



## PROCUREMENT POLICY

(Ref: PS 12 )

**Purpose of Policy:** This policy sets out the operational stages commencing with the Procurement Strategy Plan and Procurement Method Statement and leads staff through Procurement cycle to contract award.

Policy Monitoring Details	
<b>Department:</b>	All Teams
<b>Author:</b>	Amanda Hay Property Services Director
<b>Status:</b>	Group Policy
<b>Date Approved by Board:</b>	<b>25 March 2020</b>
<b>Updated:</b>	<b>01 March 2021</b> Removal of EU/OJEU terminology and updating links
<b>Planned Review Date:</b>	Feb 2023 or earlier if flagged by annual Procurement review
<b>Regulatory Issues / Social Housing Charter :</b>	<b>Regulatory Outcomes</b> 3 Management of resources 4 Good quality information and advice <b>Charter Outcomes</b> 4 Quality of Housing 13 Value for Money
<b>Tenant Consultation Required:</b>	No
<b>Equalities Impact Assessment</b>	Initial

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#### 1. Introduction

**1.1** This Procurement Policy has been developed to take forward the Association's Procurement Strategy and provides the framework for running all procurement activity.

**1.2** Traditionally procurement activity has concentrated on specification and tendering however it is equally important to consider the full procurement experience from definition of service request through effective contract management, to learn from previous scenarios and build resilience into all procurement activities.

**1.3** The Association undertakes to carry out procurement activities with best value for money as a prime consideration; an informed balance of cost, quality and sustainability. Due consideration is also given to the Association's core values in relation to equalities, health and safety, corporate social responsibility. Refer to **Appendix 1** Scottish Model of Procurement.

#### 2. Development of Procurement Policy Structure

**2.1** This Procurement Policy continues to be developed. Areas may require further documenting or clarification and in this respect it should be used as a guide, and ideas for refinements noted for further discussion and inclusion.

#### 3. Responsibilities

**3.1** The Senior Management Team (SMT) is responsible for implementing and following the Procurement Strategy and associated Policy and Procedures. Each procurement opportunity will be allocated a Procurement Lead to take it through the planning cycle, to ensure it is given relevant priority in terms of business viability, financial and staff resources, to continue to meet legislative requirements and to ensure outcomes are recorded and acted on for future procurement opportunities.

#### 4. Risk Management

**4.1** Within our Risk Management Strategy the Corporate Risk Register lists current risks and gives a basis for assessing and monitoring these risks, whether the risk element is lessening or increasing and if any new risks develop. This Procurement Policy together

with the Procurement Strategy Plan have been put in place to proactively manage the process to minimise the risks outlined below.

**4.2** Failure to adopt and apply Procurement legislation and guidance or failing to comply with the Scottish Model of Procurement will produce a number of risks to the Association:

- Failure to collate the necessary information for publishing data on tender opportunities and subsequently for the compilation of an annual strategy report to Board or Scottish Government (dependent on overall spend on regulated contracts)
- Difficulty in collating value for money information relating to procurement opportunities
- Failure to alert suppliers and contractors to procurement opportunities
- Failure to ensure adoption of best practice at corporate level
- Reputational risk not only by the Scottish Housing Regulator but also by tenants, factored owners, partner organisations and the general public

The identified risks are treatable with active monitoring and will be reviewed in regular cycles through management reporting and actions updated if deemed necessary.

## **5. Procurement Strategy Plan**

**5.1** The Association will develop and maintain a five year procurement delivery plan – covering contracts for each area of spend identified, updated on a rolling programme. The Procurement Strategy Plan (PSP) will list our future procurement requirements and highlight ownership across the range. The PSP will include :

- Contract Number
- Lead Team and Lead Procurement Officer
- Category and approximate spend for classifying if regulated
- Idea for Community Benefit
- Requirement for Procurement services
- Approximate spend requirement over rolling 5 year programme

and will be reviewed quarterly by the Senior Management Team.

**5.2** Members of the Senior Management Team should highlight new requirements as they arise to allow maximum time for market consultation

**5.3** A formal report to the Board will be undertaken each year. In line with SFHA Guidance on Model Publication Framework an extract from the **Procurement Strategy Plan** will be published on the Association's web page showing the value, scope and duration of all regulated procurement contracts. This publication will include a link from the Association's Procurement Strategy and signpost to the Public Contracts Scotland PCS portal and information on framework arrangements that the Association can access.

If the Association's expenditure on public procurement exceeds £5m per annum, the Procurement Strategy Plan will be collated to form a report to meet Scottish Government requirements.

## 6. Procurement Method Statement

**6.1** The lead Procurement staff will use the template Procurement Method Statement to work through issues and ideas to get to the selected procurement option, and proceed to commence procuring the goods or works. See **Appendix 2 Procurement Method Statement**.

## 7. SPD (Scotland) Document

**7.1** A common SPD (Scotland) document has been developed for collation of all necessary Pre-Qualification documentation from contractors and suppliers. This document must should be used for all Scottish Regulated procurements.

It has been designed to cover all the standard pre-qualification documentation that was frequently asked for at each and every tendering exercise and should be a cost effective route for contractors and suppliers to add their standard documentation to each tender opportunity. It covers many topics including financial ratios.

**7.2** Questions in the SPD (Scotland) document must not be re-numbered, re-worded or deleted. Where further specific information is required at pre-qualification, over and above that included in the SPD (Scotland) document, additional documents may be added and the lead Procurement staff should formulate these specific requirements in the Prior Information Notice or Contract Notice, and follow rules listed in the Scottish Government Procurement Journey web pages.

**7.3** When populating your questions throughout the SPD (Scotland) all monetary references should be prefixed GBP instead of (£) for clarity.

**7.4** Contractors and suppliers sign off the SPD (Scotland) as a declaration that they comply, submit it with their tender bid and will only be asked to submit proof should they be successful in their tender bid, as part of the due diligence analysis of their bid.

## 8. Contract Notices On Public Contracts Scotland

All Contract Notices must be published on [Public Contracts Scotland](#) (PCS). PCS is the national advertising portal which provides suppliers with free access to contract opportunities.

Refer to **PCS [Procurement Journey](#)** and **Appendices 6 and 7 Examples of Association input to PCS documentation and Guidance Notes for using PCS** for information to collate, formulate and publish.

### 8.1 Prior Information Notice (PIN)

A dual function notice containing some basic information regarding the goods, works or service to be purchased, published in PCS and used either :

to notify suppliers with information that there is a procurement process planned within the next 12 months, for early discussion with suppliers and assistance with development of specification

or

- to take selected suppliers to tendering stage– cutting time on full SPD/ Tender Stage process.
- The standard PCS PIN form should be used
- The PIN can be published up to twelve months in advance of the actual procurement exercise taking place.

## **8.2 Contract Notice**

The contract notice will contain the following information:

- The name and contact details of the lead buying organisation
- Who will be entitled to use the contract (particularly if the contract is being placed on behalf of a group of public bodies)
- The type of contract - that is, goods, works or services
- Description of the goods, works of services to be purchased
- The main commodity being procured, and any other items which are not covered by the main object category
- The procedure that the tender will follow
- The minimum standards, selection and exclusion criteria that apply to the contract
- The criteria against which the contract will be awarded
- Whether suppliers can offer a 'variant bid' - that is, an alternative way of meeting the requirements, will be specified in the contract notice. This can be a useful way for suppliers to innovate
- The total quantity or scope of the contract - this valuation will include all lots and all optional extensions

The contract notice should also include any additional information to the SPD (Scotland), for example :

- Summarise community benefits required
- Scoring and Award criteria

## **9. Operational Route**

### **9.1 Preliminary market consultations**

It should be noted that the Procurement Reform now allows organisations to look to contacts in the market place to discuss contracting options, sound out innovative ideas including smarter ways to do the job and to formulate specification. The market place should be the first sounding point for all Manor contracts and lead Procurement staff should build and maintain relationships with relevant contacts. This can be arranged through placing a PIN notice on PCS.

### **9.2 Suppliers, Contractors and Consultants**

Where possible lead Procurement staff should notify existing suppliers and contractors that the Association will be publically contracting, using PCS to allow them chance to gear up for chance of future works. A link to PCS is included on the Procurement section of the Association's web page.

### **9.3 Collaboration**

The lead Procurement staff should establish whether any other organisation with whom the Association has or would consider carrying out a joint working project has a framework or a tendered contract that could fit requirements. To enable this level of discussion the Association will regularly share information from its PSP through existing networks of local housing providers and local housing association forums.

#### **9.4 Frameworks**

Frameworks, that are already compliant with the Scottish and GPA (Agreement on Government Procurement) rules, can be sourced to allow access to list of qualified contractors or suppliers who have already been screened for Most Economically Advantageous, have KPIs established, have a known focus on quality, functionality and values for money and have established social and environmental benefits. The term of the frameworks must not exceed four years.

Frameworks can offer efficiencies in :

- Quick and efficient procurement, save some time and expense of tendering
- Legally compliant with duties placed on set values of works and services
- Speedy access to evaluated companies, usually offering at least one, often more than three suppliers
- Opportunity to award directly based on evaluation criteria – price, quality or the combination
- Confirmed competitive market price
- Instant access to project data
- Guaranteed service level from enquiry to supply
- High quality standards maintained throughout the project – wanting to be successful framework contractor for continuity of work
- Benefit that they can be used as market test without purchasing any works

They can however carry a premium charge or surcharge on the rate payable for the tendered goods.

The lead Procurement staff should identify whether there are any suitable frameworks – through contacts with industry, other Housing Associations and contractors and suppliers, and keep a watching brief ahead of any required procurements. Refer to **Appendix 4 Frameworks** for information. The lead Procurement staff should check the details of the framework selected and be satisfied that the Association is an identified user.

#### **9.5 Utilising Procurement Consultancy or Working In house**

The lead Procurement staff should consider whether there is sufficient documentation available to formulate suitable Procurement information in house or whether the Association would require the assistance of a Procurement expert. It is anticipated that through time the Association will build a sufficient library of documentation and expertise on Public Contracts Scotland to handle the majority of procurements in house.

The lead Procurement Staff should also consider minimum timescale required to run through key milestones :

- Initial discussion / meetings
- Preparations and issue of tender documents
- Advertising and posting on PCS
- Tender Period
- Answering of tender queries
- Evaluation stage

- Interview stage – shortlisted Contractors or Suppliers
- Appointment and contract finalised
- Feedback to successful and unsuccessful tenderers

### 9.6 Contract Lots

Consideration should be given to whether a contract should or should not be split into smaller lots. The Lead Procurement staff should take due consideration of the size and type of contract, and reference will be made in the Contract Notice. Additionally lots should not be used to circumvent the threshold levels.

### 9.7 Evaluation criteria

All contracts should be awarded on the Most Economically Advantageous Tender (MEAT) principle, and this will therefore form the backbone of the evaluation criteria across all our procurement activity. The lead Procurement staff should consider what would make the most economically advantageous, taking into account sustainability over the life of the goods or works project. The lead Procurement staff should ensure that the criteria selected accurately reflect the content and anticipated outturn of the contract, and refer to refer examples of evaluation criteria collated in **Appendix 6 Examples of Association input to PCS documentation.**

### 9.8 Holding Contractor Interviews and Feedback

The lead Procurement team should be willing and able to provide feedback both to successful and unsuccessful tenderers to allow them not only to have a better understanding the Association’s client requirements but also to improve the tendering process for all. The regulations allow specific timeframes to answer feedback and the lead Procurement staff should ensure that there is a member of staff available with access to the queries at all times to ensure adequate responses.

### 9.9 Corporate and Social Responsibility

Through the Procurement Reform (Scotland) Act 2014 the Scottish Government has imposed a Sustainable Procurement Duty on all Public Contracting Authorities to help move Scotland towards a circular economy:

Improve	Economic, social, environmental wellbeing and reduce inequality in the Area – human, health and labour/ employment rights
Involve	Small and medium enterprises and 3 <sup>rd</sup> sector bodies including supported businesses
Promote	Innovation

applying these criteria across all regulated Procurement exercises, whilst maintaining economic goals.

The lead Procurement staff will formulate ideas and record them on the Procurement Method Statement for further discussion with SMT and incorporation in Procurement documentation.

### 9.10 Community Benefits

The lead Procurement staff should consider possibility of incorporating community benefits into the Procurement – whether relating to tenants, the locality, training and recruitment, sub-contracting opportunities, schooling or other economic, social and environmental requirements - and should weigh up the likely overhead the contractor or supplier will put on the contract to include that benefit.

It may be deemed satisfactory to pay more for a Procurement that has a secured community benefit to improve liaison for the Association and its neighbourhoods.

The Association's Community Benefit Scheme will be included in all quotations and procurements over £10,000 and details are listed in Appendix 6.

### **9.11 National Minimum Wage, National Living Wage and the Voluntary Living Wage**

The lead Procurement staff should include reference to the National Minimum Wage (for those of school leaving age and above) and the National Living Wage (for those over age 25) as essential criteria for the award of the procurement contract.

In addition it should be noted that the Association encourages the payment by Suppliers and Contractors of the accredited Living Wage to their staff, at least the new voluntary Living Wage rates which are significantly higher than the national minimum wage. The payment of the Voluntary Living Wage should not be a specific consideration in the MEAT evaluation process.

### **9.12 Modern slavery legislation and right to work**

The lead Procurement staff should direct bidders to the Association's standards required in terms of modern slavery legislation, making them aware that if they are of sufficient size they would need to demonstrate what they are doing to prevent violations of local labour laws in relation to minimum wage and excessive overtime, and widespread child labour.

### **9.13 Right to Work**

The lead Procurement staff should direct bidders to the Association's standards required in terms of right to work by declaration that they have checked that all job applicants were allowed to work for the bidder in the UK before they were employed, and that this has been backed by inspection of relevant documents.

### **9.14 Prompt Payment of Contractors and Suppliers**

The Procurement Reform legislation requires public contracting authorities to promptly pay commercial debt, and target 30 days. To ensure this filters through to Sub Contractors the lead Procurement staff should ensure that contract documentation includes a 'prompt payment' clause stating that valid invoices must be paid within 30 days of receipt at all stages of the supply chain relating to the contract.

### **9.15 Modifications of Contracts during contract term**

The Procurement Reform legislation has set strict criteria on where extensions to contract terms may be considered. In addition a Non-Competitive Award (NCA) can only be approved where there is a genuine business need, which outweighs the requirement to tender, for example extreme urgency, one supplier, geographical area, exclusive rights or additional purchase.

The lead Procurement staff should consider criteria and the set provisions to be adhered to before making recommendation to SMT.

## **10. Monitoring, Review and Reporting**

### **10.1 Procurement Review**

The procurement lead and procurement delivery personnel will work through targeted questions listed in the Procurement Method Statement collating relevant feedback for quarterly review by SMT and feeding into future Procurement cycles and the Procurement Strategy Plan:

- Was the procurement the best that can be achieved?
- What aspect can be improved?
- Can future savings be anticipated?
- Future procurement considerations including enhancing community benefits?

### **10.2 Training Requirements**

The SMT will undertake an annual review of Procurement / budgeting and will flag up any future training requirement to ensure the team and the lead Procurement staff can adequately meet the requirements of a Public Procuring Authority through attendance at industry conferences, training and workshop and through each member's own study or continued professional development.

## **11. Other relevant or related policies**

11.1 This policy has been developed from the Procurement Strategy and should be read in conjunction with the following policies and procedures (this is not an exhaustive list):

- G16 Risk Management Strategy
- CS01 Financial Regulations
- G07 Entitlements, Payments and Benefits
- G02 Preventing Bribery and Fraud Policy
- PS01 Procurement Strategy
- PS22 Framework for Service Providers Policy

## **APPENDIX 1 Scottish Model of Procurement**

Through the National Performance Framework and Scottish Procurement Reform, the Scottish Government has focussed its current economic strategy on finding the right

balance between cost, quality and sustainability as a means to support sustainable economic growth. These priorities are backed up with the concept of social responsibility and are illustrated in the Scottish Model of Procurement and underpin our Procurement Strategy, Policy and Procedures :

## Scottish Procurement



Scottish Model of Procurement



### APPENDIX 2 Procurement Method Statement

The lead Procurement staff will use the template Procurement Method Statement to work through issues and ideas to get to the selected procurement option, and proceed to commence procuring the goods or works.

### APPENDIX 3 Tiers of Legislation and Methods

The new threshold values are relevant to all procurement exercises commenced on or after 1 January 2020.

<b>GPA Regime – lodged in Statute</b>		<b>Scottish Reform Regime</b>		<b>Below the Regime</b>
Public Contracts (Scotland) Regulations 2015		Procurement Reform (Scotland) Act 2014 / Procurement (Scotland) Regulations 2016		Applies to all Scottish public authorities when procuring works, supplies and services
<b>WORKS : Construction and maintenance works</b>				
<b>Works £4,733,252</b>		<b>Works £2,000,000</b>		<b>Works up to £2,000,000</b>
<b>SUPPLIES : Goods, furniture, stationery etc</b>				
<b>Supplies £189,330</b>		<b>Supplies £50,000</b>		<b>Supplies up to £50,000</b>
<b>SERVICES : Consultancy, insurance, landscaping, legal services etc</b>				
<b>Services £189,330</b>		<b>Services £50,000</b>		<b>Services below up to £50,000</b>
<b>Must use SPD (Scotland) as pre-qualification</b>		<b>Should use SPD (Scotland) as pre-qualification</b>		<b>Can use SPD (Scotland) as pre-qualification</b>
<b>Bidder not required to produce supporting documentary evidence until specifically requested – give equal validity to qualifications &amp; standards in line with GPA requirements</b>		<b>Bidder not required to produce supporting documentary evidence until specifically requested– give equal validity to qualifications &amp; standards in line with GPA requirements</b>		
<b>Bidder to be treated equally without discrimination</b>		<b>Bidder to be treated equally without discrimination</b>		
<b>Must act in transparent and proportionate manner</b>		<b>Must act in transparent and proportionate manner</b>		
<b>Must give reasons on lotting contracts</b>		<b>Should give reasons on lotting contracts</b>		<b>Consider implications of lotting of contracts</b>
<b>Community Benefits must be considered – reasons given for exclusion</b>		<b>Community Benefits should be considered no requirement to give reasons for exclusion</b>		<b>Community Benefits may be considered</b>
<b>Selection criteria &amp; scoring methodology must be listed in the Contract Notice</b>		<b>Selection criteria &amp; scoring methodology should be listed in the Contract Notice</b>		<b>Selection criteria &amp; scoring methodology should be listed in the contract documentation</b>

<b>Sustainable Procurement Duty to be followed</b>		<b>Sustainable Procurement Duty to be followed</b>		<b>Work towards Sustainable Procurement Duty</b>
<b>Encourage Supported Businesses &amp; supported employment programmes</b>		<b>Encourage Supported Businesses &amp; supported employment programmes</b>		
<b>Publish Contract Notice – unless call off under existing framework</b>		<b>Publish Contract Notice – unless call off under existing framework</b>		
<b>Publish Contract Award notice</b>		<b>Publish Contract Award notice</b>		
<b>Debriefing of Bidders</b>		<b>Debriefing of Bidders</b>		<b>Consider Debriefing of Bidders</b>
<b>Maintain Contracts Register</b>		<b>Maintain Contracts Register</b>		<b>Consider maintain Contracts Register</b>

The threshold values are relevant to all procurement exercises commenced on or after 1 January 2020.

## **APPENDIX 4 Frameworks**

Frameworks, that are already compliant with the Scottish Procurement rules, can be sourced to allow access to list of qualified contractors or suppliers who have already been screened.

Routes to possible frameworks are :

**Scottish Procurement Alliance SPA and their parent organisation LHC  
Procurement for Housing ( through Housemark / CIH)  
Places For People Procurement Hub  
Scotland Excel  
Changeworks EST**

## APPENDIX 5 Examples of Association input to PCS documentation

Link to PCS web

[Home - Public Contracts Scotland](#)

The Scottish Governments official national portal for public sector contract opportunities.

Link to PCS Procurement Journey

[Welcome to Procurement Journey | Procurement Journey](#)

a step by step guide to conduct a procurement exercise

route 1 up to £50,000

route 2 between £50,000 and GPA thresholds

route 3 Above GPA thresholds

Procurement Journey wheel stages of procurement process

1. Develop brief or strategy
2. Develop documents
3. Identify suppliers / supplier selection
4. Issue tender documentation
5. Open & evaluate tenders
6. Post tender clarification
7. Contract Award / contract notice
8. Contract Implementation
9. Contract & Supplier Management
10. Lessons Learned

PCS Prior Information Notice / Call to competition

## APPENDIX 6 Manor Estates Community Benefit

Community Benefits must be considered in Contracts of the following Values:

<b>GPA Regime – lodged in Statute</b>		<b>Scottish Reform Regime</b>		<b>Below the Regime</b>
Public Contracts (Scotland) Regulations 2015		Procurement Reform (Scotland) Act 2014 / Procurement (Scotland) Regulations 2016		Applies to all Scottish public authorities when procuring works, supplies and services
<b>WORKS : Construction and maintenance works</b>				
<b>Works £4,733,252</b>		<b>Works £2,000,000</b>		<b>Works up to £2,000,000</b>
<b>SUPPLIES : Goods, furniture, stationery etc</b>				
<b>Supplies £189,330</b>		<b>Supplies £50,000</b>		<b>Supplies up to £50,000</b>
<b>SERVICES : Consultancy, insurance, landscaping, legal services etc</b>				
<b>Services £189,330</b>		<b>Services £50,000</b>		<b>Services below up to £50,000</b>
<b>Community Benefits must be considered – reasons given for exclusion</b>		<b>Community Benefits should be considered no requirement to give reasons for exclusion</b>		<b>Community Benefits may be considered  Manor Estates will include in all contracts over £10,000</b>

Where they require to be considered Manor Estates offers the following Community Benefits scheme :

**Community Benefit  
Contract Provision**

All Contractors, Consultants and Suppliers will be asked through tender or quick quote submission to participate in Manor Estates Community Benefit Contract Provision.

Contractors, Consultants and Suppliers will have the choice to select any number of provisions from the attached list.

<b>Contract</b>			
<b>Contract no.</b>			
<b>Company</b>			
<b>Contact Value (ex VAT)</b>			
<b>Contract Term</b>			

<b>Community Benefit</b>	<b>Benefit description</b>	<b>Tender Agreement</b>	<b>Contract Outcome</b>
<b>Modern Apprenticeship</b>	Creation of a new apprenticeship		
	Support of ongoing apprenticeship		
<b>Trade Apprenticeship</b>	Creation of a new apprenticeship		
	Support of ongoing apprenticeship		
<b>Graduate Internship</b>	Creation of a new internship		

	Support of ongoing internship		
<b>Trainee /work experience</b>	Creation of a new work experience placement		
	Support of existing work experience placement		
<b>Supply chain development</b>	Support to sub-contractors to attend safety briefings and trade information sessions		
<b>Staff Training</b>	Development of Manor Estates staff training programme		
	Allow Manor Estates to attend your staff training programme		
<b>Personal development training</b>	Offer of personal development support to neighbourhood meetings or events		
<b>Participation in local school initiative</b>	Offer of staff volunteers or materials to engage in school initiative		
<b>Sponsorship of local youth team or club</b>	Provision of financial support or kit		
<b>Community enhancement – participation in Manor Estates Task Force</b>	Work with Manor Estates staff by provision of staff volunteers, materials or operative manpower to tackle community project		

<b>physical / environmental project</b>			
<b>Community enhancement – contribution to Manor Estates Community Initiative Fund</b>	Contribution of £25 / £25,000 contract value per annum **  Example £250,000 contract = £250 £100,000 contract = £100		

\*\*Set at £25/ £25,000 contract value at Board Meeting 25.03.2020