routes to market are designed for varying circumstances, however, the routes most commonly used by the Association will be the 'open' (single stage) or 'restricted' (two stage) procedure.

9.3 In most cases the restricted procedure will be followed, whereby an initial selection process is carried out to shortlist suppliers. This is followed by a more detailed tender submission for those who have passed the initial selection process. Open procedure is generally used where a limited number of suppliers can meet the tender requirements and consequently, the number of participants is likely to be restrictive. In the open procedure all suppliers will be invited to tender, following completion of the ESPD.

9.4 Processes will comprise:

- Issue of initial project notifications (PIN), where streamlined procedures are to be followed
- Publication of a Contract Notice to commence the tender procedure
- Selection assessment (shortlisting) in the case of a restricted procedure
- Invitation to tender (ITT) issued to all interested parties (open procedure) or shortlisted parties (restricted procedure)

- Tender assessment - based on quality/price
- Publication of Contract Award Notice
- 10 day 'standstill' period in the case of regulated procurements, prior to appointment of the preferred tenderer
- Constructive feedback to all successful and unsuccessful bidders, where requested

## **10. Collaborative working**

- 10.1 The Association will consider procuring contracts through a 'Central Purchasing Body' where value for money can be demonstrated. A Central Purchasing Body is a public body that has procured a contract for specific works, supplies or services on behalf of themselves and/or other public bodies. Where procuring through this route, the Association will satisfy itself that all EU and Scottish procurement legislation has been complied with by the Central Purchasing Body prior to entering into any contract.
- 10.2 To benefit from economies of scale, increased efficiency and enhanced value for money, the Association will seek opportunities to procure supplies, services and works in partnership with other Registered Social Landlords. We will enter into such an arrangement where a business case demonstrates that benefits can be realised for the Association, our tenants and the wider community.

## **11. Sustainable Procurement**

- 11.1 When designing regulated procurements, the Association will consider its sustainable duty and seek ways to:
- Improve the economic, social and environmental wellbeing within communities
  - Offer opportunities for small and medium enterprises, third sector bodies and supported businesses
  - Encourage innovation through award criteria that takes account of positive environmental activities, including design and materials, manufacturing, logistics, service delivery, recycling and waste disposal

## **12. Fraud and Corruption**

All contractual agreements with the Association will contain the provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

### **13. Community Benefits**

13.1 Community benefits will be included within all regulated and some nonregulated procurement. The required outcomes will generally be determined in accordance with the duration and value of the contract. Community benefits are not limited to but may include:

- Activities to assist job readiness of disadvantaged groups or individuals by improving skills, abilities and confidence
- Creating training and employment opportunities
- Maximising income for communities who are financially disadvantaged
- Progressing initiatives to improve the local environment
- Accessing new funding streams to sustain community projects
- Supporting local initiatives or groups through the provision of financial assistance, proportionate to the contract value or by in-kind contributions

### **14. Living wage**

14.1 The Association is committed to promoting the Scottish Living Wage and will encourage suppliers and contractors to adopt the same commitment.

### **15. Health & safety**

15.1 All consultants and contractors will be required to demonstrate the highest commitment to health and safety before being considered for work. Through award criteria, contractors will be asked to demonstrate how they promote and manage health and safety. This may be supported by the provision of appropriate risk assessments and method statements.

### **16. Tender returns**

16.1 All medium and high valued procurements will be submitted electronically on Public Contracts Scotland. In doing so, tenders will be held within a secure postbox, until the deadline for submissions expires, and the postbox can be unlocked.

16.2 A Tender Opening Team will be formed, comprising 3 committee members one of which must be an office bearer, a member of staff and (where one has been employed) a consultant advising on the tender

16.3 The Association will not accept any tenders submitted after the deadline for submissions and suppliers should be notified where this arises.

- 16.4 Where only two tenders are received, consideration should be given to re-starting the process, with a view to securing higher levels of engagement. In making such a decision consideration should also be given to the size of the market and likelihood that additional interest will be obtained.
- 16.5 If only one tender is received consideration should be given to why this has occurred e.g. has the market been restricted in some way or has the opportunity been unattractive. In such cases, consideration may need to be given to restarting the tender process.
- 16.6 All tender openings will be recorded in the Association's tender register. This will contain the following information:
- Details of the tender
  - Date and time of opening
  - Names of those present
  - Names of contractors issued with tender documents
  - Names and prices of tenders received
  - Signed by the Tender Opening Team.

## **17. Tender award**

- 17.1 All tenders will be awarded on the basis of the most economically advantageous tender which balances price and quality. This will be assessed against the award criteria and weighting specified within the tender documents.
- 17.2 The preferred tender will be checked to ensure that there are no arithmetic errors. Where a tender appears to have an abnormally low price, the Association will retain the right to carry out a further assessment to ensure that the project can be delivered effectively and within cost.
- 17.3 Effective award criteria will ensure that responses from suppliers clearly address the most critical aspects of the specification and allows the evaluation panel to make a fair and equal comparison of the bids received.
- 17.4 Examples of award criteria include:
- Quality
  - Technical merit
  - Qualifications and experience of staff, where this may have a significant impact on the level of performance
  - Innovation, design and functional characteristics, where appropriate
  - Maintenance, ongoing technical support or after sales service

- Delivery methods, project management arrangements, including safe working practices or period of completion
  - Life cycle costing
  - Test reports and certification
  - Community benefits
  - Sustainable procurement
- 17.5 Tenders must only be accepted in accordance with authorisation levels included within the Association's Financial Regulations and Procedures or where prior approval for delegated authority to accept a tender has been granted by Committee.
- 17.6 Appropriate letters relating to the award will be issued to all parties in accordance with the best practice. All tenderers will be provided the opportunity to obtain feedback on their submissions.
- 17.7 Upon awarding the contract an appropriate Award Notice shall be issued on Public Contracts Scotland.

## **18. Contract Management and Reporting**

- 18.1 All contracts should be carefully monitored to ensure that services are delivered in accordance with the conditions of the contract. High value and or risk contracts will generally require the highest level of management with a reducing requirement as value/risk diminishes.
- 18.2 Contractor performance will be reported to the board on an on-going basis, however, high value, short term contracts will require greater levels of reporting. Performance monitoring and reporting should focus upon key outcomes, including:
- Adherence to the programme
  - Services delivered within cost
  - Quality of service or supplies
  - Customer service and satisfaction
  - Number of complaints and approach to complaint resolution
  - Adherence to health and safety
  - Community benefit outcomes
  - Other specific measures

## **19. Equality and diversity**

- 19.1 Equality and diversity reflect the core values of the Association. We strive to ensure these values are embedded throughout all of the services we provide in addition to our policies, procedures and decision-making. We are committed to promoting an inclusive and diverse culture that treats every individual with dignity, respect and fairness. We will actively challenge discrimination and empower people to succeed.
- 19.2 We will ensure that the Procurement policy is applied in a manner that is consistent with our Equality and Diversity Policy. We will not discriminate against anyone because of their age, sex, marital status, sexuality, disability, race, nationality, language or social origin, or other personal features including beliefs or opinions such as religious beliefs or political opinions.
- 19.3 Reference can be made to our Equality and Diversity Policy for further details.

## **20. Dealing with complaints**

- 20.1 All complaints will be dealt with in accordance with the Association's complaints handling procedure and as a learning organisation we will use information from both complaints and comments to improve our services.

## **21. Contracts register**

- 21.1 The Association will maintain register of all regulated procurements which will be available for public inspection.

## **22. Policy review**

- 22.1 This policy shall be reviewed every five years or sooner as deemed necessary by Committee.