



Cloch Housing Association

Procurement Policy

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1. INTRODUCTION & OBJECTIVES

- 1.1 Procurement is the process through which Cloch Housing Association (CHA) obtains assets, products and services. This policy is designed to ensure we comply with the relevant legislation, regulations and guidance which regulate our procurement activities. We will ensure our activities allow us to achieve value for money for CHA and its customers, that we achieve quality standards and openness, transparency and propriety is observed in selecting contractors and suppliers and in awarding tenders.
- 1.2 This policy applies equally to the procurement of works, goods and services, the appointment of contractors and consultants and the purchase of office supplies.
- 1.3 Along with our Standing Orders, Scheme of Delegation and Financial Regulations, this document is an essential part of our system for internal control. Together these documents help ensure that procurement activities are properly authorised, executed and monitored.
- 1.4 The objectives of this Policy are –
 - To ensure CHA obtains the best quality and value for money in all its procurement activities;
 - To manage procurement and purchasing activities in a transparent way, ensuring the highest standards of accountability and probity, and;
 - To ensure CHA complies at all times with its legal obligations and regulatory requirements;
 - To support the effective and efficient delivery of CHA's services and the management of its overall business.

2. LEGAL FRAMEWORK

- 2.1 As a Registered Social Landlord (RSL), CHA is deemed to be a body governed by public law for the purposes of procurement. We are therefore required to comply with UK legislation and legislation passed by the Scottish Government. In recognition of this our procurement practices will ensure we treat economic operators equally and without discrimination and that we act in a transparent and proportionate manner. We will ensure procurement is not conducted so as to escape the remits of the regulations, to artificially narrow competition or to unduly favour or disadvantage certain economic operators (2015 Regulations 18).

- 2.2 We will comply with the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations, 2015 and 2016 and statutory guidance issued by the Scottish Government and the Scottish Housing Regulator. It is a legal requirement for Cloch to have a Procurement Strategy in place when our regulated procurement is likely to be above £5m in any one year, however we are encouraged by the Scottish Government to have a Strategy in place regardless of threshold and we will endeavour to do this.

3. IDENTIFYING A PROCUREMENT ACTIVITY

- 3.1 Regulated procurements are of £50,000 or more for supplies and services and £2,000,000 or more for works. We will endeavour to have identified all regulated procurement in our procurement plan which will be included in our Strategy on an annual basis to ensure we are clear about what is being procured and how. Should an activity arise unexpectedly then our procurement plan will be updated accordingly throughout the year.
- 3.2 Before starting the procurement process it is important that a Contract Manager is identified who will usually be the manager or senior officer within Cloch under whose remit the item to be procured falls. The Contract Manager will be responsible for both implementing the procurement and for managing the contract once it is let. For audit purposes the Contract Manager should keep an accessible and comprehensive electronic file of all documentation relating to the procurement.
- 3.3 Most of our regulated procurement should be contained within our Procurement Strategy, however in the event that it is not, it is important that the Contract Manager has a detailed and written understanding of why the procurement is required and how it will be implemented. If the Contract Manager is not the Section Head, then this should be approved by the Section Head or Director. The following should be clear from the outset –
- Details of the item to be procured and whether it is for works, services or goods;
 - Explanation of why it is required and details of any preparatory work already undertaken, e.g. Feasibility studies etc.;
 - An estimate of its value and timeframe, outlining a timetable for the procurement stages from Prior Information Notice (PIN) to tender award, taking account of the statutory timescales for tenders;
 - Confirmation of the necessary budget provision;

- Reference to the Public Contracts Scotland (PCS) portal;
- Whether the procurement will be through an existing framework such as I-Flair or SPA (Scottish Procurement Alliance), or;
- Whether the procurement is to be a single stage process (“open” procedure) or is to be shortlisted by means of a Pre-Qualification Questionnaire (PQQ) or the Single Procurement Document (SPD) (restricted procedure). It is good practice to use the SPD for all regulated contracts up to the value of the threshold and compulsory on those over that threshold. If a PQQ is to be used however we will use the Scottish Government’s Standard PQQ. Guidance on the use of this can be found in the Scottish Government publication – *Guidance Notes for Buyers on the Pre-Qualification Questionnaire (PQQ) 21/9/2015*.
- What the balance of quality and price will be;
- Details of Sustainable Procurement Duty, Supported Businesses Restriction and/or Community Benefits if applicable.

4. RULES APPLYING TO ALL TENDERS

- 4.1 The Public Contracts (Scotland) Regulations 2015 contract value thresholds determine whether they must comply with these regulations. These are updated every two years to ensure that they remain aligned to the threshold values set by the World Trade Organisation’s Government Procurement Agreement. These threshold values relating to Supplies, Services, or Works will be updated as required and noted in the annual Procurement Strategy published by Cloch Housing Association.
- 4.2 The way the value of a contract is estimated for the purpose of determining whether that contract meets or exceeds the new threshold values changed. **From 1 January 2022 VAT, where applicable, must form part of the calculation.** The standard rate of VAT (currently 20%) should be used to avoid underestimating the contracts value unless the Contracting Authority is able to demonstrate that a lower (or nil) rate of VAT applies to a contract.
- 4.3 The Procurement Reform (Scotland) Act 2014 imposes separate procurement obligations for contracts for Supplies, Services, or Works with values above the thresholds. **The method for calculating the estimated contract value under this Act has not changed and remains exclusive of VAT.**
- 4.4 These values will also be noted and updated as required in the annual Procurement Strategy published by Cloch Housing Association.

- 4.5 The **PCS Portal** allows users to upload all electronic tender documents – PINs, PQQs, Contract Notices, Tender Documentation, Q&As during Tender period, admission of Tender returns to the post-box and Award Notices. This facility should be used for our procurement activities in accordance with Procurement legislation.
- 4.6 For all tenders and quick quotes, a contract specification, information to tenderers, pricing document, SPD (subject to procurement route), and quality questionnaire (where required), should be used.
- 4.7 **Quality Questionnaires** will be used within all regulated tender assessments as per the Public Contracts (Scotland) Regulations 2015. Price only tenders are no longer allowed. When using these questionnaires, the Contract Manager should ensure that the questions are relevant, specific to the requirements and aims of the contract in question, capable of being easily understood and that the marks available for each question is stated, including any weightings associated to each question.
- 4.8 Where a balance of quality and price is used to evaluate tenders, the Contract Manager will use a pre-agreed matrix as stated within the tender documents which will calculate the scores and determine the MEAT (Most Economical Advantageous Tender). Details of the matrix and weightings will be sent to the tenderers to make it easier to understand.
- 4.9 Tenders will be evaluated by a minimum of 2 officers who will be deemed competent in relation to the evaluation and scoring of the tender in question.
- 4.10 In general the quality/price ratio will be 70% quality and 30% cost, however the Contract manager will consider other ratios depending on the nature and value of the contract in order to ensure that as far as possible the tender process will be competitive and provide the best outcome for the Association.
- 4.11 For all tenders with a value exceeding £50,000 the **opening** of the electronic tender post-box by the Contract Manager should also be witnessed by two officers from the association. Due to the revised process where all tenders are opened electronically via the post box on PCS which can be fully audited, it is no longer a requirement for a Board Member to be present. The handwritten tender book will also be completed and signed by the manager and officers. The Contract Manager will compile a tender report identifying the operators who submitted tenders, their prices and quality marks, the weighted and combined price and quality scores, and the successful contractor. The Contract Manager will lodge the details of the successful tenderer on PCS and on the Contracts Register.

- 4.12 Contracts may be approved by the Board or Sub-Committee by obtaining approval from two members. Approval is generally obtained in person at a standard convened meeting, however should approval be required out with the frequency of a Board or Sub-Committee meeting approval may be obtained electronically where a tender report is sent to the Board or Sub-Committee members requesting approval from a minimum of two members.
- 4.13 After awarding the contract the Contract Manager is responsible for ensuring a written contract is drawn up and signed before the commencement of the contract. For all regulated procurement, the terms of the contract to be entered must be stated in the tender documentation. This should be accompanied by a statement to the effect that, by returning the tender, the tenderer is deemed to have read, understood and taken legal and insurance advice on the terms of the contract and that no amendments or deletions to the contract terms set out in the tender documents will be accepted after the tender has been awarded.

5.0 TENDER CATEGORIES

- 5.1 Small Contracts for Works, Supplies and Services – Less than £50,000 – Contracts with these values are not regulated and can be awarded on the basis of price only or price and quality as determined at the initiation of the procurement. In most cases the Quick Quote facility will be used on the PCS portal. For other small contracts/procurements, where the Quick Quote facility is not appropriate, the directions set out in the Delegated Authorities document as approved by the Board should be followed.
- 5.2 Medium Contracts for Works only - £50,000 to £2m are not regulated by the 2014 Act however the need to ensure value for money means that the same process as for regulated contracts should be followed, with the exception of the sustainable procurement duty.
- 5.3 Regulated Contracts for Supplies and Services over the thresholds confirmed by the Procurement Reform (Scotland) Act 2014 as detailed at section 4.3 and the process therefore must ensure that all relevant economic operators are treated equally and without discrimination, we act in a transparent and proportionate manner; and we comply with the “sustainable procurement duty”. All regulated procurements will be advertised on the PCS portal.
- 5.4 Larger Contracts for Works or Services over the threshold confirmed by The Public Contracts (Scotland) Regulations 2015 as detailed 4.1 of this policy– these are also regulated as above, but with the additional requirement that the potential for delivery of community benefits must be considered – if they are not to be required the reason for this must be included in the Contract Notice.

- 5.5 Larger Contracts for Supplies and Services and Works over the threshold values as detailed at Section 5.4 (above) should also be advertised on the Find a Tender Service (FTS) – and this can be done using the PCS portal. A two-stage process which complies with the restricted procedure under the 2015 regulations, using the standard Pre-Qualifications Questionnaire to build a shortlist, will normally be required because an FTS advertised notice is likely to generate a larger number of responses. Contract Managers should be aware of or take advice on the timescales involved in the advertising and award process as set out in the Public Contracts (Scotland) Regulations 2015, and the way the timescales can be reduced by issuing a Prior Information Notice (PIN).
- 5.6 The association will ensure that these thresholds are adhered to following future annual increases.

6.0 PROCUREMENT STRATEGY

- 6.1 Our Procurement Strategy is a response to Section 15 of the Procurement Reform (Scotland) Act 2014 which places a duty on Cloch to publish a Strategy in any year when we expect to be procuring regulated contracts with a total value of over £5m. Cloch intend to always publish a strategy regardless of spend amounts.

7.0 COMMUNITY BENEFITS

- 7.1 If we are procuring a regulated contract worth more than £100,000 we will consider whether to impose any community benefit requirements as part of the contract. We will propose a range of benefit options which we expect to be considered for developing or producing via the contract. If we do not intend to include any community benefit requirements we will state in the contract notice our reasons for not doing so.

8.0 SELECTION, EXCLUSION OF TENDERERS AND FEEDBACK

- 8.1 We will provide feedback within 30 days to any tenderers excluded from a regulated tendering process at any stage. We will provide all unsuccessful tenderers with:
- The names of the economic operators who have not been excluded;
 - The criteria used to exclude the tenderer; and
 - Our scoring against those criteria.

After awarding a contract we will provide all tenderers with:

- The name of the successful tenderer;
- The criteria used to award the contract; and
- Our scoring, against those criteria, of the unsuccessful tenderers and the successful tenderer.

If we receive requests for further information within 30 days of these notices, we will provide to unsuccessful tenderers the reasons why they were excluded from tendering or why their tender was unsuccessful, and the characteristics and relative advantages of the successful contractors' tender.

9.0 CONTRACTS REGISTER

9.1 As a contracting authority we must keep and maintain a register of contracts we have entered into because of regulated procurement. This will be managed and updated by the Property Services Manager and will be made publicly available. The register will contain the following information:

- The date of the award;
- The subject matter/contract name;
- The name of the contractor;
- The estimated value
- The contract start date;
- The contract end date (disregarding any option to extend the contract);
- The length of any contract extension period.

9.2 Entries in the register will be deleted only after a contract has expired or been terminated. We may withhold an entry or part of an entry in the register if we consider that it would be contrary to the public interest, prejudice the commercial interests of any person, or prejudice fair competition between economic operators.

10.0 **APPENDIX 1: AUTHORISATION LIMITS (as per financial regulations policy)**

PERSONS AUTHORISED TO ORDER GOODS/SERVICES	EXPENDITURE AUTHORISATION LIMIT	INVOICE AUTHORISATION LIMIT
Clerical Grades	Nil	Nil
<u>Assistant Grades:</u> Customer Connectors Housing Assistant Maintenance Assistant Corporate Services Assistant Finance Assistant IT Assistant	Up to £500	Nil
<u>Officer Grades:</u> Housing Officer Property Services Officer Corporate Services Officer Customer Connections Team Leader Finance Officer Project Officer Technical Officer	Up to £2,500	Up to £2,500
<u>Senior Officer Grades:</u> Senior Housing Officer Senior Property Services and Assets Officer Project Manager Customer Connections Team leader IT Manager	Up to £3,500	Up to £3,500

Director of Customer Services and Communities (DCS&C)	Up to £10,000	Up to £10,000
Director of Property and Assets (DP&A)		
Depute Chief Executive Officer – Finance, IT, Corporate Sservices (DECO)	Up to £10,000	Up to £15,000
Chief Executive Officer (CEO)	Up to £15,000 (Minimum of 3 Quotations, where possible) Regulated procurement over £50K for supplies and services, £2M for works.	To quote / tender level
Sub-Committees	Formal Tenders over £100,000	N/A

CHEQUE AUTHORISERS

PERSONS AUTHORISED TO SIGN CHEQUES:

2 x Authorised Bank Signatories

BACS AUTHORISERS

First Level Approvers:

Finance Assistant

Finance Officer

Head of Finance

Second Level Approvers:

Finance Officer

Head of Department

Depute Chief Executive Officer – Finance, IT & Corporate Services (DCEO)

Chief Executive Officer (CEO)

Grade 6 or above within finance department

Transfers between bank accounts can be approved by any grade 6 or above within the finance department, or as noted above. 2 step approval needed.