



## **Procurement policy**

**Approved by Committee**  
**Latest date for review**

**October 2024**  
**October 2027**

# Procurement policy



## 1. Introduction

1.1 The Association recognises its responsibilities as a contracting authority and will carry out its procurement activities in a fair, transparent and responsible manner, improving supplier access and embracing collaborative approaches to realise efficiency savings and achieve sustainable benefits for tenants and the wider community.

1.2 This Policy sets out the principles that will be applied to all procurement undertaken by the Association, to ensure that the acquisition of supplies, services and works are progressed in accordance with best practice, meeting legislative requirements and our Business Plan Objectives to:

- Strengthen governance and financial control
- Deliver excellent housing services
- Provide quality homes in an attractive environment
- Demonstrate strong financial management and value for money
- Develop our leadership and staff

## 2. Aims of the policy

2.1 The key aims of this policy are to:

- comply with all relevant legislative requirements
- work collaboratively to improve efficiencies and enhance value for money
- ensure that all procurement is proportionate to the size and scale of the requirement
- ensure best practice in procurement is applied consistently across the organisation
- consider small and medium enterprises in the design of procurement activities
- ensure sustainability is considered throughout our procurement activities
- incorporate community benefits which positively impact upon the wider Drumchapel area
- ensure that there is a clear audit trail associated with the procurement of all contracts
- ensure that procurement accords with the requirements of the Association's Entitlements, Payments and Benefits policy.

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## 3. Legislative framework and regulatory guidance

3.1 The following legislation and guidance are relevant to this policy:

- Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014
- Procurement (Scotland) Regulations 2016
- Scottish Government Procurement Journey
- Scottish Government's Public Procurement Policy Handbook
- EU Public Procurement Directives – 2014/24/EU, 2014/23/EU and 2014/55/EU as amended
- UK General Data Protection Regulation (GDPR) 2018
- Freedom of Information (Scotland) 2002
- SHR Regulatory Standards of Governance and Financial Management (and accompanying guidance) published February 2024

## 4. Key roles in procurement

4.1 Key roles and responsibilities in relation to procurement are illustrated below:

Committee	Ensure appropriate governance and that resources are made available to deliver the policy.
Senior Management Team (budget holders)	Ensure that the function is appropriately staffed, organised and supported.
Officers (purchasers)	Carry out procurement activity in accordance with the policy to comply with legislation and achieve value for money.

4.2 The manager of the purchasing department should ensure that:

- the procurement policy is followed
- professional procurement advice/assistance is obtained as required
- procurement is carried out in accordance with the Association's Financial Regulations and procedures, including authority to procure
- value for money is achieved
- contractor performance is effectively monitored

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4.3 The roles of budget holder and purchaser should not be performed by the same individual and the Association aims to achieve this via the separation of duties.

4.4 Duties are divided as follows:

- The budget holder (normally the Manager) - has the overall responsibility for spending within their budget headings and has authority to commit the organisation to payments and or contracts for the purchase of supplies, services or works.
- The purchaser (normally a staff member) - has authority to issue the invitation to tender or request quotations, place a purchase order and approve invoices for payment.

4.7 Due to the size of the organisation, it is not always possible to split the duties of the budget holder and purchaser. Where this arises, a manager from another section will be nominated to review the procurement process.

4.8 All staff and Committee members involved in the procurement of works, supplies or services are required to register declarations of interest, where they exist in relation to a supplier or contactor who is involved in the procurement process.

## 5. Procurement levels

5.1 The policy splits procurement of supplies, services and works into the following expenditure levels:

Procurement Level	Value (excl VAT)	Requirement
L1 - Very low value	Under £1,000	No quotation required
L2 - Low value	£1,001 - £5,000	1 quotation required
L3 - Low/Medium value	£5,001 - £15,000	3 quotations required

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L4 - Medium value	£15,000 - £50,000	Progress in accordance with Scottish Government's Procurement Journey – Route 1 or 2 with a minimum of 3 quotations
L5 – High value	£50,000 and over	Progress in accordance with Scottish Government's Procurement Journey – Routes 2 or 3 where OJEU thresholds will be reached or exceeded

5.2 Where procurement relates to works and construction related projects, the Scottish Government's [Construction Procurement Manual](#) should be consulted for detailed guidance.

- *L1 – Very low value procurement:*

This relates to the purchase of supplies, services or works valued between £0 - £1,000 (excl VAT) and will normally cover the day-to-day activities of the Association such as reactive repairs or office supplies.

- *L2 – Low value procurement:*

This relates to the purchase of supplies, services or works valued between £1,001 - £5,000 (excl VAT). A single Consultant or Contractor can be appointed where there is no on-going contractual relationship.

- *L3 – Low/Medium value procurement:*

This relates to purchases of supplies, services or works valued between £5,001- £15,000 (excl VAT). 3 quotes should to be obtained, using the quick quotes facility on Public Contracts Scotland (PCS) where possible. To prevent costly delays, void repair works will be treated as an exception and will be undertaken in accordance with the Void Management Policy and framework for reactive maintenance.

Where services are of a specialist nature and relate to a business-critical function that has been performed previously, a single consultant or contractor can be appointed, in the interests of continuity, up to a maximum of £10,000 (excl VAT).

- *L4 – Medium value procurement:*

This relates to purchases of supplies, services or works valued between £15,001 - £50,000 (excl VAT). These should be progressed in accordance with the Scottish Government's Procurement Journey – Routes 1 or 2 and a minimum of 3 quotes should be obtained.

- *L5 – High value procurement:*

This relates to purchases of supplies, services or works valued above £50,000. These should be progressed in accordance with Scottish Government's Procurement Journey – Route 2 or Route 3 where OJEU thresholds will be reached or exceeded.

## 6. The Scottish procurement journey

- 6.1 The Scottish Procurement Journey provides one source of guidance for the Scottish public sector. It is updated on a regular basis to take account of changes in legislation and provides a best practice, online tool which leads organisations through the various stages of the procurement process. It incorporates specific guidance and template documents to help ensure legislative requirements are achieved.
- 6.2 The Association will utilise the Procurement Journey Toolkit to determine the best procurement option for each procurement exercise i.e. Journey Routes 1, 2 or 3.

## 7. Regulated procurement

- 7.1 In carrying out procurement activities, the Association will comply with the Procurement Reform (Scotland) Act 2014, Public Contracts Scotland Regulations 2015 and all EU Procurement Thresholds within the Official Journal of the European Union (OJEU).
- 7.2 Regulated procurement thresholds as at 1 January 2024 are detailed below:

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<b>Legislation</b>	<b>Supplies and Services (excl VAT)</b>	<b>Work Contracts (excl VAT)</b>
Procurement Reform (Scotland) Act 2014	£50,000	£2,000,000
European public contracts directive (2014/24/EU amended by CDR(EU) 2023/2495)	221,000 Euro and above	5,538,000 Euro and above

The prescribed threshold values set out in the above table will be automatically revised with any subsequent amendment to the threshold value set by the EU Commission for supply, services or works contracts. Reviews for thresholds take place periodically, with most recent amendment being made on 15 November 2023.

7.3 In doing so, the Association will:

- advertise all regulated procurement on the Public Contracts Scotland website or award contracts through a Framework established under the terms of the Public Contracts (Scotland) 2016 Regulations by the association or to which the association has access
- use electronic means of communicating all regulated procurement procedures
- utilise the Single Procurement Document (Scotland), otherwise known as the SPD, when seeking potential suppliers.

7.4 In most situations the procurement of regulated supplies, services or works will require some form of consultancy to ensure that the Association meets its legislative requirements.

## 8. Unregulated procurement

8.1 The procurement of supplies, services and works below regulated thresholds will follow the same overall principles as regulated procurement, in terms of obtaining value for money in an open, transparent and non-discriminatory manner. The Association will make its procurement requirements known to the market in a proportionate manner by advertising opportunities on our website, in trade journals, and through open market engagement.

## 9. Summary of regulated tender process

9.1 There are a number of routes to market and as detailed below:

- Open procedure
- Restricted procedure
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership procedure

9.2 The above routes are designed for varying circumstances, however, the routes most common used by the Association will be the 'open' (single stage) or 'restricted' (two stage) procedure.

9.3 The open procedure is a single stage of which all interested parties may submit a tender return in response to the contract advertisement. There is no separate pre-qualification stage in the open procedure, although tenderers will be required to complete an SPD as part of their tender submission.

9.4 The restricted procedure is a two-stage procedure in terms of which all interested parties may submit an expression of interest in response to the contract advertisement. The Association then issues an SPD to interested parties and follows a pre-qualification stage - only those candidates which meet the Association's selection criteria (as set out in the SPD) will be shortlisted and invited to tender stage of the process. A minimum of five supplies must be invited to tender (unless fewer suitable candidates have met the selection criteria and these are sufficient to ensure genuine competition).

9.5 The restricted stage is likely to be more appropriate than the open procedure for procurement where there is unlikely to be significant supplier interest and a large volume of expressions of interest or where the Association needs to limit the shortlist of tenders to those with specific expertise and experience in a particular area.

9.6 Both processes may involve:

- Issue of initial project notifications (PIN), where streamlined procedures are to be followed



- Publication of a Contract Notice to commence the tender procedure
- selection assessment (shortlisting) in the case of a restricted procedure Invitation to tender (ITT) issued to all interested parties (open procedure) or shortlisted parties (restricted procedure)
- Tender assessment - based on quality/price
- Publication of Contract Award Notice
- 10 day 'standstill' period prior to appointment of the preferred tenderer
- Constructive feedback to all successful and unsuccessful bidders, where requested.

## 10. Collaborative working

- 10.1 The Association will consider procuring contracts through a 'Central Purchasing Body' where value for money can be demonstrated. A Central Purchasing Body is a public body that has procured a contract for specific works, supplies or services on behalf of themselves and/or other public bodies. Where procuring through this route, the Association will satisfy itself that all EU and Scottish procurement legislation has been complied with by the Central Purchasing Body prior to entering into any contract.
- 10.2 To benefit from economies of scale, increased efficiency and enhanced value for money, the Association will seek opportunities to procure supplies, services and works in partnership with Drumchapel Community Ownership Group (Drumcog) and or other Registered Social Landlords. We will enter into such an arrangement where a business case demonstrates that benefits can be realised for the Association our tenants and the wider community.

## 11. Sustainable procurement

- 11.1 When designing regulated procurements, the Association will consider its sustainable duty and seek ways to:
- improve the economic, social and environmental wellbeing within communities
  - offer opportunities for small and medium enterprises, third sector bodies and supported businesses
  - encourage innovation through award criteria that takes account of positive environmental activities, including design and materials, manufacturing, logistics, service delivery, recycling and waste disposal

## 12. Community benefits

- 12.1 Community benefits will be included within all regulated and some nonregulated procurement. The required outcomes will generally be determined in accordance with the duration and value of the contract.
- 12.2 Community benefits are not limited to but may include:
- Activities to assist job readiness of disadvantaged groups or individuals by improving skills, abilities and confidence
  - Creating training and employment opportunities
  - Maximising income for communities who are financially disadvantaged
  - Progressing initiatives to improve the local environment
  - Accessing new funding streams to sustain community projects
  - Supporting local initiatives or groups through the provision of financial assistance, proportionate to the contract value or by in-kind contributions

## 13. Framework agreements

- 13.1 A framework agreement is an 'umbrella agreement' that sets out the terms (particularly relating to price, quality and quantity) under which individual contracts ("call offs") can be made throughout the period of the agreement (which can be a maximum of four years).
- 13.2 Framework agreements can be set up for one contracting authority to use or can be set up for a number of contracting authorities to use.
- 13.3 The Association may set up its own framework agreements or it could explore in relation to a particular requirement, whether there is an existing framework agreement put in place by another contracting authority under which the Association is entitled to draw down the required supplies, services or works.
- 13.4 There are pre-procured frameworks which the Association may be able to access to include established frameworks e.g. Procurement for Housing, Scotland Excel and Scottish Procurement Alliance, to name a few.
- 13.5 Framework agreements are either concluded with a single supplier or with multiple suppliers. Often frameworks agreements are split into lots.

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- 13.6 If a purchasing authority is unable to identify which supplier on the framework agreement could offer them best value for money for that requirement, a further mini-competition could be held between all the suppliers on the framework agreement who are capable of meeting the need.

### 14. Living wage

- 14.1 As a living wage employer, the Association is committed to promoting the Scottish Living Wage and will encourage suppliers and contractors to adopt the same commitment.

### 15. Health & safety

- 15.1 All consultants and contractors will be required to demonstrate the highest commitment to health and safety before being considered for work. Through award criteria, contractors will be asked to demonstrate how they promote and manage health and safety. This may be supported by the provision of appropriate risk assessments and method statements.

### 16. Tender returns

- 16.1 All medium and high valued procurements will be submitted electronically on Public Contracts Scotland. In doing so, tenders will be held within a secure post-box, until the deadline for submissions expires, and the post-box can be unlocked.
- 16.2 A Tender Opening Team will be formed, comprising at least two members of staff and two Committee members. This will normally involve at least one Grade 9 or 10 staff member and a Committee member from the relevant sub-Committee. Tender openings may be 'in person' or in a virtual setting.
- 16.3 The Association will not accept any tenders submitted after the tender return date and the supplier should be notified where this arises.
- 16.4 Where only two tenders are received, consideration should be given to re-starting the process, with a view to securing higher levels of engagement. In making such a decision consideration should also be given to the size of the market and likelihood that additional interest will be obtained.
- 16.5 If only one tender is received consideration should be given to why this has

occurred e.g. has the market been restricted in some way or has the opportunity been unattractive. In such cases, consideration may need to be given to restarting the tender process.

16.6 All tender openings will be recorded in the Association's tender register. This will contain the following information:

- Details of the tender
- Date and time of opening
- Names of those present
- Names of contractors issued with tender documents
- Names and prices of tenders received
- Signed by the Tender Opening Team.

## 17. Tender award

17.1 All Tenders are awarded on the basis of the most economically advantageous tender which balances price and quality. This will be assessed against the award criteria and weighting specified within the tender documents.

17.2 The preferred tender will be checked to ensure that there are no arithmetic errors. Where a tender appears to have an abnormally low price, the Association will retain the right to carry out a further assessment to ensure that the project can be delivered effectively and within cost.

17.3 Effective award criteria will ensure that responses from suppliers clearly address the most critical aspects of the specification and allows the evaluation panel to make a fair and equal comparison of the bids received.

17.4 Examples of award criteria include:

- Quality
- Technical merit
- Qualifications and experience of staff, where this may have a significant impact on the level of performance
- Innovation, design and functional characteristics, where appropriate
- Maintenance, ongoing technical support or after sales service
- Delivery methods, project management arrangements, including safe working practices or period of completion
- Life cycle costing

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- Test reports and certification
- Community benefits
- Sustainable procurement

17.5 Tenders must only be accepted in accordance with authorisation levels included within the Association's Financial Regulations and Procedures or where prior approval for delegated authority to accept a tender has been granted by the Committee.

17.6 Appropriate letters relating to the award will be issued to all parties in accordance with the best practice and using the templates available via the Procurement Journey. All tenderers will be provided the opportunity of a debriefed and to obtain feedback on their submissions.

17.7 Upon awarding the contract an appropriate Award Notice shall be issued on Public Contracts Scotland.

## 18. Contract management and reporting

18.1 All contracts should be carefully monitored to ensure that services are delivered in accordance with the conditions of the contract. High value and or risk contracts will generally require the highest level of management with a reducing requirement as value/risk diminishes.

18.2 Contract performance will be reported to the Committee on an annual basis, however, high value, short term contracts will require greater levels of reporting. Performance monitoring and reporting should focus upon key outcomes, including:

- Adherence to the programme
- Services delivered within cost
- Quality of service or supplies
- Customer service and satisfaction
- Number of complaints and approach to complaint resolution
- Adherence to health and safety
- Community benefit outcomes
- Specific measures

## 19. Equality and human rights

- 19.1 The Association's Equality and Human Rights policy, which was approved by the Committee in April 2021, outlines our commitment to promote a zero tolerance to unfair treatment or discrimination to any person or group of persons, particularly on the basis of any of the protected characteristics<sup>1</sup>. This includes ensuring that everyone has equal access to information and services, and, to this end, the Association will make available a copy of this document in a range of alternative formats including large print, translated into another language or by data transferred to voice
- 19.2 We are also aware of the potential for policies to inadvertently discriminate against an individual or group of individuals. To help tackle this and ensure that it does not occur, best practice suggests that organisations carry out equality impact assessments to help identify any part of a policy that may be discriminatory so that this can be addressed. The impact assessment for this policy is located as Appendix 1.

## 20. Dealing with complaints

- 20.1 Any complaints will be dealt with in accordance with the Association's complaints handling procedure and as a learning organisation will utilise information from both complaints and comments to improve our services.

## 21. Contracts register

- 21.1 The Association will maintain an online register of all regulated procurements.

## 22. Policy review

- 22.1 This policy shall be reviewed every three years or sooner in line with legal, regulatory or good practice requirements. The next review will take place in or before October 2027.

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<sup>1</sup> The Equality Act 2010 identifies the "protected characteristics" as age, disability, marriage and civil partnership, race, religion or belief, sex, gender reassignment and sexual orientation.

## Cernach Housing Association Equality Impact Assessment Tool



Name of the <b>policy / proposal</b> to be assessed	Procurement	Is this a <b>new policy / proposal or a revision?</b>	Revision
Person(s) responsible for the assessment	Caroline Jardine		
<b>1. Briefly describe the aims, objectives and purpose</b> of the policy / proposal	To help ensure that the Association procures goods and services in an open and transparent manner, whilst seeking to ensure compliance with all legal, regulatory and good practice requirements.		
<b>2. Who is intended to benefit</b> from the policy / proposal? ( <i>e.g. applicants, tenants, staff, contractors</i> )	Staff and Committee as it provides a framework to help ensure good procurement; however, tenants and other service users will be the ultimate benefactors as the Association is able to operate appropriately and seek value for money in procurement.		
<b>3. What outcomes are wanted</b> from this policy / proposal ? ( <i>e.g. the benefits to customers</i> )	Good procurement, value for tenants' rent money and, for larger contracts, direct community benefits.		

**4. Which protected characteristics** could be **affected** by the proposal? (*tick all that apply*)

- Age     
  Disability     
  Marriage & Civil Partnership     
  Pregnancy/Maternity     
  Race  
 Religion or Belief     
  Gender     
  Gender Reassignment     
  Sexual Orientation

5. If the policy / proposal is not relevant to any of the **protected characteristics** listed in part 4, state why and end the process here.

There is no specific reference or benefit to any group above another. There are references to our equalities aims and objectives throughout the plan.

	Positive impact(s)	Negative impact(s)
<p>6. Describe the <b>likely positive or negative impact(s)</b> the policy / proposal could have on the groups identified in part 4</p>		
<p>7. What <b>actions</b> are <b>required</b> to address the impacts arising from this assessment? <i>(This might include; collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts).</i></p>		

Signed: C Jardine (Job title): Director

Date the Equality Impact Assessment was completed: 3 December 2024