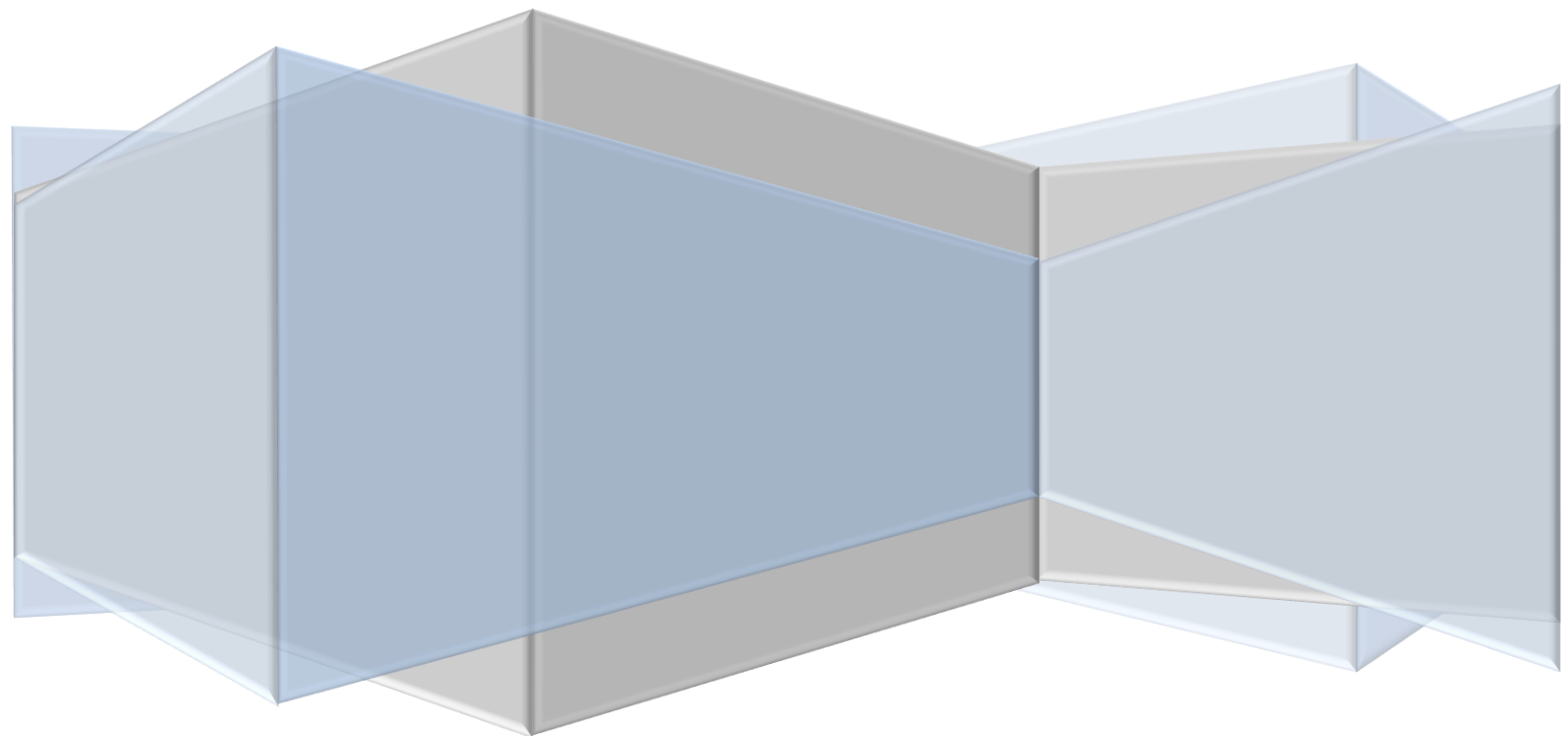




PROCUREMENT POLICY

May 2020



All Policies are available on tape, in braille and in translation into most languages. Please ask a member of staff if you would like this policy in a different format.

Date of Policy Review: May 2020
Date of Committee Approval: 26 May 2020
Date of Next Review: May 2023

**SCOTTISH HOUSING
REGULATOR
STANDARDS**

STANDARD 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.

STANDARD 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. Its primary focus is the sustainable achievement of these priorities.

STANDARD 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

STANDARD 5: The RSL conducts its affairs with honesty and integrity.

STANDARD 6: The governing body and senior officers have the skills and knowledge they need to be effective.

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1. Procurement Policy Statement

This policy and procedure document outlines the principles and procedures to be adhered to when procuring services or works on behalf of the Cathcart & District Housing Association Ltd (CDHA). This policy sits alongside our Procurement Strategy.

The purpose of this policy and procedure document is to ensure the Association receives value for money ("VFM") with regards to the services and works it procures and will be based on assessment of quality and cost.

When procuring, the Association will operate in a fair, consistent and ethical manner with the key underlying principle of VFM. The procurement processes we adopt will be transparent, non-discriminatory and proportionate to the works and services being procured.

2. Environmental Approach

We are committed to becoming smarter in the way we consume resources, and to reducing the negative impacts we have on the Environment.

The Association is committed to making our direct and indirect operations less environmentally damaging. Everyone in the Association is working internally to reduce our direct operational impact, and we also wish to work with our partners, suppliers, and sub-contractors to reduce our wider impacts.

We consider these things not only an environmentally responsible thing to do as an organisation, but also things which make great business sense.

We intend to work with all our partners, suppliers and sub-contractors of goods and services to make sure that all of the work we do is done with minimal environmental impact. As part of this process we wish to work together with suppliers and sub-contractors to realise continual and measurable, reductions in organisational environmental impacts.

All tender processes should include a statement around Environmental issues as above and also should request information from bidders around their own behaviours in this respect. Depending on the contract there would also be a weighting against this.

We should also be asking bidders at the tender stage what reporting they would be able to provide in relation to their own measurements of carbon emissions etc.

3. Roles and Responsibilities

3.1. Director

- Ensure effective implementation of this policy and supporting procedures;
- Ensure staff are aware of the policy and supporting procedures
- Ensure value for money from procurement activity is achieved

3.2. Senior Maintenance Officer

- Oversee implementation of this policy and procedure document
- Monitor implementation of this policy and procedure document
- Development and implementation of the Association's Procurement Strategy
- Obtain VFM
- Co-ordination of procurement as per policies and procedure
- Development and review of procurement processes and procedures
- Work with the Director to procure works and services
- Record and log all procurement activities
- Report to the Director and Management Committee the outcome of its procurement activity
- Implementation of the tender programme
- Obtain and evidence VFM
- Comply with the Procurement Policies and Procedures

3.3. All Staff

- Comply with this policy and procedure document

4. Relevant Legislation

CDHA has to comply with the following:

- EU Procurement Directives
- Procurement Reform (Scotland) Act 2014 (effective from April 2016)
- Public Contracts (Scotland) Regulations 2015

5. Strategy and Reporting

CDHA will publish a Procurement Strategy outlining anticipated procurement activity in the coming three years. In line with the requirements of the Procurement Reform (Scotland) Act 2015, the Strategy will be published on our website together with information confirming the outcome of the previous year's activity.

6. CDHA – Procurement Standing Orders

- 6.1. a) Every contract entered into by the Association shall comply with all applicable statutes, regulations, directives or common law principles, together with this policy.
- b) No exception from any of the following provisions of this policy shall be made otherwise than as authorised by the Management Committee.
- c) All figures exclude VAT

6.2. **EU thresholds** – An authorised officer may enter into an agreement for the purchase of goods, materials, works or services up to the appropriate threshold (see below) applicable under the EU Procurement Directives (the “EU thresholds”) having due regard to the need to obtain VFM. The relevant Authorised Officer shall keep a record showing how VFM has been obtained.

With effect from 1 January 2020 the EU thresholds applicable to the Association as a Contracting Authority under the EU Procurement Directives are:

- Services Contracts - £189,330;
- Supplies Contracts - £189,330; and
- Works Contracts - £4,733,252.

If the estimated value of a contract is equal to or greater than the relevant threshold, then that contract will need to be publicly procured in accordance with the terms of the Regulations. Contracts with an estimated value below the thresholds set out in the Regulations may still need to be publicly procured in terms of the Procurement Reform (Scotland) Act 2015 and details of the terms of this Act are set out below.

The Association’s tendering and award procedures must strictly adhere to the provisions of the Regulations (and all subsequent or relevant legislation pertaining to procurement).

Observance of the EU procurement regime will be monitored by the Director, as this is a legal requirement.

The Director shall give guidance and, where appropriate, determine the nature of a contract for the purposes of deciding whether the Regulations are applicable.

In terms of guidance, where a proposed contract contains elements of both supplies and services, the classification should be determined by the respective values of the two elements. Where it covers works/supplies or works/services, it should be classified according to the predominant purpose. In the event of the classification not being clear, the Director shall seek appropriate guidance and determine the matter.

In determining whether a contract price is likely to exceed the EU thresholds, the “aggregation” rules should be considered. For example, where a single works involves more than one contract the estimated value of all the contracts must be aggregated to decide whether the threshold is reached. Where the threshold is reached each of the works contracts will be covered by the Regulations.

The aggregation rule also applies to contracts for goods and services which must not be artificially split in order to avoid the threshold being achieved. In determining whether the threshold has been or is likely to be reached for supplies or services contracts, the rules require aggregation:

- of the estimated value of separate contracts for meeting a single requirement;
- in certain circumstances, where a series of contracts or a renewable contract is entered into for suppliers/services of the same type during a twelve month period; and
- any decision as to whether the aggregation rules apply shall be referred to the Director.

6.3. Contracts below European threshold value (effective 18 April 2016)

Where it has been determined that the Regulations do not apply to a contract because its value is below the relevant threshold of the Regulations, the contract may still need to be publicly procured in term of the Procurement Reform (Scotland) Act 2015 (the “Act”) and advertised on the Public Procurement Website.

The thresholds under the Act applicable to the Association as a Contracting Authority are detailed on Appendix 1: Procurement Processes.

The Association should consider how the procurement might: improve the economic, social and environmental well-being of the Association’s local area; promote innovation; and facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses.

There are exceptional circumstances in which quotations or tenders shall not be required where the contract is for the procurement of supplies, works or services, including:

- where the contract may only be awarded to a particular supplier for technical or artistic reasons or where there are exclusive rights in respect of the required supplies, services or works; or
- where the Association has already entered into a contract with a supplier which requires additional works or services to be supplied and due to unforeseen circumstances:
- cannot be provided to the Association separately from the original contract without causing major inconvenience due to technical or economic reasons; or

The above exceptions may only be relied upon in limited circumstances and you must obtain the approval of the Director before relying on any such exception. All contracts purchased through this route will be recorded in a report to the Management Committee.

A description of all contracts entered into (and where possible before completion) will be provided to the Management Committee and will be kept in a central contracts register

6.4. Value for Money

Where the estimated contract value exceeds £5,000, the Authorised Officer is recommended to obtain and consider, unless impractical, at least three written or secure electronic quotations from suitable contractors, consultants or suppliers. For the avoidance of doubt, standing lists of persons approved for specified categories of supplies, works or services may be used provided VFM can be demonstrated.

Such lists shall be kept updated and copies supplied to the Director

The Director shall have the discretion to stipulate that the EU procurement procedures be followed even where the Regulations do not apply.

7. Assessing Capability and Technical capacity

7.1. To assess a supplier's capability, a European Single Procurement Document (ESPD) shall be sent to suppliers who express an interest in a CDHA contract (in the main contracts over £20,000). These will be scored evaluating:

- Expertise, quality, and resources
- Business probity,
- Insurance provisions and
- Health & Safety Policy and Arrangements.

This shall determine who proceeds to the tender stage (usually between 3 and 8 suppliers). The timescales for returned expressions of interest varies from

- 14 days (if value under EU thresholds) and
- 37 days (contracts over thresholds).

7.2. Debriefing un-successful candidates at ESPD stage

Unsuccessful Suppliers shall be notified if they are not shortlisted for the tender stage. Rejections at this stage need to be managed efficiently and transparently as this is an area where exclusions could pose a risk to the Association.

There is a legal requirement to notify candidates eliminated at the ESPD stage "as soon as reasonably practicable". It is good practice to provide de-brief information at this stage, however, if a supplier makes a written request, de-brief information must be provided within 15 days.

Failure to notify a supplier at this stage could result in financial penalties or the contract set aside by a court order at the award stage.

8. Tender Stage

The timescales for tenders to be returned from the date of tender issue shall vary from:

- 14 days (for values under EU threshold) to
- 40 days (those over EU thresholds).

The tender process and tender Opening Procedures are provided in Appendix 2

9. Balancing Quality & Price

It is widely acknowledged that the "cheapest" quote is not always the most effective in terms of achieving quality and value for money. To achieve this aim, a weighting matrix may be utilised to achieve "best Value". Dependent on the emphasis placed on the weighting these may vary from the following:

- 70% Quality and 30% Price – the emphasis in this weighting is on quality
- 60% Quality and 40% Price – emphasis still on quality but the price becoming more apparent
- 30% Quality and 70% Price – emphasis on price, with some reference to quality
- 40% Quality and 60% Price – emphasis on price, with some reference to quality

The decision is based on current market conditions, for that particular contract.

The appropriate Quality/Price Weighting will be set by the Budget Holder for the service to be tendered for. Quality will be measured by the supplier's response to a range of scenarios or their proposed methodology specific to the contact they are bidding for.

10. Quality & Price Evaluation

The evaluations (quality) and tender figures (price) are submitted into a Balancing Quality / Price matrix. These scores are then combined within the weighting to determine who the best placed contractor is, in terms of Quality & Price.

A sample Balancing Quality & Price Matrix is included in Appendix 3.

For some contracts it may be that the Balancing Quality & Price is not required. These will be normally for contracts under £50k.

11. Tender Report

A report on the tender process, award criteria and recommendation for contract awards, shall be made to the Management Committee for ratification. This will be sought prior to any award being issued to the supplier.

Following ratification by the Management Committee, unsuccessful tenderers shall be notified the content of this notification must include:

- *the contract award criteria;*
- *where appropriate, the score the tenderer obtained against those award criteria;*
- *where appropriate, the score the winning tenderer obtained; and*
- *the name of the winning tenderer.*

12. Standstill (Alcatel) Period

The standstill period is a defined period of time between the contract award decision and the award of the contract. The purpose of it is to give tenderers “sufficient time to examine the contract award decision and to assess whether it is appropriate to initiate a review procedure”

For contracts over the EU threshold, the 10 day “cool off” period commonly known as the Alcatel period.

13. Submission and Opening of Tenders

Where a tender is being evaluated on the basis of both cost and quality considerations, cost information will be removed from the quality submission. The tender panel will not have access to the cost information until the quality submission is assessed and scores finalised. Each tender will be scored by two officers separately.

Tenders will be opened by a minimum of two Committee members unless received through the Public Contracts Scotland Portal.

Where an invitation to tender (“ITT”) is used, every notice of such ITT shall state that no tender will be accepted except in a plain sealed envelope or packaging which shall bear the word “tender” followed by the subject to which it relates and addressed to the Director or other designated officer but shall not bear any name or mark indicating the sender. Such envelopes shall remain in the custody of the Director or other designated officer until the time appointed for their opening.

The e-tendering service, Public Contracts Scotland, must be used to publish notices for contract opportunities and the award of contracts for tenders regulated by the Act or the Regulations. Tenders must be directed to the Director or other designated officer or his or her designated officer.

Tenders shall be opened at one time and only in the presence of the Director or any officer designated by him or her and two committee members. A record of all tenders opened will be kept in the tenders register. The register will be signed by the persons involved in the opening the tender. Where tenders are submitted in paper form every page of every tender which contains any price or rate, shall be initialed by the person in whose presence the tenders are opened. Where the electronic tender portal is used, only the front page should be initialed.

14. Contracts

Contracts shall be in writing the terms of which must be published with the ITT and cannot be materially changed through negotiations with the successful tenderer.

15. British or International Standard Specifications and Codes of Practice

Where appropriate every contract shall require that all goods and materials used or supplied, and/or all workmanship, shall be in accordance with: any relevant British or International Standard or Code of Practice which is current; a standard recognised by another Member State of the EU; or an International Standard offering equivalent guarantees of safety, fitness for purpose, and reliability.

In all cases such standards shall be without prejudice to any higher standard required by the contract.

16. Liquidated Damages and Guarantees

Every contract which exceeds £50,000 in value or amount, and is either for the execution of services or works or for the supply of goods or materials otherwise than at one time, shall provide for a sum or sums of money to be paid by the contractor as liquidated and ascertained damages for the period of delay in complete performance of the contract by the contractor or supplier, unless in the documented opinion of the Authorised Officer, liquidated and ascertained damages are inappropriate. An assessment of liquidated damages will be undertaken on a case by case basis. Liquidated damages will reflect a genuine pre- estimate of the anticipated loss.

Where in the opinion of the Authorised Officer a performance guarantee or any other security for performance of a contractor or supplier is required for a particular contract, supply, service or works then the required for of security shall be determined and approved by the Director.

17. Bribery and Corruption

In addition, to the selection criteria used for tender exercises undertaken in accordance with the Act or the Regulations, there shall be inserted in every contract a clause empowering the Association to cancel the contract and to receive from the contractor the amount of any loss resulting from cancellation in the following circumstances: -

Where the contractor or any person employed by him or on his behalf;

- Has offered or given or agreed to give any person any gift or consideration as an inducement or reward for:
- Doing or for refraining from doing, anything in relation to either the obtaining of, or the execution of, the contract or any other contract with CDHA
- Showing or refraining from showing favour or disfavor to any person in relation to the contract or any other contract with CDHA
- Has committed any offence under the Criminal Justice (Scotland) Act 2003, the Bribery Act 2010 or any other statutory offence.

In the case of action as described above by a person employed by the contractor or on the contractor's behalf, CDHA's right to cancel and recover loss shall apply whether or not the action is with the contractor's knowledge.

18. Prohibition against assignation etc.

In every written contract for the execution or work of the supply of goods and materials, clauses shall be inserted prohibiting the contractor from transferring, assigning or sub-letting, directly or indirectly, to any person or persons, any portion of the contract without the permission of the Association communicated to him in writing by the Director.

19. Role of the Quantity Surveyor

The Association may use the expertise provided by external consultants to administer the tender process as well as other QS tasks e.g. developing a bill of quantities, CDM, TUPE etc.

Examples of where the Association may adopt this route include but are not limited to:

- Where a repeat tender is being sought i.e. reactive maintenance and it is likely that the current contractor will tender again, the procurement exercise will be outsourced to an independent QS. This to remove any possible perception of favour given maintenance staff will have been working with that organisation prior.
- Developing a bill of quantities/schedule of rates to ensure that we are specific in our tenders;
- CDM; and
- In some circumstances we may require the external consultants to evaluate and monitor the actual contract delivery for short term projects. In these circumstances we may involve the external consultants in the tender process.

20. Contracts Register

The Association has a contract register in place which holds the following details:

- Contract Subject
- Contractor/Supplier
- Estimated Contract Value
- Date the Contract was awarded
- Start date of Contract
- Duration of Contract
- End date of Contract/Description of circumstances in which contract will end
- Duration of any extension

The contract register is co-ordinated and maintained by the Senior Maintenance Officer. This register will be held on our website.

21. Contract Monitoring

It is essential that the Association monitors contractor/supplier performance and ensures that the end user/customer is also satisfied with the service that they are receiving. In many cases, the customer will be our tenants; therefore, it is important that we ensure we are effectively managing our contract.

APPENDIX 1: PROCUREMENT PROCESSES

Anticipated Contract Value	Advertisement provision	Selection Process
Under £5,000	None required	At least two competitive quotations from suitably competent contractors. Award based on the most economically advantageous. No Committee approval required for awarding contract.
£5,000 to £20,000	Advertise locally SFHA' s "Housing Scotland Today"	Competitive quotations, award based on most economically advantageous. Delegated to Director for approval.
£20,000 to £50,000	"Housing Scotland Today"	Competitive tendering, award based on most economically advantageous or Balancing Quality/Price (where applicable) Committee approval required.
£50,000 to EU Thresholds	Advertise in Scottish Procurement portal "Public Contracts Scotland". www.publiccontractsscotland.gov.uk	Competitive Tendering Award criteria based on Capability and Quality analysis, followed by Balancing Quality/Price. Committee approval required
Services over £164,176 (net of Vat)	Post to OJEU using "Public Contracts Scotland". www.publiccontractsscotland.gov.uk	Restricted method where suppliers selected for tendering are based on their capability and Technical expertise. Competitive Tendering Award criteria based on Capability and Quality analysis, followed by Balancing Quality/Price. Committee approval required
Works over £4,104,394 (net of vat)	Post to OJEU using "Public Contracts Scotland". www.publiccontractsscotland.gov.uk	Restricted method where suppliers selected for tendering are based on their capability and Technical expertise. Competitive Tendering Award criteria based on Capability and Quality analysis, followed by Balancing Quality/Price. Committee approval required

APPENDIX 2: TENDER OPENING PROCEDURE

The Senior Maintenance Officer shall be responsible for ensuring that the following procedure is followed:

- (a) Tenders will be submitted to the Association's registered office.
- (b) All tenders will be submitted in envelopes marked "tender" but otherwise unmarked in a manner which identifies the contractor.
- (c) Reception staff will be advised of tender return dates.
- (d) Reception staff will mark on the envelope in pen, the time of receipt or if they have been received in the post "by post" and dated.
- (e) Reception staff will place unopened tenders in the Director's Office or safe and advise the relevant staff member of their receipt.
- (f) All tenders will be opened at a designated time in the presence of three people at least 1 of whom shall be representatives of the Association and two a Board Member.
- (g) Tenders received after the time appointed may be considered on condition that the designated time for opening the tenders has not passed and all tenders received remain un-opened.
- (h) Details of each tender shall be entered in the Tender Register at the time of opening. The Tender Register entry will include the following information:
 - Date
 - Scheme
 - Name of tender
 - Tender price
 - Duration of contract (if applicable)
 - Action taken on each tender

The three Association representatives shall sign the Tender Register and initial the tender documents.

- (i) Where external consultants have been appointed, such as a Quantity Surveyor, tenders will be passed to them after opening for evaluation and compilation of a tender report.
- (j) The decision to accept a tender will rest with the Board of Management or where an urgent decision is required, with the Chairperson, subject to homologation by the Board of Management.
- (k) The Association may consider electronic tender submission (out with PCS). In such cases the tenders will only ever be submitted to a staff email address of a staff member not involved in the award decision (or direct to consultants). Electronic submission will be held securely and only viewed at the same designated time and place along with other tenders.

If appropriate, electronic submission may be printed and placed in sealed envelope with the other submissions to be opened following the above procedure.

Appendix 3: Sample Quality & Price Matrix

Significantly exceeds the requirements of the contract in respect of capacity and capability	Exceeds the requirements of the contract in respect of capacity and capability	Provides sufficient evidence of required capacity and capability to undertake the project	Limited evidence of required capacity and capability	Poor evidence of required capacity and capability
10	8-9	6-7	4-5	2-0

COMPANY:.....

SECTION 4.2

PASS

FAIL

SECTION 4.3 (EO & CONT TERM)

PASS

FAIL

SERVICE OPERATION 60 MARKS

1. Tick one area only on this Q	10 PTS FOR LONG ESTABLISHED COMPANY 10 + ALONG WITH GOOD DETAIL	7 PTS FOR ESTABLISHED 5 YEARS + ALONG WITH GOOD DETAIL	5 PTS IF LESS THAN 5 YEARS BUT WITH GOOD BACK UP	1 ADDITIONAL POINT IF COMPANY HAS DELIVERED SATISFACTORY TO THIS ASSOCIATION
SCORE				
2. Split	3PTS FOR EVIDENCE OF DELIVERING THIS TYPE OF WORK TO HAs	3 PTS ADDITIONAL HA INFORMATION	3 PTS FOR DETAIL OF UNDERSTANDING HA IN RESPECT OF SHQS	
SCORE				
3. Split	3PTS FOR MENTION OF RELEVANT TRAINING CERTIFICATES	3PTS FOR SPECIALIST TRAINING OUTWITH TRADES IE ASBESTOS LEGIONELLA	3 PTS FOR MENTION OF PROFESSIONAL BODY MEMBERSHIP FOR TRADE	
SCORE				
4. Split	3 PTS FOR TAKING ON LOCAL STAFF TO BENEFIT COMMUNITY WORK	3 PTS FOR EVIDENCE OF ENVIRONMENTAL RECYCLING POLICY	3PTS FOR BEING PART OF OFFICIAL SCHEME TO RECYCLE AND NAME OF SCHEME	
SCORE				
5. Split	5PTS FOR OFFERING DEDICATED STAFF TO UNDERTAKE WHOLE CONTRACT	5PTS FOR DETAIL OF MEETING THE BRIEF		
SCORE				

6. Split	5PTS FOR MENTION OF EMBRACING NEW TECHNOLOGY RELATED TO JOB	5 PTS DEMONSTRATION OF QUALITY INFORMATION AND REPORTING BACK/SIGNING OFF PROCEDURE		
SCORE				

	HEALTH AND SAFETY 110 MARKS (SSIP umbrella cert scores full marks)	OPTION A	OPTION B
1	100% MARKS GIVEN TO COMPANIES PART OF H & S SCHEME SIIPS AND 50% MARKS GIVEN TO COMPANIES WHO HAVE ATTACHED H & S POLICY (NOT AS THOROUGH AS UMBRELLA COMPANIES AS THEY DEMAND METHOD STATEMENTS ON ALL PARTS OF POLICY AND THAT HAS NOT BEEN DEMONSTRATED)		
SCORE			

OFFICE USE FOR SCORING TOTALS

SERVICE E OPERATION			
HEALTH AND SAFETY			
TOTAL			

Comments

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