



## PROCUREMENT POLICY

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Date for Review: February 2020

The information in this document is available in other languages or on tape/CD, in large print and also in Braille.

For details contact the Association on 0141 578 0200 or e-mail: [admin@hillheadhousing.org](mailto:admin@hillheadhousing.org)

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欲知有關詳情，請聯絡本協會，電話：0141 578 0200，或向我們發送電郵，電郵地址：  
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Tha am fiosrachadh anns an sgrìobhainn seo ri fhaotainn ann an Gàidhlig no air teip/CD, sa chlà mhòr agus cuideachd ann an Clò nan Dall.  
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## HILLHEAD HOUSING ASSOCIATION 2000

### PROCUREMENT POLICY: DEVELOPMENT AND MAINTENANCE PROGRAMMES

#### 1.0 DEFINITION

The Procurement Policy relates to the procurement of both consultants and contractors' appointments to allow the Association to effectively procure a team in relation to its development and maintenance programmes.

With regard to works procurement, the appointment of all development contracts will require being in line with this policy. With regard to maintenance contracts, all projects in excess of £50,001 will require to adhere to this policy. For maintenance projects and commissioning of maintenance works less than £50,001, then the Association will comply with its "Financial Regulations Policy."

To ensure continuous improvement and best practice, the Association will continually monitor revised guidance and legislation and update the policy accordingly. Cognizance of the following documents has been taken in formulating this policy:

- OGC (Office of Government and Commerce): "EU Procurement Guidance"
- The Public Contracts (Scotland) Regulations 2015
- The Scottish Government, Scottish Procurement Policy Note SPPN 5/2015 – December 2015
- BTO's "Procurement Update" Bulletin January 2018
- The Procurement Reform (Scotland) Act 2014
- The Scottish Government, Statutory Guidance on the Selection of Tenderers and Award of Contracts (addressing Fair Work Practices, including the Living Wage in Procurement) October 2015

#### 2. AIMS

The main aims of the procurement policy are to ensure that the Association has systems and procedures to effectively:

- select and appoint consultants and contractors
- select the most appropriate procurement route for each project that ensures probity, quality, transparency and value for money.

### **3. OBJECTIVES**

The Association wishes to demonstrate accountability and transparency in procurement of works, goods and services from Consultants and Contractors and that development and maintenance projects are administered efficiently and economically. Procurement of all goods and services, including works, will take place following a value-based selection process, having due regard to propriety and regularity. The weighting to be allocated to the Quality and Price element will be determined on a project-by-project basis taking account the nature of the contract and will be determined by the Tender Panel at the outset and prior to advertising.

The Association will adhere to the following: -

- have effective and accountable procedures for obtaining and assessing tenders and quotations and for placing contracts following the principles of value-based selection techniques
- review procurement arrangements regularly to ensure all options are considered by the Association to achieve value for money
- keep up-to-date with developments in procurement arrangements and ensure that training opportunities are made available to the Director, Development Agent and Property Services Manager who in turn, ensure that Committee members are kept abreast of current procurement arrangements
- select the most appropriate procurement route for each project
- promote efficiencies within both the development and maintenance programmes
- ensure that building contracts are in place following acceptance of contractors' tenders and prior to commencement of construction works.
- ensure an accurate audit trail exists on a scheme-by-scheme basis

### **4. PROJECTS ABOVE EU THRESHOLDS**

Where the Association anticipates that the current EU thresholds will be exceeded, selection and appointment of consultants and contractors will be carried out following value-based selection techniques in line with EU policy, including advertising within OJEU.

With regard to a works contract, the anticipated works cost will be identified following receipt of the cost plan, thus enabling the Association to determine if the European Procurement Thresholds or Scottish Procurement Thresholds apply. The Association will then be in a position to determine if the project requires to be advertised within OJEU. The following EU thresholds are effective for the 2-year period, commencing 1 January 2018:

- Works cost expected to be in excess of £4,551,413 (€5,548,000)
- Supplies or Services in excess of £181,302 (€221,000)

The above figures are net of VAT.

The sterling value of these thresholds is recalculated by the EU every 2 years.

The Association will adopt the “Restricted Procedure” identification process when advertising projects within OJEU.

For appointments that are subject to EU Regulations, appointments will only be made following the “Alcatel mandatory 10-day standstill period” and assuming no challenges are received resulting in a delay to the formal appointment being made.

In some circumstances, the Association will consider awarding contracts utilizing the appropriate SPA (Scottish Procurement Alliance) Framework or other Framework available for use in Scotland.

## **5.0 PROJECTS BELOW EU THRESHOLDS**

The Association will take cognizance of the Procurement Reform (Scotland) Act 2014, which came in to force in April 2016 and the legislation therein in relation to contracts with values below the EU procurement thresholds but more than the Scottish Procurement Thresholds as follows:

- Works £2,000,000
- Supplies or Services £50,000

When the Scottish Procurement Thresholds apply, the Association will advertise on Public Contracts Scotland (PCS) website. The Association will adopt the “Restricted Procedure” identification process when advertising such projects.

Regardless of the nature and anticipated cost of each development and/or maintenance contract, the Association will always demonstrate a strong degree of transparency when awarding contracts.

In a bid to maximize efficiencies and achieve value-for-money, the Association will advertise projects to generate as much competition as possible, including those where the Scottish Regulations do not apply.

Following full discussion with the Management Committee, the Association will determine the extent of the advertising but as a general principle will maximize the use of the internet. In terms of advertising the Association will advertise in at least one of the following, following agreement with the Management Committee:

- Public Contracts Scotland (PCS) website (for all contracts expected to be equal to or above the Scottish procurement thresholds)
- Public Contracts Scotland (PCS) Quick Quote (QQ) website for contracts below the Scottish procurement thresholds
- Portal website specifically created for contract advertisements to increase visibility such as the Scottish Housing News website (low value contracts where it is considered that Quick Quote is not the best option)
- Local newspaper (assuming a low value contract that is also advertised either on QQ or a portal website as highlighted above)

Only in exceptional circumstances and following a detailed report and full discussion with the Management Committee on the reasons why it is in the best interests of the Association to award a contract to one particular contractor and/or consultant, will the above procedure not be adopted. This will also only apply when the anticipated value of the works/services are below the Scottish Procurement Thresholds. At the very least, it will require to be demonstrated that this course of action is lawful, transparent and offers efficiencies and value-for-money.

## **6. PROCUREMENT OPTIONS**

### **6.1 TRADITIONAL**

The Association will normally adopt the traditional procurement route with regard to the appointment of consultants and contractors. This will therefore result in a “full service” being requested from the Design Team and a Contractor being identified following production of a full set of contract drawings, specification and return of a fully priced Bill of Quantities. The identification and award of the contract will be in line with policy outlined above but that the guiding principles will be that of transparency and value-for-money. A Tender Panel will be established at the outset prior to any award being made and will include at least 2 Committee members, the Director and/or Development Agent or Property Services Manager.

### **6.2 DESIGN AND BUILD/GOLDEN BRICK/OFF-THE-SHELF**

As the Association considers that the traditional procurement route offers the greatest opportunity for client and tenant involvement in the design process, other forms of contract will generally only be considered if one or more of the following apply:

- Where the Association’s involvement is as part of a multi-tenure development, including where the Local Authority has issued a S75 Agreement with the provision for affordable housing to be developed by an RSL
- Where there is an emphasis on obtaining a price advantage
- Where the Developer already owns the land/property

Collateral Warranties will be required from the respective designers i.e. Architect and Engineer and other designers and sub-contractors where it is deemed necessary to obtain such warranties to the satisfaction of the Association prior to any Contract being entered in to.

## **7.0 FORMS OF CONTRACT**

The Association will follow advice from the Design Team and Association’s Solicitor when appropriate with respect to the most appropriate Form of Contract to be adopted for each project. Generally, one of the following contracts will apply:

- Minor Works:                      Scottish Building Contract (Minor Works) 2016

- Traditional: JCT Standard Building Contract for use in Scotland 2016
- Design & Build: JCT Design and Build Contract for use in Scotland 2016

For non-traditional contracts, including Golden Brick and Off-the-Shelf contracts, these will only be agreed and put in place after full consultation and advice from the Association’s Solicitor and approval from the Management Committee.

## **8.0 FORMS OF APPOINTMENT**

Appointments will be formalised, including exchange of letters to establish a legal contract under Scots Law.

Such letters will outline the terms and conditions of the contract, including the scope of services required. Standard Forms of Appointment may also be entered in to with each consultant at the commencement of each commission. Normally, the recommended forms of appointment made by the respective professional bodies will be adhered to as follows (subject to updating as appropriate):

- Architect –The Royal Incorporation of Architects in Scotland – Scottish Conditions of Appointment of an Architect SCA/2018 including the option to appoint the Architect as Principal Designer
- Quantity Surveyor - The Royal Institute of Chartered Surveyors - "Appointing a Quantity Surveyor in Scotland –May 2008
- Structural Engineer - Association of Consulting Engineers – Part G(A), Single or Non-Lead Consultant for use with ACE Agreement 1- Design 2009 Edition (Scotland)
- APS Form of Appointment as CDM Adviser to Client (FOACA 2015)
- APS Form of Appointment as Adviser to Principal Designer (FOAA2015)

## **9.0 PARTNERING PRINCIPLES**

Regardless of the procurement route that the Association enters, the Association will always seek to adopt “partnering” principles. This may include, where considered appropriate, and primarily when Contractors are selected at an early design stage, a “Partnering Charter” being put in place. The Association will ensure that the Contractor and Consultants will have a say in the proposed “Partnering Charter.” The Association’s main aims in introducing a “Partnering Charter” will be as follows:

- to ensure all parties to the contract have mutual aims and objectives, which are agreed at the outset of the project. This will include an agreed list of targets and Key Performance Indicators (KPIs).

- to promote continuous improvement
- to have in place, a procedure which facilitates relationships to work better
- to have in place, a procedure which will enable members of the partnering team to operate more efficiently and effectively
- to have in place, an agreed dispute resolution hierarchy if problems do arise, and which can be overcome as quickly as possible whilst minimising delay and disruption to the project

## **10.0 FRAMEWORK AGREEMENTS**

Where considered appropriate, the Association will put in place, Framework Agreements for works contracts and as highlighted at 4. above, utilise the SPA Frameworks or other suitable Framework where appropriate.

## **11.0 CONSULTATION**

The Management Committee will be required to approve the formal appointment of any contractor and consultants.

## **12.0 REVIEW PERIOD**

The Property Services Manager will be responsible for monitoring and reviewing the policy at least every 2 years or sooner to ensure that the policy complies with up-to-date EU Legislation, Scottish Legislation and revised guidance.