

**GROUP POLICY**

<b>Date Issued</b>	December 2015
<b>Last Reviewed</b>	<b>December 2017</b>
<b>Department</b>	Corporate
<b>Title</b>	Procurement Policy
<b>Objective</b>	This policy sets out clear guidelines to be adopted whenever we purchase goods, services and construction works. The policy will also ensure we comply with appropriate legislation
<b>Responsible</b>	Director of Asset Management
<b>Next Review</b>	<b>December 2022</b>

**1.0 INTRODUCTION**

Since the publication of the Egan Report (Rethinking Construction, 1998), increasing emphasis has been placed on the establishment of robust procurement processes that reflect established best practice and provide efficiency savings for organisations. In addition to this, the possibilities of adding value to large scale procurement have been recognised initially being promoted in the Scottish Government report, Community Benefits in Public Procurement, published in 2008.

More recently, the introduction of the Procurement Reform (Scotland) Act 2014, (The 2014 Act), which implements the EU Procurement Directives 2014, introduces requirements for “contracting authorities” as part of their procurement processes. The main changes relate to the level at which procurement contracts become subject to the provisos of the EU legislation with The 2014 Act, which replaces the Public Contracts (Scotland) Regulations 2012 and the Utilities Contracts (Scotland) Regulations 2012, also imposing a new duty to advertise all contracts above a defined threshold, currently £50,000 on the Public Contracts Scotland (PCS) website. The Scottish Government has underpinned The 2014 Act with The Procurement (Scotland) Regulations 2015 and The Procurement (Scotland) Regulations 2016.

It is in light of these more recent developments that this Procurement Strategy and Policy have been reviewed

## **2.0 PROCUREMENT OBJECTIVES**

2.1 The overall aim of the Procurement Policy is to develop high quality procurement processes that will deliver the following objectives:

- To provide us with a framework for all procurement
- To meet or improve upon the performance set out in our financial projections and other business planning tools
- To provide best value while maintaining or improving the quality of service
- To demonstrate efficiency savings
- To consider the environmental sustainability of the goods and services procured
- To meet legislative and regulatory requirements

Throughout this policy document, we refer to the purchase of any goods, services, products, works, etc. as “products”. Similarly, the use of the term “supplier” includes contractors, service providers and consultants.

### 2.2 Proportionality

Given the wide range of value of products we procure, we need to ensure a proportionate approach to procurement. Procedures for procuring lower value products and services will recognise the principles involved in this policy and will, as a minimum, be able to demonstrate openness, transparency and best value. In general, tendering will only be used for procurement of higher value products, or where we have no previous experience of purchasing that kind of product. Similarly, wherever we feel it is appropriate, we may use a full tendering process to procure products of a lower value.

### 2.3 Best Value and Efficiency

We will seek to use the most efficient methods of procurement whilst adhering to the overall principles of openness, transparency and value for money. In addition, we will comply with all legislative and regulatory requirements.

We will seek to re-tender long term contracts periodically, as set out in our Contracts and Licences Review Calendar, except where this is unlikely to be in the best interests of the business. Where we believe this is the case, we will seek approval from our Management Committee / R3 Board (as appropriate) to waive the tendering process and negotiate a new contract with an existing supplier.

### 2.4 Methodology

Staff procuring products will seek to obtain the best overall terms to meet our needs. This will be based upon the optimum combination of cost and quality assessed as being required for the product to be provided.

We will participate where appropriate in collaborative purchasing arrangements, either through informal arrangements with other RSL's or through membership of purchasing consortia.

### 2.5 Quality

The assessment of quality will always be considered as part of selection criteria. Any quality criteria will be set out prior to the beginning of the procurement process and the assessment methods made clear to all participants to the procurement process.

Where appropriate, the on-going performance of suppliers and contractors will be assessed against agreed benchmarks and standards. Failure to meet standards may lead to exclusion from future tendering opportunities.

### 2.6 Sustainability

As part of our Quality Assessments, we will ensure that all suppliers adopt sound environmental and sustainable policies. In addition, wherever possible, local suppliers will be given the opportunity to compete for the provision of products.

### 2.7 Equality and Diversity

As part of our Quality Assessments, where practical, we will ensure that all suppliers have an equal opportunities policy in place. Should a supplier not have a policy in place, it will be asked to follow ours.

### 2.8 Community Benefits Clauses

Where appropriate, we will seek to include Community Benefit Clauses (CBC's) in our tendering opportunities, not only when this is a legislative requirement.

### 2.9 Probity

In procuring goods, services and works, our staff will ensure that all relevant policies and statutory and regulatory requirements are met.

### **3.0 POLICY**

The scope of the policy includes all products that we buy, including contracts for the acquisition of land or buildings for our housing development programme, which is covered by our Strategic Alliance Agreement with Castle Rock Edinvar Housing Association (CRE). Contracts procured on our behalf by CRE will also be required to comply with our Procurement Strategy. Transactions within the ELHA Group are covered by separate agreements.

3.1 All procurement within the scope of this policy will adhere to the following guiding principles; we will:

- Seek to procure the best overall terms when purchasing products
- Demonstrate openness, transparency and best value
- Select a procurement route which is proportionate to the size and value of the service to be delivered, within the constraints of all legal and regulatory requirements
- Ensure requirements made of suppliers are relevant to the contract and proportional to its size and value
- Respect the confidentiality of suppliers, staff, tenants and residents during the procurement process
- Procure products which do not endanger the safety of tenants, staff or the general public
- Ensure our suppliers adopt sound environmental and sustainability policies and practices and adhere to the principles of equality and diversity
- Uphold the highest standards of probity and ensure that no conflicts of interest occur which may compromise our reputation

3.2 In general terms, all procurement of a day to day or recurring nature will be included in the approved annual budget. Where this is not the case, if expenditure is not budgeted for, then it will require the preparation of a business case to support the expenditure. This should apply to purchases where expenditure is anticipated to be above the limits set out in our Authorised Signatories policy. The proposal should set out a description of the product required, the need for the purchase, its fit with our strategic objectives, and the anticipated benefits to us, both financial and non-financial.

### 3.3 Suppliers

We will maintain a list of suppliers that complies with our policy on Entitlements, Payments and Benefits. In respect of construction related activities, this list will be supplemented by the use of “Constructionline”, the externally provided and maintained list of suppliers capable of providing services to the construction industry. It should be noted that this does not stop us using any supplier that is not a member of Constructionline should it be considered that this is necessary.

Suppliers may be removed from the list should they not meet the standard of service we require. This action may be taken by our Senior Management Team with a subsequent report to the relevant Sub-Committee, giving the reasons for the removal. Any supplier that is aggrieved by such a decision can use our Complaints Service.

### 3.4 Quotations

These will be sought according to the authorisation levels set out in our Authorised Signatories Policy, and are reviewed on an annual basis. The current levels are:

- Expenditure up to £2,000 (excluding VAT) – A written or verbal quotation from one approved supplier on the basis of a written or verbal invitation to quote.
- Expenditure between £2,000 and £15,000 (excluding VAT) – A written quotation from between one and three suppliers based on a written invitation to quote or through “Quick Quote” on the Public Contracts Scotland (PCS) website.
- Expenditure between £15,000 and £25,000 (excluding VAT) – A written quotation from a minimum of three suppliers on the basis of a written invitation to quote. Once again, these may be sourced through “Quick Quote” on the Public Contracts Scotland (PCS) website. Copies of all quotes received will be kept in our Quotations Register for a minimum of six months.
- It is possible not to accept the lowest offer received with the agreement of the Senior Management Team, with the reasons for this decision being recorded and filed with the quotations.
- Purchases will be ordered and authorised in accordance with our Authorised Signatories policy

In an emergency situation, we will follow our Business Continuity Plan, which sets out special procurement arrangements.

The Senior Management team has the authority to relax the terms of the Procurement Policy if required. Any such relaxation must be reported to the next meeting of the appropriate Committee/Board.

### 3.5 Tenders

The procurement of all “products” will be carried out in accordance with the requirements of the Procurement Reform (Scotland) Act 2014 and current EU Procurement Directives as regulated by The Procurement (Scotland) Regulations 2015 and The Procurement (Scotland) Regulations 2016. It should be noted that all contracts that exceed a minimum level specified in the Procurement Reform (Scotland) Act 2014, currently £50,000, must be advertised on the Public Contracts Scotland (PCS) website.

All tenders must be awarded on the basis of an appropriate mix of quality and price criteria.

All contracts with an estimated value in excess of £25,000 will be subject to a full tender process. In all cases an invitation to tender will be issued. This may take the form of a project brief, contract drawings / specification and or schedules or a specification of requirements.

Tenders will be sought based on the following expenditure limits:

- Expenditure between £25,000 and the prevailing Scottish Government/ EU public procurement threshold for works or services, whichever is the lower amount, – full tender process, which will normally include advertising in relevant publications and PCS
- Expenditure in excess of the prevailing Scottish Government EU public procurement threshold but below the EU public procurement threshold for works or services – compliance with Scottish Government procurement regulations
- Expenditure in excess of the prevailing EU public procurement threshold for works or services – compliance with EU procurement regulations as enacted by the Scottish Government

For non-EU tenders, a minimum of three tenders will normally be invited.

A closing date and time shall be set for the receipt of tenders. Tenders received after this time will be disregarded. Written tenders must be

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received in a numbered, sealed envelope which must not be marked to identify the supplier.

Tenders will be opened by two members of our Senior Management Team not directly associated with the tender to be opened. If the tender amount is expected to be over £300,000, a member of the Management Committee or R3 Board (as appropriate) will also witness the tender opening.

For EU tenders, we will follow the EU Public Procurement Regulations.

### 3.6 Procurement Options

Procurement may be undertaken by different routes which may include:

- Traditional competitive tendering where the assessment of the tender will be based on an appropriate mix of price and quality
- Framework Agreements and pre-tendered Frameworks such as Scottish Procurement Alliance (SPA), Procurement for Housing (Scotland) PfH etc.
- Procurement clubs/consortia
- Partnering Agreements
- Joint procurement with other organisations

Staff members should explore the most efficient method of procurement.

### 3.7 Selection Criteria

Contracts will be awarded on the basis of pre-determined selection criteria. When evaluating tenders or quotations, a previously agreed quality / price ratio will be used. The individual criteria for the assessment of the quality submission must be specified before the start of the procurement process.

### 3.8 Appointment of Successful Tenderer

Authorisation levels for approval of tenders will be in accordance with our Authorised Signatories Policy. Where a tender is within budget, no further approval is required.

Where a tender exceeds the budget, the authorisation process set out in our Authorised Signatories policy will be followed.

Tender documentation for unsuccessful tenderers will be retained for six months after the tender return date. All tender documentation for successful bids should be retained with the contract documentation.

### **4.0 RELAXATION OF PROCEDURES**

- 4.1 Occasionally, certain goods or services may not be capable of being tendered. There may be time limitations, or it may not be desirable to tender. In these cases our Senior Management Team will have the authority to sanction a relaxation of the competitive tendering process.

To obtain approval, the relevant budget holder must set out the reasons for the proposed relaxation, along with the criteria to be used for obtaining the products. Our Senior Management Team's decision will be recorded and reported to the next meeting of the appropriate Committee / Board. The budget holder will retain the authorisation for any relaxation on file for a minimum of three years.

- 4.2 Due to the specialised nature of certain products we require, it may not always be possible to identify sufficient suitable suppliers to tender. Where this happens, our Senior Management Team has the authority to sanction a reduction in the number of suppliers invited to tender or approve inviting suppliers who are not on our list of suppliers. Again, any such decision will be recorded, held on file by the budget holder for a minimum of three years, and reported to the next meeting of the appropriate Committee/Board.

### **5.0 POLICY REVIEW**

This policy will be reviewed by the Senior Management Team annually with any significant amendments being reported to the Management Committee.