



CORPORATE PROCUREMENT POLICY (2025)

1.0 INTRODUCTION

The Association purchases goods and commissions services amounting 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.

2.0 AIM

The aim of the policy is to achieve value for money and probity in the selection of consultants, contractors and suppliers whether such goods and / or services are procured using the Association's own resources or through the use of public funds.

It sets out the framework of fundamental rules, behaviours and standards applicable to procurement activity throughout the Association, recognising that procurement decisions are amongst the most important decisions officers will make. Not only is it imperative that best value is achieved, the Association's reputation is equally important and should be safeguarded from any accusation of dishonesty, fraud or corruption. Reference should be made to both the Governing Body and Staff Codes of Conduct for further information or clarification on such matters.

For these reasons it is a disciplinary offence to fail to comply with the Association's Corporate Procurement Policy and not only is compliance a requirement of employees there is also a duty to report any alleged or potential or actual breaches to the Association's Chief Executive (or Chairperson as appropriate).

3.0 SCOPE

This policy provides an appropriate level of control to reflect the size of the purchase and is intended to cover all of the Associations activities. The policy, therefore, covers **all** contracts, appointments and purchases across the Associations business.

4.0 LEGISLATIVE AND STRATEGIC CONTEXT

The legal framework which governs public procurement in Scotland is as follows:

The Procurement Reform (Scotland) Act 2014
Public Contracts (Scotland) Regulations 2015

The Procurement (Scotland) Regulations 2016
Bribery Act 2010
Public Procurement Strategy for Scotland 2023-2028
The Procurement Act 2023

4.1 Public Contracts (Scotland) Regulations 2015

From 1st January 2024, VAT (where applicable) must be included when calculating the estimated value of contracts and comparing to the thresholds under the procurement regulations.

The thresholds are revised by the Scottish Government every two years to ensure they remain aligned with the thresholds set in the World Trade Organisation's Government Procurement Agreement.

The new threshold values which are relevant to procurement exercises after 1st January 2024 are:

| | |
|--|------------|
| Works | £5,372,609 |
| Supplies or Services | £214,904 |
| Social and other specified services e.g. legal services | £663,540 |
| Small lots/Supplies or Services | £70,778 |
| Small lots/Works | £884,720 |

(Thresholds apply to values over a 4-year period and are inclusive of VAT where applicable)

4.2 Procurement Reform (Scotland) Act 2014

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

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

4.3 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 exclusive of VAT)

As such, a much wider range of contracts are now subject to these new procurement rules.

4.4 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 with overall procurements of more than £5million, 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.

4.5 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.

5.0 **GUIDANCE**

The Association will utilise guidance that is available to continuously improve the procurement process and to ensure compliance with best practice.

5.1 Fair Work Practices, including the Living Wage, in Procurement

For public sector grants awarded on or after 1st July 2023, the default position is that the Scottish Government's Fair Work First criteria for paying at least the Living Wage and providing appropriate channels for effective workers' voice will be mandatory, while the other criteria will continue at this stage to be encouraged.

Through this approach, the Scottish Government is supporting employers who adopt fair working practices, specifically:

- ✓ payment of at least the real Living Wage
- ✓ provide appropriate channels for effective workers' voice, such as trade union recognition
- ✓ investment in workforce development
- ✓ no inappropriate use of zero hours contracts
- ✓ action to tackle the gender pay gap and create a more diverse and inclusive workplace
- ✓ offer flexible and family friendly working practices for all workers from day one of employment
- ✓ oppose the use of fire and rehire practice

5.2 Scottish Government Guidance

The Scottish government has developed comprehensive procurement guidance for public bodies to improve the quality and value delivered through procurement of public contracts in Scotland. We will encourage our staff involved with procurement to use this guidance to improve knowledge and skills in this area. The Procurement Journey guidance can be accessed on the Scottish Government website by following the link below:

<https://www.procurementjourney.scot>

6.0 CONTROL

6.1 Responsibility

Procurement is generally the responsibility of the Association's Board of Management and this is administered through delegated authority to each of the Association's sub-Committees or officers who have authority to procure the goods, services, appointments etc in activities associated with their area of work.

Any deviation from the Corporate Procurement Policy will only be permissible with prior approval from the Chief Executive and this must be reported to relevant Committee.

6.2 Joint Procurement

It is recognised, however, that where joint procurement is undertaken the control of particular appointments etc will be shared with partner organisations and although some of the administration may be the responsibility of another organisation ultimate decision making in terms of final approval of proposals will remain with the Association.

6.3 Reporting

Reports to the Board / Sub-Committees will require to be adequately planned in advance to ensure that unnecessary delays do not occur.

6.4 Non - compliance

Officers will alert the Chief Executive to any non-compliance with the Corporate Procurement Policy and procedures as soon as they are identified. The notification will

include the reason for non-compliance and any action that can or should be taken to prevent recurrence of non-compliance.

6.5 Delegated Authority

Delegated authority is operated by officers in accordance with Standing Orders and Delegated Authority Procedures, Detailed Financial Regulations & Procedures and the Corporate Procurement Policy as specifically agreed by the Board.

6.6 Operational Control

Operational control and management of the purchase of all goods, services and appointments is maintained with the use of:

- ✓ Project Briefs which set out the procurement process and is issued to all relevant parties;
- ✓ Letters of Appointment / Engagement which set out the terms, conditions and service requirements as drawn up and signed off by both parties prior to the commencement of the appointment or engagement;
- ✓ Signed Contracts or Service Level Agreements which establish price and scope of works;
- ✓ Minuted meetings which formally advise of any changes to procurement;
- ✓ Corporate Tender and Quotations Opening Procedures (**see Appendix 1**);
- ✓ Reports to the appropriate Sub-Committee which recommend procurement options and recommend acceptance of submissions;
- ✓ Undertaking regular Internal Audits of the Procurement process.

6.7 Value for Money

The Association will ensure that value for money is a key objective during the procurement process with the aim of achieving best value for the Association and its tenants. Best value will be achieved by procuring at the lowest price possible without compromising quality, performance or reliability.

The Association can, therefore, consider that the lowest priced tender does NOT offer best value.

6.8 Contract Register

The Association will record and monitor all its contracts through a “Contracts Register” which will be used to inform the preparation of an annual “Procurement Strategy” which amongst other things will confirm which contracts will be procured during the year and the manner in which they will be procured.

This process will be used to ensure compliance with procurement regulations, ensure that the most appropriate procurement process is adopted and that the amount of staff time spend on procurement remains proportionate to the size and scale of the contract being procured.

6.9 Procurement Strategy / Annual Procurement Statement

Despite not being required to do so, as the value of goods and supplies being procured annually are below the necessary threshold of £5m, it is the Association’s intention to

prepare an Annual Procurement Statement (based on information contained in the Contract Register) for Board approval.

This statement will determine which procurement route is to be selected, and why, and will ensure amongst other things that our procurement processes and the administrative cost thereof are cost effective.

7.0 **PROCUREMENT ROUTES**

In establishing which procurement option should be applied selection will be made primarily on estimated value.

Where possible, materials/supplier requirements will be set out in a performance specification. Where this is not possible, a materials/supplier may be specified together with an 'or equivalent' option.

The Association notes that some works or appointments are specialist; in such situations it may be necessary to name companies, contractors, materials and suppliers and it may not be possible to obtain competitive tenders or quotations. In such circumstances the Chief Executive will require to be made aware of such circumstances with the details formally recorded in the Contracts Register.

| Estimated Value of Works/Contract (contract value over 4 years) £ | Procurement Route | Board Approval |
|---|--|----------------|
| Up to £750 | Works Order, Specific Email, Written Request | No |
| £751 - £2,500 | At least one written quotation | No |
| £2,501 - £5,000 | At least one written quotation in response to a written specification/detailed description | No |
| £5,001 - £49,999 | At least three written quotations in response to a written specification/detailed description or Framework/Dynamic Purchasing System | No |
| Works £50,000 - £1,000,000 | Quick Quote/Tender via Public Contracts Scotland/Framework/Dynamic Purchasing System | No |
| Works £1,000,001- £2,000,000 | Quick Quote/Tender via Public Contracts Scotland/Framework/Dynamic Purchasing System | Yes |
| Goods/Services >£50,000 | Tender via Public Contracts Scotland/Framework/Dynamic Purchasing System | Yes |
| Works > £2,000,000 | Tender via Public Contracts Scotland /Framework/Dynamic Purchasing System | Yes |

8.0 OTHER APPROVED PROCUREMENT ROUTES

Other options for procurement of goods and services include the following;

8.1 Design and Build

For development contracts works are procured along with design by negotiation with a developer, using the form of contract which incorporates the Contractor's Design Supplement.

8.2 Partnering Contract

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

8.3 Off the Shelf

Purchase of completed units

8.4 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 Government's 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.

The Association is currently a member of the following framework procurement organisations;

- ❖ Northern Housing Consortium (NHC)
- ❖ Scottish Procurement Alliance (SPA)
- ❖ Scottish Government Utilities Framework

The Association may also use any framework where housing associations are named as authorised users of the framework.

There is no annual subscription to the Scottish Procurement Alliance (SPA) but all framework agreements accessed through SPA attract a % on cost.

8.5 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.

8.6 Negotiation

The Association may negotiate a price or make a direct award with contractors, suppliers or consultants on projects which are below regulated thresholds or which are specialist, emergency or relate to insurance works. In these cases, explicit approval to procure in this manner must be sought from the Chief Executive, or in their absence, the Director of Finance and Corporate Services.

8.7 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 Sub-Committee/Board approval will be required.

8.8 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 Senior Management Team and Committee/Board 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 Associations "partner" organisations the Associations requirements will be communicated effectively by the designate member of staff.
- ✓ The Board will be kept up to date with progress via reports to the relevant sub-Committee.
- ✓ Approval in terms of the procurement route and final approval of proposals will remain with the Board of Management or relevant Sub-Committee unless delegated otherwise.

9.0 EMERGENCY / OTHER SITUATIONS

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

The Chief Executive (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 or to the Board. The Association accepts that a Loss Adjuster may direct particular firms in certain claims to undertake property remedial work.

10.0 DISAGGREGATION

In general, it is not permissible for any employee to circumvent the approved 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 authorisation thresholds without prior authorisation 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.

11.0 SELECTION PROCESS

11.1 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>

11.2 Independent Quality / Price Evaluation

The process to be adopted to determine the successful tenderer in any competitive tender process 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.

12.0 AUTHORISED PROCUREMENT LEVELS

Acceptance of tenders/quotations can be made under delegated authority where the relevant authorised procurement levels have been adhered to subject to the work or project having already been approved by Board in the annual budget.

Should this not be the case (including where the procurement process takes place ahead of any budgetary allocation) any acceptance must await the necessary Board approval.

Authorised procurement levels (excluding vat) are as follows:

| | Goods and Services | Works |
|---------------------|--------------------|------------------|
| All Staff | Up to £2,500 | Up to £2,500 |
| Assistant Officers | Up to £5,000 | Up to £5,000 |
| Officers | Up to £10,000 | Up to £10,000 |
| Directors | Up to £50,000 | Up to £1 million |
| Chief Executive | Up to £50,000 | Up to £1 million |
| Board of Management | >£50,000 | >£1 million |

13.0 OPENNESS AND ACCOUNTABILITY

In order to achieve openness and accountability in procurement the following principles will apply:

- ✓ A corporate tender / quotation opening procedure (see Appendix 1) will ensure that tenders and quotations are safely received, stored and processed – this will generally be by using Public Contracts Scotland secure portal;
- ✓ The Chief Executive will have delegated authority, subject to homologation by the Board/sub-Committee where a decision is required prior to a forthcoming meeting;
- ✓ Feedback will be offered to firms whose tender has not been accepted;
- ✓ Procurement decisions will be administered in a manner that enables them to be checked against this policy.

14.0 EQUALITY & HUMAN RIGHTS

The Association is committed to equality of opportunity and all consultants and contractors applying to join the Association's approved lists will be required to confirm whether or not they have an equal opportunities policy (or equivalent).

All firms with more than 15 employees will be required to forward a copy of their policy before being accepted onto the list.

All service providers regardless of their number of employees are expected to comply with the Equality Act 2010.

15.0 CONTRACT AND SUPPLIER MANAGEMENT

The extent of management of a contract will be proportionate to the risk and impact of poor performance.

In order to achieve successful management of a contract, the contract owner must meet regularly with the supplier (keeping minutes of meetings) and have open and professional dialogue with them. KPIs may be used to objectively monitor performance.

16.0 RISK MANAGEMENT

16.1 Corporate Strategy / Register

The Association has a Risk Management Strategy and Corporate Risk Register, which covers the considerable risks associated with procurement. Board/Committee reports include a standard item covering risk management.

All staff will be made aware of these documents and receive regular training in relation to their operation.

16.2 Operational Risk Management (Who we do Business With)

One key aspect associated with procurement is to ensure that all companies with whom we procure goods or services, particularly those of a particularly high value have the track record to ensure that any risk associated with the “business transaction” are minimised.

As a result, the Association will only enter into a contract over £50,000 (excluding VAT) with contractors, consultants, and suppliers etc who can demonstrate the following;

- ✓ At least 3 years of operation in the business capacity in question;
- ✓ Be able to provide at least 2 positive references from previous clients who procured similar works / services;
- ✓ Be able to provide the essential insurance cover required for the work / service to be provided.

16.3 Other Risk Mitigating Actions Required

Other risk mitigating actions to be applied include the following;

- ✓ Financial Checks
For major contracts the Director of Finance and Corporate Services may check Companies House and VAT registrations are valid.
- ✓ Independent Financial / Risk Assessment
It may be relevant to obtain a financial / risk assessment check through a credit agency with the judgement as to whether this is appropriate being delegated to the Director of Finance & Corporate Services or Chief Executive.
- ✓ Performance Bonds
The Association will require development contractors appointed to undertake contracts exceeding £50,000 to provide a Performance Bond (or equivalent) in the

value of 10% of the contract sum. Due to the nature of reactive or planned maintenance works there will be no requirement for such “insurance”.

✓ Insurance

The Association will hold current copies of professional indemnity insurance on all consultants who are actively working on Association projects or on projects which reached practical completion less than 6 years previously.

Contract administrators will ensure that appropriate insurance is taken out by the contractor for new build and property maintenance works contracts.

The Association will hold copies of public liability insurance on all contractors who are actively working for the Association.

17 **POLICY REVIEW**

This policy will be reviewed annually in conjunction with other policies including the Standing Orders & Delegated Authority and Financial Regulations and Procedures,

Other associated documents, policies and procedures are:

Risk Management Strategy
Financial Regulations and Detailed Financial Procedures
Development / Property Acquisition Strategies
Asset Management Strategy
Contracts Register
Annual Procurement Statement
Equalities & Human Rights Policy
Committee Remits
Standing Orders and Delegated Authority
Strath For Business Continuity Co-operation Agreement

Anne Smith
Chief Executive

28th January 2025

Policy Review Consultation Process

| | |
|---|-------------------------------|
| Considered by the Senior Management Team | March 2025 |
| Recommended by the Finance, Audit and Corporate Governance Committee on | 6 th February 2025 |
| APPROVED BY THE BOARD OF MANAGEMENT ON | 27 th March 2025 |
| Date of Next Review | January 2026 |

CORPORATE QUOTATIONS/TENDER PROCEDURE

Estimated Value of Goods or Services: > £5,001

1. Invitation

Quotations/tender submissions will be required in writing and will be based on a written specification (or detailed description of the goods and services required) issued by officer level at Grade 6 (Assistant Officer) or above or in the case of Corporate Services activities, by an officer Grade 5 or above. Where an approved list of companies exists, these be used where the quotation relates to their expertise.

2. Submission by email

Verbal quotes are not acceptable. Email submissions are acceptable and submissions must be in pdf format and must be sent to the dedicated procurement email address which is accessible only by the Finance Officer and Corporate Services Administrator.

3. Submission through Public Contracts Scotland Portal

Submissions will be made by invited/interested bidders using the electronic post-box function on the Public Contracts Scotland website. Bidders who fail to submit the requested documentation will have their submission rejected. All submissions made after the deadline will automatically be rejected.

4. Acceptance by email

Quotations should be clearly marked (the description being provided by the member of staff inviting the quotations) and emailed to the Association. Either the Finance Officer and Corporate Services Administrator will advise the Chief Executive of quotations received and they will be stored by the Chief Executive until opening. Email quotations should remain unopened until the deadline at which point, the Chief Executive will forward the quotations or emails to the member of staff administering the work to arrange for these to be opened.

In the absence of the Chief Executive, the Director of Finance and Corporate Services / Finance Officer will arrange for safe storage until the deadline has passed.

5. Acceptance through Public Contracts Scotland Portal

All submissions will be made electronically and the time and date of receipt is recorded automatically. The information is therefore kept secure with contractors receiving an automatic receipt upon submission of their bid. For purposes of recording, information on times and dates when bids were submitted is made available upon staff unlocking the post-box.

6. Opening

The member of staff who requested the quotations will prepare the **Tender /Quotations Register** for the opening, monitor receipt of quotations and arrange a time for the opening in the presence of the Chief Executive. The key aspect here is that the Chief Executive (or in the absence of the Chief Executive), the Director of Finance & Corporate Services, or another member of the Senior Management Team will always attend.

All quotations will be recorded in the **Tender / Quotations** Register which will note:

- ✓ Description of item receiving quotations
- ✓ Estimated value
- ✓ Time of receipt of quotations
- ✓ Names of parties submitting
- ✓ Prices returned
- ✓ Any qualifications
- ✓ Time and date of opening
- ✓ Persons present at opening (including their signatures)

7. Notification

The successful and unsuccessful parties will be notified in writing, by email or through the Public Contracts Scotland notification function.

January 2025