



Gardeen Housing Association Ltd
Building a Better Future

GARDEEN HOUSING ASSOCIATION

PROCUREMENT POLICY

Implementation	2024/25
Next Review	2026/27

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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.

The 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

2.0 POLICY OBJECTIVES

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

- 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.
- Comply with all relevant legislative requirements.
- Comply with our legal obligations in respect of the process of procuring works, services, and supplies.
- 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.
- Ensuring that there is a clear audit trail associated with the procurement of all contracts.

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 supported the pre-Brexit EU regulations (which were in force at 1st January 2021) and also enshrined them in Scots Law.

The Association will also comply with mandatory public finance guidance and procedural recommendations contained in the 'Procurement' Journey' (www.procurementjourney.scot) and 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 UK 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 on 1st January every 2 years, to take account of currency fluctuations.

Current thresholds were set on 1st January 2024 as follows:

<u>Threshold</u>	<u>Supplies & services</u>	<u>Works</u>
Scottish Regulated	£50,000 exc VAT	£2,000,000 exc VAT
UK FTS (WTO GPA)	£214,904 inc VAT	£5,372,609 inc VAT

Note above where VAT is included or excluded from the estimated contract value for calculating if contracts fall under or exceed the current threshold values.

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 (voluntarily) 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.

Mixed contracts: If the Association 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 value that attracts the lower threshold.

For contracts anticipated to be less than the UK or Scottish Regulated threshold values, we will continue to act in accordance with the regulations and guidance from the Scottish Government.

Where procurement relates to works and construction related projects, the Scottish Government's Construction Procurement Manual should be consulted for detailed guidance.

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).

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.

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.

Procurement Categories

This policy categorises the procurement of supplies, services and works into the following expenditure levels (refer also to tables 1&2 at Appendices):

L1 – Very low value procurement:

The purchase of supplies, services or works valued £0-- £750 (excl VAT)

L2 – Low value procurement:

The purchase of supplies, services or works valued £751 - £8,000 (excl VAT)

L3A – Low/Medium value procurement:

The purchase of supplies, services or works valued £8,001- £15,000 (excl VAT).

To prevent costly delays, void repair works may be treated as an exception and may be procured from the Gardeen Maintenance Framework.

Where services relate to a business-critical function, a single consultant or contractor can be appointed, up to a maximum of £15,000 (excl VAT).

L3B – Low/Medium value procurement:

The purchase of supplies, services or works valued £15,001- £25,000 (excl VAT).

To prevent costly delays, void repair works may be treated as an exception and may be procured from the Gardeen Maintenance Framework.

L4 – Medium value procurement:

This relates to purchases of supplies or services valued between £25,001 - £50,000 (excl VAT) or works valued between £25,001 - £2million (excl VAT).

L5 – High value procurement:

This relates to purchases of supplies and services over £50,000 and works over £2 million. These should be progressed in accordance with Scottish Government's Procurement Journey – Route 2 or Route 3, where the relevant procurement thresholds will be reached or exceeded.

Unregulated Procurement

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 may 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 or the like.

The Association will regularly review our methods of procurement in order to achieve best value for money and comply with our sustainable procurement duty, current statutory regulations, Scottish Housing Regulator guidance and 'good practice'.

We will seek to develop mutually beneficial customer/supplier relationships, particularly with those local contractors and suppliers with which we wish to develop medium to long-term arrangements, including via our Gardeen Maintenance Framework.

The summary Table 1 (refer Appendices) sets out the different methods of obtaining prices, quotations and tenders that must be followed when procuring works, goods and services. These methods are based on the value of the procurement and show the acceptable procurement method and the necessary level of approval.

For supplies under the current cost limit which do not require quotations or tenders, an authorised member of staff will, where appropriate and/or possible, seek to check at least two alternative prices either by telephone, by accessing a current catalogue or price list, or by requesting details by e-mail. Quotations may also be requested either verbally or in writing. In either case, an authorised member of staff will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received.

Where there is only one specialist supplier or contractor for a particular item or service, we will seek to negotiate the most advantageous price and terms prior to placing an order or signing an agreement. Details of the discussions held and the reasons for the final recommendation will be fully recorded and reported to the Committee for approval, should financial limits dictate that Committee approval is required.

Regulated Procurement

In carrying out procurement activities, the Association will comply with the Procurement Reform (Scotland) Act 2014 and Public Contracts Scotland Regulations 2015

Regulated procurement thresholds at 1 January 2024 are:

<u>Threshold</u>	<u>Supplies & services</u>	<u>Works</u>
Scottish Regulated	£50,000 exc VAT	£2,000,000 exc VAT
UK FTS (WTO GPA)	£214,904 inc VAT	£5,372,609 inc VAT

The summary Table 2 (refer Appendices) sets out the different methods of obtaining tenders that must be followed when procuring works, goods and services. These methods are based on the value of the procurement and show the acceptable procurement method and the necessary level of approval

For Regulated Procurements, the Association shall:

- advertise all regulated procurement on the Public Contracts Scotland website or award contracts through the Gardeen Maintenance Framework or any other properly procured Framework to which the Association has access.
- use electronic means of communicating regulated procurement procedures.
- utilise the Single Procurement Document (SPD) format when seeking potential suppliers.

For the procurement of regulated supplies, services or works, the Association may appoint a Consultant to ensure that the Association meets its legislative requirements.

Delegation of Authority

Where the proposed expenditure is already included in the approved annual budget, the Committee may delegate the authority to incur that expenditure to the appropriate member of staff, as detailed in the Association's Financial Regulations and per the Association's scheme of delegation summarised in Tables 1&2.

Where the proposed expenditure is not included in the approved annual budget because; it was not considered when the budget was drawn up, could not reasonably have been foreseen, or because the expenditure will result in an approved budget becoming overspent, the Committee may delegate authority to an appropriate member of staff (refer Tables 1&2) to approve expenditure up to specified limits.

Exceptional Circumstances

In exceptional circumstances the Association can look to make a direct appointment out-with the tendering process outlined in this policy. An exceptional situation may include one which could have immediate or potential negative: financial, resourcing, reputational or regulatory implications for the Association. Any such exceptional measures will require the approval of the Committee or in immediate situations the Director who will report the decision to the Committee at the first meeting after the decision.

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.

Frameworks & Collaborative Working

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 the procurement regulations have been complied with by the Central Purchasing Body prior to entering into any contract.

The Association may also consider the use of other 3rd Party external Frameworks, pre-tendered to comply with the procurement regulations including via PCS. In such cases the Association is entitled to make direct call offs or carry out mini- competition.

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 local 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.

Where such joint procurement is undertaken, the joint element shall end at completion of the tender evaluation report stage. Each partner organisation shall then enter into a contract directly and individually with the contractor.

The Gardeen Maintenance Framework allows the Association to call on its framework contractors for day-to-day repairs, planned and cyclical works without the requirement to advertise each contract. Contractors who have been allocated places on the framework have demonstrated that they are capable and of sufficient quality to undertake the services/ works. Accordingly, any tendering opportunities for invited framework contractors can be tendered solely on a price basis.

Following quarterly review, any additions to/ omissions from the Gardeen Framework will be administered in accordance with the framework agreement in the tender/ contract by the Association staff, who will seek delegated authority for any such action following review. However, any review report will require to be ratified by the Committee thereafter.

For planned, cyclical, higher value or repeat services/ works the Association may organise a 'mini-competition' (tender) from contractors on the appropriate framework Lot(s), in accordance with the procurement process. The Association staff will seek delegated authority for any such procurement from the Framework, however any tender acceptance is to be approved by the Committee.

Tenders via mini-competition will be cross referenced to the Association's maintenance framework agreement/ contract and will also specify details for the particular mini-competition services/ works, all of which will comprise the call off contract terms and conditions.

In circumstances where the call-off or mini-competition contract runs beyond the expiry of the framework, the Association shall ensure that proper supplier management arrangements are put in place for the duration of that call-off or mini-competition contract.

5.0 TENDERING

Tender Process

In accordance with the Procurement Journey and 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:

- of estimated value in excess of the Scottish Regulated Contract thresholds
- of estimated value in excess of the UK GPA Contract thresholds
- estimated to cost less than the Scottish Regulated Contract threshold contained in the Regulations.

It is the Association's Policy to take a strategic approach to procurement of contractors and so our policy includes for the following most common methods of procurement:

- Balancing Quality and Price, restricted (2 stage) or open (1 stage) via 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.

Following the development of the appropriate tender documentation, suppliers will be invited to tender. Reports on tenders and recommendations will be presented to the Board for approval prior to contracts being awarded. If there are time constraints, the Board may consider delegating authority to the Director to approve contracts up to a pre-approved level with a retrospective report presented to the Board at the next available meeting.

Minimum Requirements

Minimum Selection Criteria must be stated to evaluate whether a contractor can undertake works to the standard required by the Association, the minimum requirements will be set out in the tender documents.

The Single Procurement Document (Scotland) (SPD) is the Scottish Government 'pre-qualifying questionnaire' available via PCS. The questions ask bidders either to confirm that they meet the minimum standards for selection set out in the tender/ contract notice or to describe how they meet those criteria. The questions contained in the SPD are set and cannot be amended, although questions not relevant to a particular contract can be deleted.

For works and services contracts the minimum insurance requirements and cover limits for contractors/ consultants will be as follows:

- Employers Liability Insurance: all providers £10m.
- Public Liability Insurance: all providers £5m.
- Works or All Risks Insurance: contractors equal to the value of the (annual or one off) contract including VAT.
- Professional Indemnity Insurance for design & specification: consultants and contractors in the £sum proportionate to the design services delivered in accordance with industry standards.

Tender Documents

Contract documentation will be drafted in accordance with the scope and complexity of the contract but should include as a minimum:

- Instruction to tenderers & tender deadline.
- Project/ services/ works scope and timescales.
- Minimum standards/ criteria & Insurance requirements.
- Pricing schedule.
- Assessment criteria.
- Contract conditions.

Tender Opening

Tenders will not be opened before the submission time and date.

For hard copy tenders the date and time received will be marked clearly on the envelope and signed by the member of staff accepting delivery, then stored in a lock fast area until the opening. 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, Depute Director, Maintenance Agent, or Finance Agent).

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, Depute Director, Maintenance Agent, or Finance Agent).

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.

Where only two tenders are received, the tenders can be evaluated and acceptance may be recommended to committee. However, consideration may be given to re- starting the process to secure higher levels of engagement, taking into account the size of the market and likelihood that additional interest will be obtained.

If only one tender is received, the tender can be evaluated and acceptance may be recommended to committee. However, consideration should be given to why there has been a lack of interest, for example if the services/ works are specialist, or has the market been restricted in some way or has the opportunity not been attractive. In such cases, consideration may need to be given to restarting the tender process.

Tender Evaluation

The tenders should be evaluated on a fair and equal basis:

- All tenders will be subject to price checking, including against the 'abnormally low tender' test.
- Tenders may be evaluated on a price (only off a framework) or price/ quality basis.
- Price/ quality involves applying the scoring and weighting process stated in the tender documents.
- The Association will use appropriate % price/ % quality criteria dependent on the type, scope and cost/ quality importance of the contract. Accordingly, a tenderer will not necessarily be successful by submitting

the lowest price, without also addressing the quality elements in the tender. The price/ quality split to be applied will be agreed by the Association prior to contracts being advertised.

- responses from suppliers must clearly address the most critical aspects of the specification to allow evaluation on a fair and equal comparison of all the bids received.

Contract Award

The 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.
- The Committee have approved (or delegated approval of) the appointment

Upon award of a contract the appropriate Contract Award Notice shall be issued on Public Contracts Scotland

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

Contract Management & Reporting

The 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.

6.0 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.

7.0 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.

8.0 REVIEW

This Policy will be reviewed every 2 years or more frequently if required.

APPENDICES

Table 1: Unregulated Procurement

Value (excl. VAT)	Procurement method	Alternative procurement methods	Approval / Authorisation
Unregulated Contracts			
< £750 (L1)	Direct award to relevant supplier	Quote from relevant suppliers	Property Services Officer Customer Services Assistant or Officer Director/Housing Manager Director
£751-£8,000 (L2)	Suppliers' schedule of rates / price lists or direct award from a Framework	Two quotes from approved or relevant suppliers	Depute Director/Housing Manager Director
£8,001-£15,000 (L3A)	Two quotes from approved/specialist suppliers or direct award from a Framework	Tender via Public Contracts Scotland including Quick Quote	Depute Director/Housing Manager Director
£15,001-£25,000 (L3B)	Three quotes from approved /specialist suppliers	Tender via Public Contracts Scotland including Quick Quote	Director
Services and supplies >£25,001 but less than £50,000 (L4)	Tender via Public Contracts Scotland including Quick Quote	Three quotes from approved or relevant suppliers or direct award or mini competition from a Framework	Committee
Works >£25,001 but less than £2,000,000 (L4)	Tender via Public Contracts Scotland including Quick Quote	Direct award or mini competition from a Framework	Committee

For unregulated procurements that do not receive the stated number of quotes we will seek approval or otherwise from the Director, which will then be approved by Committee at the first meeting after the decision.

The Committee may also grant delegated authority to staff to authorise procurements and the committee will ratify such delegated authorisation at the first meeting after the decision.

Table 2: Regulated Procurement

Regulated contracts (L5)

Services and supplies >£50,000 exc VAT but less than £214,904 inc VAT (£179,087 exc VAT)	Tender advertised via Public Contracts Scotland	Direct award or mini competition from a Framework	Committee
Services and Supplies >£214,904 inc VAT (£179,087 exc VAT)	Tender advertised via Public Contracts Scotland Find a Tender (FTS)	Direct award or mini competition from a Framework	Committee
Works >£2,000,000 exc VAT but <£5,372,609 inc VAT (£4,477,174 exc VAT)	Tender advertised via Public Contracts Scotland	Direct award or mini competition from a Framework	Committee
Works >£5,372,609 inc VAT (£4,477,174 exc VAT)	Tender advertised via Public Contracts Scotland Find a Tender (FTS)	Direct award or mini competition from a Framework	Committee
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