



**Craigdale**  
HOUSING ASSOCIATION

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## PROCUREMENT POLICY

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**Date of Review:** September 2020

**Date of Approval:** 21.09.20

**Date of Next Review:** September 2023

Craigdale Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

## **1.0 Introduction**

- 1.1 Craigdale Housing Association (Craigdale) seeks to procure services in a manner that not only complies with current legislation and best practise but also works creatively and collaboratively to support the local economy in Castlemilk and the wider area.
- 1.2 This Policy describes how Craigdale will purchase, or 'procure', goods and services.
- 1.3 The term 'procurement' as used in this policy covers the process of purchasing the full range of goods and services we require, ranging from small items purchased from the petty cash float to large development and planned maintenance contracts awarded following a full tendering process.

## **2.0 Purpose**

- 2.1 This Policy establishes how Craigdale's Board expects procurement related activity to be undertaken by the organisation.

## **3.0 Policy Objectives**

- 3.1 The objectives of this policy are to ensure that Craigdale:
- Is able to demonstrate that value for money has been achieved, both in the commissioning of individual contracts, and as an organisation as a whole;
  - To ensure that all suppliers appointed by us are sufficiently competent, have sufficient resources and are committed to improving the service provided to our tenants and customers;
  - Are committed to protecting the health and safety of our employees, tenants, customers, members of the public and suppliers employees;
  - Are committed to promoting innovation in the delivery of services to our tenants and customers;
  - Are committed to improving equalities, and the economic prosperity of the community in which we work; and
  - Ensure equal treatment of all suppliers, confidentiality of all information received from them, and transparency and proportionality for all aspects of the procurement process.

## **4.0 Legislation and Regulatory Framework**

- 4.1 This Policy supports the Association in meeting its statutory obligations under the Procurement Reform (Scotland) Act 2014 (Note - Craigdale is deemed to be a 'public contracting authority' and is therefore bound by the requirements of this legislation); the Public Contracts (Scotland) Regulations 2015; the Procurement (Scotland) Regulations 2016; European Public Procurement Directives; the Scottish Procurement Policy Handbook and the Bribery Act 2010.
- 4.2 This Policy supports the Association in meeting particular aspects of the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management.

**Standard**

**Guidance**

**3. The RSL manages its resources to ensure its financial well-being and economic effectiveness**

The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times. (Guidance 3.1)

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

The governing body identifies risks that might prevent it from achieving the RSL’s purpose and has effective strategies and systems for risk management and mitigation, internal control and audit. (Guidance 4.3)

4.3 This Policy also supports the Association in meeting certain outcomes and standards contained within the Scottish Social Housing Charter (April 2017).

**Standard**

**Outcome**

**2. Communication:** Social landlords manage their businesses so that:

- tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.

This outcome covers all aspects of landlords’ communication with tenants and other customers. This could include making use of new technologies such as web-based tenancy management systems and smart-phone applications. It is not just about how clearly and effectively a landlord gives information to those who want it. It also covers making it easy for tenants and other customers to make complaints and provide feedback on services, using that information to improve services and performance, and letting people know what they have done in response to complaints and feedback. It does not require landlords to provide legally protected, personal or commercial information.

**13. Value for Money:** Social landlords manage all aspects of their businesses so that:

- tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

These outcomes reflect a landlord’s legal duty to consult tenants about rent setting; the importance of taking account of what current and prospective tenants and other customers are likely to be able to afford; and the importance that many tenants place on being able to find out how their money is spent. For local councils, this includes meeting the Scottish Government’s guidance on housing revenue accounts. Each landlord must decide, in discussion with tenants and other customers, whether to publish information about expenditure above a particular level, and in what form and detail. What matters is that discussions take place and the decisions made reflect the views of tenants and other customers.

## **5.0 Bribery Act 2010 & Code of Conduct**

- 5.1 Craigdale acknowledges the provisions of the Bribery Act 2010 and aims to maintain compliance with this as part of its everyday business. This is particularly relevant when procuring works and services. Reference should be made to our separate Policy on Bribery, Fraud & Corruption.
- 5.2 Craigdale will always carry out its business transparently and fairly and will operate a zero tolerance policy towards bribery by its employees, Board members, contractors, agents and other associated persons.
- 5.3 Craigdale's Board members and staff sign a Code of Conduct and this must be complied with at all times. The Code makes specific reference to connected people and declarations of interest.

## **6.0 Procurement activities**

- 6.1 The main goods and services that will require to be procured by the Association are as follows, but not limited to:
- Small items of office supplies or other consumable products
  - All office printing, stationery, postage and other materials
  - Trade materials used by the Handyperson/Estate Caretaker
  - Office furniture and equipment
  - ICT equipment and 'back-up' services
  - Maintenance contracts related to office-based equipment or services, e.g. ICT equipment, photocopier, fire and security alarm systems
  - Professional services including internal auditors, external auditors, solicitors, bankers, insurance brokers, architects, design consultants, and management consultants employed on specific projects
  - Office cleaning
  - Contractors covering the full range of trades and professions
  - Cyclical and planned maintenance works
  - New build developments

## **7.0 Value for Money**

- 7.1 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 be the best value in the longer term, particularly when the contract being procured has a high degree of service delivery to our tenants.
- 7.2 We recognise the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that improves the economic, social and environmental wellbeing (this includes reduction of inequality) of the communities in which we operate.

- 7.3 Sustainable procurement should be balanced with value for money and quality and needs to be proportionate to the risk involved in each individual procurement.
- 7.4 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 and any supplementary guidance issued by the Scottish Government.
- 7.5 The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded.
- 7.6 Where it is appropriate or mandatory to consider tenders on a basis other than purely price, a scoring matrix will be developed. 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. To ensure transparency, the scoring criteria will be provided to all companies as part of the tender packs being issued.
- 7.7 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 and items whenever possible and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.

## **8.0 Financial Limits**

- 8.1 The current financial limits below which no quotations or tenders are required, and above which either written quotations or tenders are required, are detailed in Craigdale's financial regulations and in the summary table in Appendix One.
- 8.2 The Board will review these financial limits at least every 3 years to ensure that they remain appropriate for effective governance.
- 8.3 The financial thresholds for regulated contracts above which the Association must publish the procurement opportunity in the Office of the Journal of the European Union (OJEU) were set at the following levels from 1 January 2020:
- £189,330 for supplies/services
  - £4,733,252 for works

### Small Lots

- £70,778 for supplies/services
- £884,720 for works

These figures are exclusive of VAT.

Board should note that since we are in the transition period following withdrawal from the European Union these arrangements will continue to be in place until 31 December 2020.

- 8.4 The financial thresholds for regulated contracts above which the Association must publish the procurement opportunity on the Public Contracts Scotland website are currently set at £50,000 for supplies/services and £2,000,000 for works. If the whole life value of a contract is above these values (excluding VAT), then Craigdale will advertise the opportunity through the Public Contracts Scotland website.
- 8.5 Additionally, for all opportunities with a value over £10,000 (and under the values referred to in 8.4 above), where it is efficient to do so, Craigdale will also consider using the Public Contracts Scotland Website. As a minimum such opportunities will be advertised on the SFHA's website.
- 8.6 These thresholds are laid out in Appendix One, and the Board will review these financial limits every 3 years, or earlier if the business requires it, to ensure that they remain appropriate for effective governance.
- 8.7 The procurement methods to be used below these thresholds are detailed in the next section; section 9.

## **9.0 Obtaining prices, quotations and tenders**

- 9.1 The summary table in Appendix One also 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**

- 9.2 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. The staff member will maintain an audit trail.

### **Quotations**

- 9.3 Quotations may be requested either verbally or in writing. In either case, the authorised member of staff (as per Appendix 1) will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received. The staff member will maintain an audit trail.

### **Tenders**

- 9.4 Following the development of the appropriate tender documentation, suppliers will be invited to tender.
- 9.5 Reports on tenders and recommendations will be presented to the Board for approval prior to contracts being awarded.
- 9.6 If there are time constraints, the Board may consider delegating authority to the Chief Executive Officer in consultation with the Chairperson to approve contracts up to a pre-

approved level with a retrospective report presented to the Board at the next available meeting.

- 9.7 As outlined above some goods and services may be procured on a basis other than purely price e.g. price, quality and/or sustainability. Where this is the case, appropriate criteria and ratios will be agreed in advance and be clearly set out for tenderers in advance. 'Regulated contracts' i.e. those that fall within the scope of the EU procurement regulations specifically cannot be awarded purely on the basis of price alone. Most Economically Advantageous Tender ('MEAT') must be the basis for any award. The criteria used to determine MEAT will be disclosed as part of the Association's transparent approach to procurement.

## **Negotiation**

- 9.8 Where it is proposed that contracts are procured through negotiation, there must be clear justification for doing so and the decision to enter into contracts based on negotiation must be approved at the appropriate level of authority.

## **Contracts and Service agreements**

- 9.9 We will procure certain services through contracts, framework/partnering agreements or service agreements for periods of one year or longer, where appropriate. Examples are contracts for the provision of reactive maintenance, agreements for the servicing of office equipment, fire and security alarms, framework/partnering agreements for planned maintenance works. Threshold levels for the life of the contract as per Appendix 1 will apply.
- 9.10 The results of tendering exercises for service contracts or agreements will be reported to the next meeting of the Board for approval prior to contracts awarded.

## **Specialist Suppliers or contractors**

- 9.11 Where there is only one specialist supplier or contractor for a particular item or service, we will seek to negotiate the most advantageous price and terms prior to placing an order or signing an agreement. Details of the discussions held and the reasons for the final recommendation will be fully recorded and reported to the Board for approval should financial limits dictate that Board approval is required.

## **Other methods of procurement**

- 9.12 We will continually review our methods of procurement in order to achieve best value for money, meet our duty of sustainable procurement and to comply with current statutory regulations, Scottish Housing Regulator guidance and 'good practice'.
- 9.13 We will seek to develop mutually beneficial customer/supplier relationships, particularly with those local contractors and suppliers with which we wish to develop medium to long-term arrangements for the benefit of Craigdale Housing Association.

## Exceptions

- 9.14 If a developer or other party brings an opportunity to us and the terms of the proposed arrangements will require us to contract directly with them or another named company.
- 9.15 Consultants are being used and there is a sound business reason to offer a particular firm the work. For example, if they have unique skills; have carried out work 'at risk'; the work is of a confidential business nature. In such circumstance Board approval must always be sought before contracts are entered into.
- 9.16 If works have been included as part of a schedule of rates contract which has been tendered in the usual way and the cost of the repairs does not exceed £20,000.
- 9.17 Works and services are only available from a limited number of suppliers, in which case, a reasonable number of suppliers should be invited to quote or tender
- 9.18 Goods and materials are of a specialist/branded nature and no satisfactory alternative is available.

## 10.0 Fair Work Practices

- 10.1 Before undertaking a procurement exercise the Association will consider whether it is relevant and proportionate to include a question on fair work practices as part of the competition.

## 11.0 Community Benefits

- 11.1 The Association will include consideration of contractual clauses relating to community benefits as appropriate to ensure our community can benefit through training and work opportunities, as a result of the expenditure that we undertake.
- 11.2 In an invitation to tender, a potential contractor must indicate the extent of the community benefits proposed as part of the bid process. Where possible we will seek to be specific, in the nature of the benefit identified, to provide the tenderer with sufficient information to assess the provision expected.
- 11.3 Community Benefits are defined as contractual requirements, relating to training and recruitment, or which are otherwise intended to improve the economic, social and environmental well-being of the Associations area, in a way which is additional to the main purpose of the contract.

## 12.0 Payment of contractors

- 12.1 The Association will ensure not only timely payment (within 30 days) to contractors but will also make it a contractual requirement that main contractors who sub-contract any elements of their work also provide evidence of timely payment to their sub-contractors.



### **13.0 Repeat and Extended Contracts**

- 13.1 Craigdale is conscious of the time and cost that is involved in the procurement process, both from the Association's point of view and that of prospective tenderers. As a result, it seeks where feasible and within the boundaries of current procurement legislation and good practice, to develop a partnership approach with contractors and consultants. In this respect, successful completion of specific pieces of work may lead to the offer of further negotiated packages of work in the coming years.
- 13.2 The possibility, and maximum duration, of any such extension should be indicated in the original procurement process.
- 13.3 In general, contract extensions should only be proposed where the cost lift is at or below sector inflation rates.

### **14.0 Register of Contracts**

- 14.1 A register of contracts will be maintained on the Public Contracts Scotland portal for all contracts meeting the financial thresholds in section 8.3 and 8.4.

### **15.0 Procurement Strategy & Annual Report**

- 15.1 The Procurement Reform (Scotland) Act 2014 now 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 that next financial year. This requirement also applies to an organisation that becomes aware of having this level of spend during the year. As our annual regulated spend is below this level, Craigdale does not at present require to produce a Procurement Strategy and an Annual Report on its procurement activity.
- 15.2 On an annual basis, we will review our anticipated value of contracts that will be placed in the coming year to establish if an annual Procurement Strategy and a Procurement Report are required. This will also be an opportunity to establish if there is scope and benefit to developing a framework for suppliers and to ensure our continued compliance with our procurement duty
- 15.3 We will ensure that a Contracts Register is produced and agreed by the Board on an annual basis to confirm all contracts made and include how they have been procured. The Contract register will also confirm the duration of the contract, to allow for transparency of all live contracts.
- 15.4 In the spirit of openness and accountability, we will include a summary of our procurement activity within our Annual Report, which is issued to our tenants and other stakeholders.

## **16.0 Monitoring and review**

- 16.1 The Chief Executive Officer is responsible for ensuring that this Policy, and the policies and procedures which support it, are followed by all Board Members and members of staff involved in the procurement process.
- 16.2 The Chief Executive Officer is responsible for ensuring that staff implement this Policy and the relevant procedures, when procuring goods and services.
- 16.4 This policy will be reviewed by the Board at least every 3 years.

## **17.0 Complaints**

- 17.1 Reference should be made to the Association's Complaints Policy.

## **18.0 Equal Opportunities**

- 18.1 The Association is committed to ensuring equal opportunities and fair treatment for all. In implementing this policy, our commitment to equal opportunities and fairness will apply irrespective of factors such as gender or marital status, race, religion, colour, disability, age, sexual orientation, language or social origin, or other personal attributes.

## Appendix 1 Procurement Summary (amendment approved by Board 28.06.21)

Procurement Responsibility	Value (excluding VAT)*	Primary Procurement Methods	Secondary Procurement Methods
• Maintenance Services Officer	£1,000-£5,000	Suppliers' schedule of rates/price list	3 quotes from approved or relevant suppliers
• Senior Housing Services Officer • Senior Corporate Services Officer	£5,000-£10,000	Suppliers' schedule of rates/price list	3 quotes from approved or relevant suppliers
• Chief Executive Officer	£10,000-£30,000	3 quotes from approved/specialist suppliers	SFHA Website & possibly Public Contracts Scotland (Quick Quotes)
• The Board	£30,000-£50,000	4 tenders from approved/specialist suppliers	SFHA Website & possibly Public Contracts Scotland (Quick Quotes)
• The Board	>£50,000 (& under OJEU limits)	Tender via Public Contracts Scotland	NA
• The Board	Supplies/Services >£189,330	Tender via OJEU & Public Contracts Scotland	NA
• The Board	Works >£4,733,252	Tender via OJEU & Public Contracts Scotland	NA

\*Spend must be within approved Budget