



Gardeen Housing Association Ltd
Building a Better Future

GARDEEN HOUSING ASSOCIATION

PROCUREMENT POLICY

Implementation	2019/20
Next Review	2022/23

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1.0 INTRODUCTION

In this policy we outline the broad principles that we will use to procure works, services, and supplies.

2.0 POLICY OBJECTIVES

Through the implementation of this policy, we aim to meet the following objectives:-

- Compliance with our legal obligations in respect of the process of procuring works, services, and supplies.
- Secure 'best value' for the Association through the procurement process.
- Demonstrate transparency, and fairness in the procurement selection process.
- Ensure our procurement methodology is robust, proportionate, effective and accurately recorded.

3.0 LEGAL OBLIGATIONS AND BEST PRACTICE

Legal framework

As a Registered Social Landlord, in terms of the procurement of works, services, and supplies, the Housing Association must comply with the Application of the Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, and the Procurement (Scotland) Regulations 2016.

The Scottish Regulations largely clarify and support the existing EU regulations, and also enshrine them in Scots Law.

The Association will also comply with mandatory public finance guidance contained in the 'Construction Procurement Handbook' for public sector clients issued by the Scottish Government, March 2019 [ISBN:978-1-78781-492-9].

All contracts, awarded by the Association, fall within the scope of the regulations when they exceed cost thresholds defined in the regulations.

There are separate EU and Scottish [Regulated] contract thresholds set for the procurement of works, for the procurement of services, and for the procurement of supplies. These threshold sums are reviewed regularly (usually annually).

Current thresholds, excluding VAT [at October 2019] are:

	<u>Supplies & services</u>	<u>Works</u>
Scottish Regulated	£50,000	£2,000,000
EU [OJEU]	£181,302	£4,551,413

If we anticipate that the value of any contract (or the cumulative year on year cost) will exceed the cost thresholds in the regulations, we have to procure the contract in accordance with procedures set out in the regulations. This includes the requirement to adequately advertise the contract, nationally and throughout Europe. We comply with all these advertising requirements by posting notice of the contract via the Public Contract Scotland website (www.publiccontractsscotland.gov.uk).

Works contracts include: site preparation; construction of new buildings and works; restoration and common repairs; civil engineering works (for example, roads and bridges); building installations works such as electrical and plumbing installations; and building completion works and maintenance (for example, plastering, joinery and painting).

Supply contracts are for the purchase, hire or lease of 'goods' and for any siting or installation of these goods where this is incidental to the supply. Examples would be office supplies, IT and building/ maintenance materials bought direct from suppliers, or supply & installation of kitchens or windows by the component manufacturer.

Services contract examples, in a housing management context, include grass cutting and gas inspection & servicing.

For contracts anticipated to be less than the EU/ Regulated threshold values, we will continue to act in accordance with the regulations and guidance from the Scottish Government and in particular the 'Construction Procurement Handbook'.

Scottish Government

The Regulations require that Registered Social Landlords should ensure a degree of (appropriate) advertising which is sufficient to enable open competition and meet the principles of equality, non-discrimination, transparency and proportionality.

The Regulations also make it mandatory that Registered Social Landlords widely advertise contracts (of works, services, and supplies) where the value of any contract (or the cumulative year on year cost) is more than the Regulated Contract threshold.

To comply with this, we advertise such contracts on the Public Contract Scotland website (www.publiccontractsscotland.gov.uk).

Contracts of value of less than £50,000 (excluding VAT).

The Association will also advertise all works, services, and supplies contracts where the estimated cost exceeds the following threshold limits:

Works Costs	Procedure	Authorised Persons
Up to £500	Works Order	Director Senior Housing Officer Customer Care Officer Property Services Assistant Admin Assistant Receptionist
£501-£ 5,000	Works Order	Director Senior Housing Officer
£5,000 - £8,000	Works Order	Director
£8,000 - £10,000	Works Order	Management Committee
£10,000- £50,000	Formal tendering procedure	As per procedures.

Works of value more than £50,000

The Association will determine the method of procurement for works, services, or supply contracts that exceed £50,000 (excluding VAT).

Services

Services contracts will be appropriately advertised if the cumulative expenditure over a continuous period of five calendar years is expected to exceed £10,000 (excluding VAT).

Supplies

Supply contracts will be appropriately advertised if the cumulative expenditure over a continuous period of five calendar years is expected to exceed £10,000 (excluding VAT).

The scope of the advertisement will be appropriate to the value and nature of the contract to be advertised.

Mixed contracts

If we wish to procure a contract that encapsulates more than one of the three elements (of work, services, and supplies), we will procure the contract on the basis of the element that has the lower threshold value.

Exclusions

The Regulations provide a limited number of specific exclusions, including the purchase of an interest in land, and the purchase of newly completed or existing dwellings.

4.0 PROCUREMENT METHODOLOGY

Procurement Register

The procurement methodology will be set out in our Procurement Register for all our activities and will reflect the principles of equality, non-discrimination, transparency and proportionality.

In the Register, all activities on which we spend money are listed. We will record the activity, the estimated cost of that activity, the action we will undertake to procure that activity, the timescale for procuring the activity, the justification for procuring the activity and the person responsible for overseeing the procurement process.

The Procurement Register will be updated as required. Management Committee will be informed of updates and receive a copy of the Register at least annually.

Tendering

It is the Association's Policy to take a strategic approach to procurement of contractors and so our policy allows for the following types of procurement:

- Balancing Quality and Price (tendering openly on PCS)
- Framework Agreements
- Price tender mini competition by Framework contractors (PCS Quick Quotes)
- Negotiation (where justifiable)

The Association will approve the most appropriate method of contract procurement, taking into account the objectives the Association is aiming to achieve e.g. cost certainty, high quality, balancing price & quality, standards of customer care, specification and service. The needs of the Association and our customers will be a primary consideration in the choice of procurement method.

The manner in which we procure contracts will vary, depending on the nature of the contract and the anticipated value of that contract.

In accordance with the Construction Procurement Handbook 3.2, Fig 2, which states the main and sub-routes for procurement route selection, we will establish processes to be used to procure contracts:

- i) of estimated value in excess of the Regulated Contract thresholds
- ii) of estimated value in excess of the EU Contract thresholds
- iii) estimated to cost less than the Regulated Contract threshold contained in the Regulations.

Tender Opening

Any low value (less than £10,000) tenders or quotes received in hard copy will be opened by a Committee Member in the presence of at least one other Committee Member and one Senior Member of the Association's Staff (i.e. the Director, Senior Housing Officer, Maintenance Agent, or Finance Agent).

Any tenders procured via Public Contracts Scotland (PCS) will be returned electronically by upload to the PCS postbox facility, and the postbox will be unlocked/ opened in the presence of at least two Committee Members and one Senior Member of the Association's Staff (i.e. the Director, Maintenance Manager, Housing Manager, or Finance Manager).

The details of the tenders received, the attendee who opens the tenders or unlocks the PCS postbox, tenderers names, tender prices, and the persons present at the opening will be recorded in the Association's Tender Register.

Letting Contracts

The Housing Association will not instruct acceptance of a tender until:

- The tenders have been checked and a tender report issued
- Contract cost has been agreed and confirmed
- Any statutory permissions have been received
- Committee have approved the appointment of the contractor

The Association will ensure that for each project there is a formal contract formed between the two parties concerned.

Performance

The Housing Association is aware of the importance of close monitoring of the cost, quality and performance of service provided. Careful consideration will be to Key Performance Indicators (KPI), setting of targets and the method of monitoring performance in relation to the project requirements to demonstrate continual improvement. Reports will be provided to the Committee during and on completion of works/ contracts.

Contracts awarded by the Housing Association will be measured against agreed KPI's. The Association will provide a breakdown for expectations of contractor/ suppliers performance on the contract, measurement criteria may include:

- Completion/ programme
- Adherence to contract conditions
- Completion within agreed contract sum
- Adherence to contract/ pro-rata rates
- Zero Defects
- Health & Safety
- Communication
- Sustainability & Waste Minimisation
- Added Value
- Community Benefits
- Tenant Satisfaction
- Client Satisfaction

The Housing Association will use the following information sources to evaluate outcomes:

- TSS
- project evaluation
- budget conformance
- programme v progress
- stakeholders via consultation

Finance

Projected expenditure for all procurement related activities will be included in our annual budget forecasts and actual expenditure in our management accounts.

Procurement Strategy & Reporting

The Regulations also require the Association, for all contracts over the Regulated Contract threshold where the cumulative spend exceeds £5million, to:

- maintain a contracts register on line;
- prepare a procurement strategy/ report for each financial year;
- comply with the Sustainable Procurement Duty [to improve the social, economic & environmental wellbeing of our area; facilitate the involvement of SME's and third sector organisations; promote innovation];
- consider and report on Community Benefits, also providing justification where no Community Benefits are included in contracts greater than £4million in value.

Management Committee will be involved in the procurement process and will receive reports on the procurement strategy/ process and outcome for each listed activity.

5.0 GOVERNANCE

Personal interest

Committee Members and employees of the Association are obligated to disclose interest if someone with whom he/she has 'close connection' (as defined in Committee and Staff Codes of Conduct) in accordance with the process set out within the Code.

The Housing Association will not approve the appointment of a firm if a Committee Member and/or employee of the Association has a financial interest in that firm, or is a close relative of a person with a financial interest in that firm.

The Association will require any firm being considered for appointment to declare if anyone with a substantial financial interest in that firm, and/or managerial control of that firm is a close relative of a Committee Member or employee of the Association.

Inducement

The Association requires that all Staff immediately alert their manager, and Committee Members to immediately alert the Director, if they receive an attempt by a firm to influence a procurement decision by way of an inducement. Canvassing of Staff or Committee by any Contractor for any contract is expressly forbidden. Such actions are a serious breach of trust and as a result, following investigation, any firm found to have behaved in such a manner will have their appointment revoked, or they will be removed from the selection process.

Firms are similarly bound to alert the Association's Director and/or Chairperson immediately should any inducement be sought by any member of the Association's Staff or Committee. Such action is viewed as a serious breach of the Association's conditions of service for Staff and a breach of the Codes of Conduct for both Committee and Staff, and may lead to disciplinary action up to and including dismissal in the case of Staff, and removal from the Management Committee for Committee Members.

Training

The Association will ensure its learning and development programme for Committee Members and Staff raises awareness of the responsibilities placed on them by this policy. Staff will be provided training (as required) to assist them to properly discharge the duties placed on them by our procurement processes.

6.0 EQUALITY

The Housing Association works towards ensuring equality of treatment for all without discrimination or prejudice based on a persons' sex, sexual orientation, gender reassignment, race, religion or belief, age, marriage and civil partnership, pregnancy and maternity or disability.

When advertising contracts the Association will encourage open competition, and implement processes that promote equal treatment and transparency.

Code of Conduct

Any firm employed by the Association is expected to have an acceptable 'Equalities Statement' that sets out its attitude on employment equality issues or confirm that they agree to comply with the Association's Equality and Diversity Policy. The Association will also require firms to 'sign up' to its 'Code of Conduct' through the procurement process.

The Code lists the standard of behaviour expected by firms when dealing with our tenants, owners and other residents and stakeholders. The Code of Conduct is a list of behavioural principles, as opposed to a definitive list. Firms are required therefore to behave in the spirit of the Code as well as to the letter.

Failure to adhere to the Code of Conduct will be taken seriously by the Association and appropriate follow-up action will be taken.

7.0 REVIEW

This Policy will be reviewed every 3 years or more frequently if required.