



PROCUREMENT POLICY

Approved/last reviewed by Management Committee: September 2022

Date for Review: September 2024

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

本文件所載資料備有中文 (廣東話) 版本，也可以製作成錄音帶/光碟，以及利用特大字體和凸字印製，以供索取。
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：
admin@hillheadhousing.org

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.
Airson tuilleadh fiosrachaidh, cuiribh fios dhan Chomann air 0141 578 0200 no cuiribh post-dealain gu: admin@hillheadhousing.org

इस दस्तावेज़ में दी गई जानकारी हिन्दी में भी या टेप, सी डी, बड़ी छाप और बैल में भी उपलब्ध है। विवरण के लिए ऐसोसिएशन को नम्बर 0141 578 0200 पर या ई-मेल के द्वारा सम्पर्क करें: admin@hillheadhousing.org

ਇਸ ਦਸਤਾਵੇਜ਼ ਵਿੱਚ ਦਿੱਤੀ ਗਈ ਜਾਣਕਾਰੀ ਪੰਜਾਬੀ ਵਿੱਚ ਵੀ ਜਾਂ ਟੇਪ, ਸੀ ਡੀ, ਵੱਡੀ ਛਪਾਈ ਅਤੇ ਬ੍ਰੈਲ 'ਤੇ ਵੀ ਉਪਲਬਧ ਹੈ। ਵੇਰਵੇ ਲਈ ਐਸੋਸਿਏਸ਼ਨ ਨੂੰ ਨੰਬਰ 0141 578 0200 'ਤੇ ਜਾਂ ਈ-ਮੇਲ ਰਾਹੀਂ ਸੰਪਰਕ ਕਰੋ: admin@hillheadhousing.org

اس دستاویز میں درج معلومات اردو زبان یا آڈیو ٹیپ / سی ڈی، بڑی طباعت اور بریل میں بھی دستیاب ہیں۔
تفصیلات کے لئے ایسوسی ایشن سے ٹیلیفون نمبر 0141 578 0200 یا ای میل admin@hillheadhousing.org کے ذریعے رابطہ قائم کریں۔

Regulatory Compliance	Standard 1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Standard 2 The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.
Financial Impact	Medium
Risk Assessment	Medium

1.

DEFINITION

The Association purchases goods and commissions services which can amount to several millions of pounds each year.

This policy sets out the procurement process which, provides guidance for operational activities, openness and accountability to our business partners and ensures strategic and legal compliance.

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 into account while formulating this policy:

- The Public Contracts (Scotland) Regulations 2015
- The Scottish Government, Scottish Procurement Policy Note SPPN 5/2022 – August 2022
- BTO's "Procurement Update" Bulletin January 2022
- The Procurement Reform (Scotland) Act 2014
- The Procurement Reform (Scotland) Act 2014: Statutory Guidance – updated to reflect changes since the UK's exit from the European Union at 11pm on 31 December 2020

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, contractors and suppliers
- select the most appropriate procurement route for each project that ensures probity, quality, transparency and value for money.
- To provide an appropriate level of control to reflect the size of the purchase and is intended to cover all the Associations activities. The policy covers all contracts, appointments and purchases across the Association's business.

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 and Head of Development & Property Services who in turn, ensure that Committee members are kept abreast of current procurement arrangements
- select the most appropriate procurement route for each project/purchase of goods and services
- promote efficiencies within both the development and maintenance programmes as well as across other areas of the business
- 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
- ensure compliance with the Association's Financial Procedures and Financial Regulations in relation to expenditure levels for all non-regulated procurement that is below a value of £50,000 - Appendix 1 - Expenditure authorisation levels
- The Association is a Living Wage Employer and therefore seeks to ensure that our procurement of goods and services complies with the process and procedures relating to the award of contracts which address fair work practices including the living wage.
- The Association is committed to equality of opportunity and all consultants, contractors and suppliers submitting tenders for work will be required to confirm whether or not they have an equal opportunities policy in place. All service providers regardless of their number of employees are expected to comply with the goods and services code of practice issued under the Equality Act 2010.

4. LEGISLATIVE AND STRATEGIC CONTEXT

This policy supports the Association in meeting its statutory obligations under the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016.

- Public Contracts (Scotland) Regulations 2015

From 1st January 2022, VAT (where applicable) must now be included when calculating the estimated value of contracts and comparing to the thresholds under the procurement regulations.

The thresholds will now be revised by the Scottish Government every two years to ensure they remain aligned with the thresholds set in the World Trade Organisations Government Procurement Agreement.

The new threshold values which are relevant to procurement exercises after 1 January 2022 are;

Works	£5,336,937
Supplies or Services	£213,477
Social and other specified services eg legal services	£663,540
Small lots/Supplies or Services	£70,778
Small lots/Works	£884,720

- Procurement Reform (Scotland) Act 2014

The Act sits alongside the existing Scottish public sector procurement legislation, namely the Public Contracts (Scotland) Act 2015.

The new Act creates a two-tier procurement regime for public contracts in Scotland.

- While the Regulations will continue to apply to contracts above the thresholds shown in the Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014 will apply to public contracts below those thresholds. As a result of the substantive provisions of the Act which came into force in April 2016, the following contracts are deemed to be 'regulated':

Goods and services with a value of £50,000 (ex VAT) or above

Works with a value of £2 million (ex VAT) or above.

(Thresholds apply to values over a 4 year period and are net of VAT)

- Statutory Duties

The Procurement Reform (Scotland) Act 2014 placed new statutory duties on contracting authorities.

The first is a 'general duty' to treat economic operators equally and without discrimination and to act in a transparent and proportionate manner.

The second is a 'sustainable procurement duty', aimed at improving economic, social and environmental wellbeing, while boosting SME involvement and promoting innovation.

The Act requires contracting authorities to advertise contracts and contract award notices through Public Contracts (Scotland) and makes provision for community benefit clauses and technical specification provisions preventing reference to specific suppliers.

The Act created some new obligations for contracting authorities, such as the requirement to prepare and publish a procurement strategy and an annual procurement report.

In addition, a **register** containing details of all **contracts** awarded as a result of regulated procurements must be made available online.

The Act also sets out specific rules relating to community benefits, which will apply to all regulated procurements with an estimated contract value of £4 million or more.

- Transfer of Undertakings Protection of Employment Act (TUPE)

This legislation protects employees who might otherwise be vulnerable to unemployment. It covers work areas where the work continues after the term of the contract has expired such as landscaping maintenance and gas maintenance.

The Association will alert tenderers to the potential liability where this exists although thereafter it will be up to the respective contractors to determine actual liability and take this into account in any tender submission.

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 Publishing Procurement Opportunities

Regardless of the nature and anticipated cost of each purchase/project/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.

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,

- 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)

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. Approved Procurement Routes

- 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, the Director and/or Head of Development & Property Services and may consist of a member of the management committee

- 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.

- Partnering Contract

For development or property maintenance contracts - not necessarily a standard JCT form of contract.

- Off the Shelf

Purchase of completed units

- Framework Agreements

Accessing existing framework agreements be that established by other public sector organisations or available through “procurement clubs” (also referred to as “central purchasing bodies” like the Scottish Procurement Alliance (SPA), Northern Housing Consortium (NHC), Scotland Excel, Procurement for Housing (PfH) or the Scottish Governments own frameworks.

It will, however, be necessary for the Association to satisfy itself that it is entitled to use the framework agreement i.e. that it is listed in the contract notice either specifically or by

definition of being an RSL as defined by the most recent legal definition of such” as this is the responsibility of the contracting authority (the Association) and not the purchasing body.

- Quick Quotes

The quick quotes function within Public Contracts Scotland (PCS) may be used to procure any works of a value up to £2m as a single stage tender. A number of registered suppliers or contractors can be invited to tender via the portal and the secure post-box facility is available for submitting questions and returned completed tenders.

- Advertisement via Scottish Housing Publications

In some cases, particularly where the purchase or commission relates to specialist corporate or administration issues, advertising in the online Scottish News publications may be the most appropriate method of procurement.

- Negotiation

The Association may negotiate a price with contractors, suppliers or consultants on projects which are below approved list thresholds or which are specialist, emergency or relate to insurance works.

- Contract Extensions

It may also be appropriate from time to time to extend a period of an existing contract and where circumstance exist where this is deemed appropriate relevant Committee/Board approval will be required.

- Joint Procurement

In situations where it is agreed that procurement is to be undertaken on a joint basis the following principles and procedures will apply;

A specific point of contact for the Association will be determined and it will be the responsibility of that individual to administer the appropriate stages of the process and keep the Management Team and Committee advised of progress and refer appropriate aspects for consideration and approval as necessary;

It is essential under such a joint procurement option that the Association's requirements are fulfilled although it is recognised that this form of procurement will involve a degree of flexibility and negotiation with partners. Where the lead is being undertaken by one of the Association's "partner" organisations the Association's requirements will be communicated effectively by the designated member of staff.

The Committee will be kept up to date with progress via reports presented by staff.

Approval in terms of the procurement route and final approval of proposals will remain with the Committee unless delegated otherwise.

7 EMERGENCY / OTHER SITUATIONS

Certain situations may arise where the overriding priority is to instruct work.

The Director (or most senior employee available at the point of the emergency situation) will have discretion to diverge from the above procurement options in these instances and will report all divergences to the relevant Committee.

- Insurance
The Association accepts that a Loss Adjuster may direct particular firms in certain claims to undertake property remedial work.
- Tendering via Public Contracts Scotland
Public Contracts Scotland is a national advertising website and may be used to procure services or works via a secure portal. The facility accommodates single or two-stage tendering. The portal allows the Association to maintain a transparent tendering process and adhere to legislation and guidance. The secure postbox function allows the Association to allocate “authorised openers”, ensuring the tenders remain locked until the closing date & time.

8 DISAGGREGATION

In general, it is not permissible for any employee to circumvent the above thresholds by way of disaggregation i.e. the deliberate manipulation of works or supply orders to reduce their individual value which has the effect of bringing them within specific authorization thresholds without prior authorization and /or unless it can be clearly demonstrated and evidenced that the intention of the action taken was to provide better value for money.

For example, where quotes for blocks of maintenance work of the same type are to be obtained, separate quotes should not be sought for individual addresses.

Any employee found to be operating the Corporate Procurement Policy in such a deliberate, unauthorised and unethical way will be subject to disciplinary action including dismissal.

9 SELECTION PROCESS

- Balancing Quality and Price
The Association will follow guidelines for balancing quality and price in all its procurement decisions (unless there is a specific reason not to do so).

For example, balancing quality and price may not take place on projects;

- which are innovative and where expertise is limited to certain suppliers, consultants and contractors or
- where the Association is not responsible for the appointment.

The quality / price ratio will be set using the most up to date guidance but is most likely to be 60:40 or 70:30 quality / price.

Guidance on public procurement including applying a balancing quality and price approach can be found on the Scottish Government website
<http://www.gov.scot/Topics/Government/Procurement>

- Independent Quality / Price Evaluation

The process to be adopted to determine the successful tenderer via a quality and price approach will be that at least 2 representatives of the Association will score quality returns along with one independent party e.g. the external consultant assisting the Association with the procurement process.

In certain circumstances it may be permissible that the external consultant / independent party only will undertake the evaluation

Both of the above will provide a level of independent evaluation of the process to provide assurance that the process has been undertaken openly, objectively and without favour.

Where a competitive tender process is undertaken internally without assistance from a consultant the quality assessment will be undertaken by a minimum of 2 members of staff, both of which must be at least Officer level.

10 FORMS OF CONTRACT

The Association will follow advice from the Design Team and Association's Solicitor when necessary 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.

11 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)

12 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

13 CONSULTATION

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

14 REVIEW PERIOD

The Head of Development & Property Services 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.

Contracting Authorities	Public Contracts for	New Threshold (gross 20% VAT)	Indicative Value (net of VAT)
Central government bodies	Supplies or Services	£138,760	£115,633
Other contracting authorities (e.g. registered social landlords, councils)	Supplies or Services	£213,477	£177,897
All Contracting Authorities	Subsidised services contracts	£213,477	£177,897
	Works (including subsidised work contracts)	£5,336,937	£4,447,447
	Light touch regime for services – e.g. social services, legal services	£663,540	£552,950
	Small lots / Supplies and services	£70,778	£58,982
	Small lots / Works	£884,720	£737,267

HILLHEAD HOUSING ASSOCIATION 2000
FINANCIAL REGULATIONS - APPENDIX 1

AUTHORISATION LEVELS

1.

General Expenditure:

- a) Spend up to £3,000 - All budget holders within their own budget areas.
- b) Spend £3,001 to £5,000 - As above with the authorisation by the Director/Depute Director.
- c) Spend £5,001 to £15,000 - 3 written quotations to be received with approval required by the Director/Depute Director. (Quotations to be recorded in the Quotations Register)
- d) Over £15,001 - Full tender procedures apply.

2. Property Services Authorisation:

AUTHORITY TO INSTRUCT WORKS

AMOUNT	DESIGNATION
Up to £500	Property Services Assistant
Up to £1,500	Property Services Officer
£1,501 - £5,000	Property Services Officer with authorisation of Head of Development & Property Services/
£5,001 - £15,000	Invite 3 quotes
£15,001 and over	Formal tender procedures

AUTHORITY TO AUTHORISE INVOICES

AMOUNT	DESIGNATION
Up to £20,000	Checked by Property Services Assistant/Officer and then authorised by Head of Development & Property Services
£20,001 and over	Checked by Property Services Officer and then authorised by Head of Development & Property Services

