

Procurement Policy

1. Introduction

- 1.1. Procurement is the process by which the Association buys supplies, services and works. This policy is therefore relevant to every aspect of the Association's work. Ensuring the Association carries out its procurement activities in line with current best practice in the sector is essential not just to ensure we provide long term value for money, but also to ensure we make the most of opportunities to provide community, environmental and other benefits. Procurement by Housing Associations has become a much more highly regulated activity than in the past. Failure to comply with legal and other requirements in procurement could expose the Association to significant risks and lack of access to some grant funding. This policy aims to help minimise these risks.
- 1.2. This policy has been drawn up with reference to:
- Public Contracts (Scotland) Regulations 2015
 - Procurement Reform (Scotland) Act 2014
 - SHR Regulatory Standards of Governance & Financial Management & Guidance Published 2012.

2. Statement of Intent

- 2.1. The Association recognises its responsibility to carry out its procurement activities in an economically, environmentally and socially responsible manner which also makes a contribution to our organisational strategic objectives.
- 2.2. The Association's procurement vision is to achieve excellent procurement performance through sustainable procurement practices for the benefit of the organisation and our stakeholders.
- 2.3. The Association's procurement process will be fair, open, honest, transparent and non-discriminatory. The key principles are to:
- Comply with all relevant legislative requirements.
 - Have a clear basis for using the procurement method selected for the award of each of the Association's contracts for works, supplies and services.
 - Ensure procurement best practice is applied consistently throughout the Association and in line with the Association's Policies and Procedures.
 - Obtain and evidence value for money when purchasing goods and services.
 - Ensure sustainability principles are embodied within all procurement activities.
 - Engage with suppliers to bring greater community benefits to the geographical area in which the Association operates.
 - Ensure appropriate internal controls are in place covering authority levels, declarations of interests, audit processes and appropriate reporting to the Association's Board.
 - Ensure the Association's procurement processes and activities are structured in a way which promotes access for small and medium sized businesses.
 - Ensure the Association's staff and Board Members are up to date with current procurement and financial legislation.
 - Maintain up to date records of all procurement activities which will be monitored and reviewed.

3. Procurement Strategy

- 3.1. 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 each financial year.
- 3.2. The Association's Procurement Strategy underpins this policy. It sets out the Association's procurement objectives and aims to provide a clear and structured approach to all of the Association's procurement activities, outlining what will be done in order to achieve best value.
- 3.3. A copy of the Association's Procurement Strategy is available on our website www.abertayha.co.uk

4. Managing the Procurement Process

- 4.1. As part of the procurement process, we will aim to demonstrate and deliver best value for the Association. Best value means assessing both the quality and price to procure the most appropriate supplies, services and / or work. The balance between quality and price will vary according to the type of contract.
- 4.2. This Policy splits the procurement of supplies, services and / or works into three main categories:

Category	Value Range (exc VAT)
Category 1 – Low Value contract	£10,000 or under
Category 2 – Medium Value contract	£10,000 - £50,000
Category 3 – High Value contract	£50,000 and over

4.2.1. Category 1 – Low Value Contract

Normally three written quotes should be obtained. If this is not feasible however (e.g. time constraints, or limited choice of feasible contractors / consultants / suppliers), two or even one quote may be acceptable. If fewer than three quotes are obtained, the manager approving the contract must justify their decision with their line manager prior to the contract being awarded and confirm that the contract is expected to provide value for money. If the value is less than £1,000, a single Contractor, Consultant or Supplier may be contracted.

4.2.2. Category 2 – Medium Value Contract

Any supplies, services and / or works which fall within the value range of over £10,000 and under £50,000 (excl VAT) should normally utilise the Quick Quote process on Public Contracts Scotland (PCS) or an internal quote procedure.

4.2.3. Category 1 and 2: Chief Executive's Authority

The Chief Executive has the authority to waive the procedures associated with Category 1 and Category 2 Contracts.

4.2.4. Category 3 – High Value Contract

The Association will comply with the Procurement Reform (Scotland) Act 2014, Public Contracts Scotland Regulations 2015 and all National Procurement Thresholds (FTS).

- 4.3. The contract value refers to the total value of the contract over the whole contract term (including any possible extensions).

4.4. *Non-regulated*

Works contracts between £50,000 and £2,000,000 do not need to go through the Public Contracts Scotland (PCS) tender process but may be procured using the PCS Quick Quotes option for values estimated to be under £100,000. They must comply with organisational procurement procedures.

4.5. *Regulated*

Contracts for supplies and services with a value of £50,000 or above and works contracts with a value of £2,000,000 or above are regulated procurements. The Association will advertise all regulated procurement on the PCS website and in accordance with National Procurement Regulations. The Association will follow published Scottish Government guidance when advertising and awarding contracts which are above the Procurement Reform (Scotland) Act 2014 thresholds but below National Procurement Thresholds. This will include the need to advertise and award such contracts on PCS. The Association will seek to use pre-procured framework agreements for regulated procurements where possible (see 5 below). When a suitable pre-procured framework is not available, the Association will normally procure in accordance with The Scottish Procurement Journey (see www.procurementjourney.scot).

4.6. *Tender opening*

All tenders should be opened in accordance with the Association's Procedures for Opening and Recording of Tenders and Quotations.

5. *Joint Working and Framework Agreements*

5.1. The Association will consider, where appropriate, options for joint working through establishing or joining framework agreements or other purchasing solutions. The Association recognises that the use of pre-procured frameworks may give significant benefits in terms of time, cost savings and reduction of risk (particularly of regulated procurements); and possible benefits in terms of service and prices through tapping into the greater buying power of the procurement group. The Association has used, or been in contact with, four major procurement groups – Northern Housing Consortium, Scotland Excel, Scottish Procurement Alliance, and SCAPE, and anticipates making greater use of these arrangements in the future. When considering using a framework agreement, it is essential that we establish at the outset exactly what the framework does and does not cover, and also its costs, so that an informed decision can be taken on whether its use is appropriate. When a suitable pre-procured framework is not available the Association will normally procure its own framework in accordance with The Scottish Procurement Journey.

6. *Contract Award*

6.1. The awarding of contracts will be in accordance with the authority levels set out in the Association's Scheme of Delegated Authorities.

6.2. *Exceptions*

6.2.1. *Emergency Situations*

Situations may very occasionally arise where the over-riding priority is getting the work done quickly. In such situations, the Chief Executive or the Corporate Services Director may instruct works without applying the normal procurement process. Any exceptions of this type will be reported to the Board as soon as practicable.

6.2.2. *Specialist Work*

Some work may be so specialist that very few firms can provide a suitable service. In such cases a firm may be recommended for appointment following a check to ensure competence,

and agreement of cost. Any exceptions of this type will be reported to the Board as soon as practicable.

6.2.3. *Insurance Work*

In certain insurance claims, the loss adjustor may direct that a particular firm undertake repair work.

7. **Contract Management**

7.1. The Association has adopted a contract segmentation approach in order to classify contracts based on risk and value. High value and / or high risk contracts are generally considered to require the highest level of management with a reducing need for management identified through medium and low value contracts.

7.2. A separate contract risk register will be kept for each contract with a value of £2,000,000 or more.

7.3. For these contracts, as a minimum, performance will be reported to the Board on an annual basis.

8. **Risks**

8.1. The Association recognises that there will always be risk involved with any procurement of goods, services, contracts or works. We will seek to identify these risks and, as far as possible, take action to mitigate them. There are typically three risks associated with the procurement process.

8.1.1. *The Supplier / Contractor*

In terms of (for example) its structure, capabilities, and financial status. The risks of a contractor's failure to perform must be carefully assessed.

8.1.2. *Challenge*

The procurement process must comply fully with the law and may be challenged if a supplier considers they have been unfairly treated. This brings risks of additional legal and other costs, and delays

8.1.3. *Fraud*

The Association demands a high degree of honesty and integrity from those involved with it. It will implement strictly the processes within the Fraud Policy and Bribery Policy.

9. **Reporting**

9.1. The Association will publish an annual procurement report on its regulated procurement activities in accordance with Section 18 of the Procurement Reform (Scotland) Act 2014.

9.2. The results of all tenders with a value of £50,000 or more (Category 3 contracts – see 4 above) will be reported to the Board on a quarterly basis. Information to be reported for each contract will include - the method of tender, the number of bids received, the value of the successful tender bid, the main contract terms, and any financial implications in terms of the approved budget.

10. **Contracts Register**

10.1. The Association will maintain a register of all regulated procurements.

10.2. *Procurement Toolkit and Quick Guide*

A Procurement Toolkit has been created which contains up to date guides and practices on procurement for all departments. Contained within it is a Quick Guide setting out the appropriate procurement routes to be used in different circumstances for more practical day to day usage.

11. Anti Bribery

- 11.1. All procurement activities shall be conducted in accordance with the Association's Bribery Policy, and the Bribery Act 2010. The Act sets out three main criminal offences- (1) active bribery (offering a bribe), (2) passive bribery (requesting, or accepting a bribe), and (3) failure by an organisation to prevent bribery by a person associated with it. All staff have a duty to report any instances of suspected bribery to their line manager for investigation.

12. Risk Management

- 12.1. The risks associated with Procurement are incorporated within the Association's Risk Management Framework.

13. Equal Opportunities

- 13.1. The protected characteristics enshrined in the Equality Act 2010 are respected when ensuring compliance with the Procurement Policy.

14. Policy Monitoring and Review

- 14.1. The Procurement Policy will be monitored by the Chief Executive and reviewed every three years or as and when deemed necessary.