

PROCUREMENT POLICY

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CORPORATE FIT	
Internal Management Plan	✓
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Regulatory Standards	✓
Equalities Strategy	✓
Legislation	✓

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1. INTRODUCTION AND POLICY STATEMENT

- 1.1 Part of our key aims of The Albyn Group is to build our Purpose, our Mission, our Values and our Vision into our policy and decision making on a daily basis. With that in mind, we aim to follow our guiding principles that apply to all policies: <https://www.albynhousing.org.uk/about-us/>
- 1.2 Albyn Housing Society aims to carry out its procurement activities complying with current legislative requirements and in an economically, environmentally, and socially responsible manner which also contribute to our organisational strategic objectives.
- 1.3 Our procurement vision is to procure works, goods and services through sustainable procurement practices for the benefit of the organisation and our stakeholders.
- 1.4 Our procurement process will be fair, open, honest, transparent, and non-discriminatory. The key principles are to:
- comply with all relevant legislative requirements
 - Set out a clear basis for the use of procurement methods selected for the award of each of contracts for works, supplies and services
 - ensure procurement best practice is applied consistently across the entire organisation and its subsidiaries
 - evidence value for money across all procurement activity
 - ensure sustainability principles are integrated within all procurement activities
 - engage with suppliers to bring greater community benefits to the geographical area that we serve
 - ensure appropriate internal controls are in place covering authority levels, declaration of interests, audit processes and reporting to regulatory bodies
 - ensure our procurement processes and activities are structured in a way which promotes access for small and medium businesses
 - ensure all staff and Board members are informed of current procurement and financial legislation.

2. REGULATORY STANDARDS

- 2.1 As a requirement of the Scottish Housing Regulator, Albyn Housing Society is expected to comply with the Regulatory Framework for social housing landlords. This includes the published Regulatory Standards. Compliance with the framework and standards includes the following requirements:
- (i) The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
 - (ii) 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 and its primary focus is the sustainable achievement of these objectives.

- (iii) The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- (iv) The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- (v) The RSL conducts its affairs with honesty and integrity.
- (vi) The governing body and senior officers have the skills and knowledge they need to be effective.

2.2 Any breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event for which the Regulator will be informed.

3. POLICY AIMS & OBJECTIVES

3.1 The key aims and objectives of the policy are:

- To set clear guidelines and methods by which the Society and its subsidiaries will procure works, services, or supplies
- To procure works, goods and services and award contracts that achieve value for money and meet the needs of the Society and its subsidiary companies.
- To promote and encourage partnership working in furtherance of the Societies core objectives
- To promote community benefit and advancement
- Contribute to the aims and objectives of Society or Subsidiary as detailed in the business plan

4. VALUE FOR MONEY

4.1 Value for money is defined as the optimum combination of the whole-life cost and quality (or fitness for purpose) to meet the user's requirement. This may also include implementation costs, ongoing operating costs and end of life disposal and due regard should also be taken of other policies relating to social responsibility and sustainability.

4.2 In all our procurement activities we will aim to achieve the best 'value for money' in a sustainable manner by ensuring that, whenever appropriate, we assess quality, cost and sustainability. We recognise that the lowest cost will not necessarily provide the best value in the longer term. We aim to demonstrate that we are procuring in a manner that improves the economic, social and environmental well-being (this includes reduction of inequality) of the communities in which we operate.

5. SUSTAINABILITY

5.1 To help achieve a sustainable procurement approach, we will;

- Consider how to facilitate and involve Small to Medium sized Enterprises (SMEs) in our procurement activities. To encourage SMEs to bid for contracts the Society will, for example, give consideration to splitting contracts into smaller lots. We will also develop a framework for our smaller reactive repairs contractors.
- Actively encourage contractors and suppliers to pay the Living Wage
- Promote compliance with the Health & Safety at Work Act 1974 and relevant updates
- Consider and maximise the community benefits that we secure through all of our procurement activities
- Pay contractors in a timeous manner and ensure prompt payment of invoices (within 30 days) or in line with contractual terms on receipt of a valid invoice
- Ensure that our contractors and suppliers operate in an ethical manner and sign up to our Code of Conduct and our values.

5.2 In making procurement decisions we will also seek to contribute to maintaining and improving the environment, both by purchasing recycled or 'environmentally friendly', fair and ethically traded goods whenever possible and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.

6. LEGISLATION

6.1 We will ensure that our procurement processes are fair and comply with legal requirements including European Union procurement rules and Scottish Government legislation, particularly the changes required by the Procurement Reform (Scotland) Act 2014.

6.2 Public procurement in the UK and the rest of the European Union is governed by a number of Directives and Regulations which are then implemented in national legislation.

6.3 Public procurement law is a devolved responsibility of the Scottish Parliament and is enforced through the following legislation:

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016

6.4 The Scottish Government has developed comprehensive procurement guidance for public bodies to improve the quality of and value delivered through procurement of public contracts in Scotland. This guidance can be found at: Guidance under the Procurement Reform (Scotland) Act 2014

- 6.5 The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded. Where tenders are being considered on the basis of price, quality and sustainability, a scoring matrix will be developed. For services, particularly consultant services the price/quality balance should be 30/70 as a minimum. For works, the price/quality balance should be 40/60 as a minimum.
- 6.6 The factors scored will vary depending on the nature of the goods or service being procured, with the weighting of the different factors considered and determined in advance. The scoring criteria will be included with tender packs

7. PROCUREMENT ROUTES

- 7.1 The public procurement rules vary depending on the type and value of the contract. When contracts are above a certain value (EU Regulated Contract Thresholds) more detailed rules apply. These contracts must be advertised in the Official Journal of the European Union (OJEU) although they are also advertised through Public Contracts Scotland and the full formal procedures are followed. The threshold values are listed in ***the scheme of delegated authority***.
- 7.2 Contracts which are worth less than these amounts (Lower Value Regulated Contract Thresholds) are subject to fewer rules but must still be appropriately advertised. The threshold values are listed in ***the financial regulations***.
- 7.3 EU thresholds are reviewed and published annually. If the estimated value of a contract is equal to or greater than the relevant threshold, then that contract will be publicly procured in accordance with the terms of the Regulations.

Procuring Through Framework Agreements

- 7.4 In certain circumstances, it may be beneficial for the Society to establish and /or join existing external framework agreements. The Society will seek to identify, in the first instance, a suitable framework which can provide the works, goods, services it requires. E.g. Scotland Excel, SPA, Link Group, Wheatley Group, etc.

8. PROCUREMENT STRATEGY

- 8.1 The Procurement Reform (Scotland) Act 2014 requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of the next financial year. The period the procurement strategy covers can be defined by the organisation e.g., 3 years, 5 years etc.
- 8.2 If the Association is required to provide a procurement strategy this will be in accordance with the published guidance - Guidance under the Procurement Reform (Scotland) Act 2014

- 8.3 Albyn Housing Society's procurement strategy underpins this policy and sets out our Procurement objectives and aims to demonstrate a clear and structured approach to all of our procurement activities outlining what we will do to deliver quality, price, experience, specialist knowledge and value for money.
- 8.4 A copy of our Procurement Strategy is available on our website www.albynhousing.org.uk

9. DELEGATION OF AUTHORITY TO INCUR EXPENDITURE

- 9.1 Where the proposed expenditure is already included in the approved annual budget, the Board will delegate the authority to incur expenditure to the appropriate member of staff, as detailed in the Society's Financial Regulations and per the scheme of delegation.
- 9.2 Where the proposed expenditure is not included in the approved annual budget because; it was not considered when the budget was drawn up, could not reasonably have been foreseen, or because the expenditure will result in an approved budget becoming overspent, the Board may delegate authority to approve expenditure up to specified limits within the scheme of delegation.
- 9.3 The Board will review the levels of delegated authority at least every 3 years and ensure that there are adequate financial controls for procurement at all levels. In so doing the Board will ensure that levels of delegation remain relevant to current expenditure patterns, budgets and cost inflation and appropriate for effective governance.

10. CONTRACTS < £5,000- OBTAINING PRICES, QUOTATIONS AND TENDERS

- 10.1 *The Financial Regulations* sets out the different methods of obtaining prices, quotations and tenders that must be followed when procuring goods and services. These methods are based on the value of the procurement and show the acceptable procurement method and the necessary level of approval.

Prices

- 10.2 For items under the current cost limit which do not require quotations or tenders, the authorised member of staff will, where appropriate and/or possible, seek to check at least two alternative prices either by telephone, by accessing a current catalogue or price list, or by requesting details by e-mail and record evidence of their decision making process.

Quotations

- 10.3 Quotations should be requested in writing. The buying member of staff will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received. Quotes received must be recorded

and filed in an accessible location in order to evidence value for money and that a transparent selection has been made.

11. EU REGULATED CONTRACTS

- 11.1 If the contract is equal to or greater than the relevant threshold (see ***scheme of delegated authority***) then that contract will be publicly procured in accordance with the terms of the Regulations.
- 11.2 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.
- 11.3 Where it covers works/supplies or works/services it should be classified according to the predominant purpose.
- 11.4 The European Single Procurement Document (ESPD) replaced the PreQualifying Questionnaire (PQQ) in April 2016 for EU regulated contracts. The questions contained in the ESPD are set and cannot be added to although you can delete questions that are not relevant to a particular contract.
- 11.5 The questions ask bidders either to confirm that they meet the minimum standards for selection set out in the contract notice or to describe how they meet the criteria set out in the contract notice. More detail about selection criteria must therefore be included in the contract notice. Bidders self declaration that their responses are true must be accepted and further supporting documentation can only be requested before a contract is awarded or at any other point when that would be necessary to ensure the proper conduct of the procedure e.g., before issuing an invitation to tender.
- 11.6 If a bidder proposes to sub-contract part of a contract, and relies on the capacity of that sub-contractor in order to fulfil the selection criteria, a separate ESPD must be submitted on behalf of the sub-contractor.

12. LOWER VALUE REGULATED CONTRACTS

- 12.1 All supplies and services contracts with an anticipated contract value of £50,000 to EU thresholds and works contracts with an anticipated contract value of £2,000,000 to EU thresholds will be advertised on the Scottish procurement portal "Public Contracts Scotland" website www.publiccontractscotland.gov.uk However, Albyn Housing Society seeks to conform to good practice guidelines and will aim to advertise all contracts with an estimated value of over £20,000. The only exception to this is where The Society can call upon a suitable Framework (internal or external) already in place.
- 12.2 As this will be the route followed in the majority of cases by the Society in relation to developments and major repairs, the following details the process, the detailed procedure in place within the Assets Department should be followed.

13. CONTRACTS REGISTER

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

- Contract subject
- Contractor/supplier/consultant
- Contract Type
- Contract value
- Date the contract was awarded
- Start date of contract
- Duration of contract
- End date of contract
- Duration of any contract extension

13.2 The contract register is located within the Assets Department. Buyers from across the organisation should ensure that the register is properly updated after each qualifying purchase.

14. PARTNERING

14.1 It should be noted that “partnering” is not a procurement route, rather it is a term used to describe a non-confrontational way of working through which all parties, including clients and suppliers act as a single team to achieve common goals. It is about developing systems and methods to enable people and organisations to operate more effectively and efficiently together irrespective of the nature of the project or the method of procurement used and it is intended to overcome old confrontational ways of working.

14.2 Partnering agreements will be considered by the Society where added value can be clearly demonstrated. All legislation will be complied with prior to entering into any agreement through this route.

15. FRAMEWORK OF SMALL WORKS CONTRACTORS

15.1 Albyn Housing Society is currently seeking to procure all small works contractors for the day to day repairs programme through a framework agreement. Once in place, all procurement of day to day repairs services will be sourced through this route.

15.2 Until that point, this policy and the scheme of delegated authority must be followed.