

Procurement Policy



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

<i>Purpose:</i>	The Procurement Policy describes how DPHA will purchase, or 'procure' goods and services
<i>Last review Date:</i>	29 January 2020
<i>Review Date:</i>	11 April 2023
<i>Next review Date:</i>	April 2026
<i>Guidance:</i>	Procurement Reform (Scotland) Act 2014 Public Contracts (Scotland) Regulations 2015 Procurement (Scotland) Regulations 2016 Public Procurement Policy Notes
<i>Regulatory Standards:</i>	<p>Standard 2 - The RSL is open and accountable for what it does. It understands and takes account of the need and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.</p> <p>Standard 3 - The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay and economic effectiveness.</p> <p>Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p> <p>Standard 5 - The RSL conducts its affairs with honesty and integrity.</p>
<i>Other Relevant Policies</i>	<ul style="list-style-type: none"> • Financial Regulations • Financial Procedures • Entitlements, Payments and Benefits Policy • Anti-Bribery Policy • Fraud and Corruption Policy • Freedom of Information Policy • Data Privacy Policy • Equality & Human Rights • Standing Orders • Contractor & Supplier Management Policy (new)
<i>Approved by the Board:</i>	23 May 2023
<i>Publish on the Website:</i>	Yes

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

CONTENTS

PAGE NO.

1.	INTRODUCTION	5
2.	PURPOSE	5
3.	POLICY OBJECTIVES	5
4.	LEGISLATION AND GOOD PRACTICE	6
5.	BRIBARY ACT 2010	6
6.	PROCUREMENT ACTIVITIES	7
7.	VALUE FOR MONEY	7
8.	AUTHORITY TO INCUR EXPENDITURE	8
9.	LIMITS	9
10.	OBTAINING PRICES, QUOTATIONS AND TENDERS	9
11.	FAIR WORK PRACTICES.....	11
12.	COMMUNITY BENEFITS	11
13.	PAYMENT OF CONTRACTORS	11
14.	REPEAT AND EXTENDED CONTRACTS	12
15.	PROCUREMENT STRATEGY	12
16.	REGISTER OF CONTRACTS	12
17.	EQUALITY AND HUMAN RIGHTS	12
18.	DATA PROTECTION	13
19.	COMPLAINTS	13
20.	MONITORING	13

21. POLICY REVIEW	14
--------------------------------	-----------

LIST OF APPENDICES

Appendix A. Procurement Summary	15
--	-----------

1.0 INTRODUCTION

- 1.1 Dalmuir Park Housing Association (DPHA) seeks to procure services in a manner that not only complies with current legislation and best practice but also works creatively and collaboratively to support the local economy in Dalmuir.
- 1.2 This Policy describes how DPHA, 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.
- 1.4 This Policy should be read in conjunction with DPHA's Contractor and Supplier Management Policy.
- 1.5 The implementation of this Policy is supported by procurement procedures.

2.0 PURPOSE

- 2.1 This Policy establishes how the Board of Management expects procurement related activity to be undertaken by DPHA.

3.0 POLICY OBJECTIVES

- 3.1 The objectives of this Policy are to ensure that DPHA is able to demonstrate that:
 - Value for money has been achieved through procurement.
 - Procurement complies with all legal and regulatory requirements.
 - Procurement complies with DPHA's other connected policies and processes.
 - Opportunities are maximised to jointly procure services on a collaborative basis with other organisations.
 - We promote both continuous improvement and innovation in the delivery of services to customers.
 - We are committed to improving equality, and the social and economic prosperity of the communities in which we work.
 - Our procurement processes are transparent and open to scrutiny.

4.0 LEGISLATION AND GOOD PRACTICE

- 4.1 This Policy supports DPHA in meeting its statutory obligations under the Procurement Reform (Scotland) Act 2014¹ and the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016
- 4.2 Further, this Policy supports DPHA in meeting particular aspects of the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management; notably:

Standard	Guidance
<ul style="list-style-type: none">• Standard 3:• The RSL manages its resources to ensure its financial well-being•	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)
<ul style="list-style-type: none">• Standard 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)

5.0 BRIBERY ACT 2010

- 5.1 DPHA 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.
- 5.2 DPHA 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.

¹ DPHA is deemed to be a 'public contracting authority' and is therefore bound by the requirements of this legislation

6.0 PROCUREMENT ACTIVITIES

6.1 The main goods and services that will require to be procured by DPHA are as follows (note, this is not an exhaustive list):

- Small items of office supplies or other consumable products.
- All office printing, stationery, postage and other materials.
- Trade materials used by our gardeners.
- Office furniture and equipment.
- ICT equipment and 'back-up' services.
- Maintenance contracts related to office-based equipment or services, e.g. ICT equipment, fire and security alarm systems.
- Professional services including, but not limited to internal auditors, external auditors, solicitors, bankers, insurance brokers, architects, engineers, clerk of works, design consultants, and management consultants employed on specific projects.
- Contractors covering the full range of trades and professions including new build housing.
- Specific items or services that are linked to externally funded projects.
- Food and other supplies connected to our care services.

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 and fair 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.

7.2 We recognise the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that helps to improve the economic, social and environmental wellbeing (this includes, where possible reduction of inequality) of the communities in which we operate.

7.3 Sustainable procurement should be balanced with value for money and quality, and should be proportionate to the risk involved in each individual procurement.

7.4 The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded.

7.5 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. A variety of factors may be considered when selecting, such as environmental, social and governance factors along with applicants' past experience, matters relating to business probity and financial standing, and applicants' approach to service delivery and contract management.

- 7.6 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.
- 7.8 Where economies can be achieved, we will consider joint procurement with other organisations.

8.0 AUTHORITY TO INCUR EXPENDITURE

- 8.1 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 Appendix 1.
- 8.2 Where the proposed expenditure is not included in the approved budget, either because it is an item not covered when the budget was drawn up or because the expenditure will result in an approved budget becoming overspent, virement will be permitted (the process of transferring items from one budget heading to another). This will be subject to prior written approval of the Chief Executive, provided that the additional expenditure does not exceed £20,000, and the total approved budget will not be exceeded.
- 8.3 When virement is proposed for sums in excess of £30,000 this will require prior approval from the Board of Management.
- 8.4 In emergency circumstances, the Association's Finance Regulations detail the process to be followed for incurring expenditure beyond authorisation levels. Any expenditure incurred in this way must be reported by the Chief Executive to the next Board meeting.

9.0 FINANCIAL LIMITS

- 9.1 Legislative thresholds exist in relation to the methods of procuring goods and services of different values.
- 9.2 The Association has set its own thresholds that ensure DPHA operates well within those set by current legislation. These are detailed in the summary table in Appendix 1.
- 9.3 The Board of Management will review these financial limits every 3-years or earlier if the business requires it, to ensure that they remain appropriate for effective governance.

10.0 OBTAINING PRICES, QUOTATIONS AND TENDERS

- 10.1 The summary table in Appendix 1 also sets out the different methods for 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.

Quotations

- 10.3 Quotations may be requested either verbally or by e-mail. In either case, the authorised member of staff will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received. Quotations must be received in writing or by e-mail.

Tenders

- 10.4 Following the development of the appropriate tender documentation, suppliers will be invited to tender. On occasion, the Association may seek external support and assistance on tendering exercises.
- 10.5 Reports on tenders and recommendations will be presented to the Board of Management for approval prior to contracts being awarded.
- 10.6 If there are time constraints, the Board of Management may consider delegating authority as per Standing Orders to approve contracts up to a pre-approved level with a retrospective report being presented to the Board at the next available Board meeting.

- 10.7 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.
- 10.8 'Regulated contracts' i.e. those that fall within the scope of the Scottish procurement legislation and 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 in the initial briefing documents and/or Public Contracts Scotland (PCS) advert as part of the Association's transparent approach to procurement.
- 10.9 There may be occasions where non-regulated procurements² produce the lowest price from a new firm, but where an existing supplier with a good record in service delivery is only marginally more expensive. In such cases, scope will be given to staff to consider appointing the slightly more expensive company, but in such cases the procurement must be signed off by the Chief Executive.

Negotiation

- 10.10 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

- 10.11 We will procure certain services through contracts or service agreements for periods of one year or longer, where appropriate. Examples are contracts for the provision of component replacements, maintenance of medical adaptations and the digital community alarm, agreements for the servicing of office equipment, fire and security alarms. Threshold levels for the life of the contract as per Appendix 1 will apply.
- 10.12 The results of tendering exercises for service contracts or agreements will be reported to the next meeting of the Board of Management for approval prior to contracts being awarded.

Specialist Suppliers or contractors

- 10.13 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.

Use of Frameworks

² Procurements that fall below the thresholds triggered by legislation

- 10.14 The Association will consider the use of Frameworks, previously tendered via OJEU/PCS, where appropriate and where DPHA is entitled to make direct call offs/ carry out mini-competitions. Examples are DPHA's own Maintenance Framework (2022-2026), NHS Framework, SPA Framework, Scotland Excel.

Other Methods of Procurement

- 10.15 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 requirements, Scottish Housing Regulator guidance/Regulation and 'good practice'.
- 10.16 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 DPHA.

11.0 FAIR WORK PRACTICES

- 11.1 Before undertaking a procurement exercise consideration will be given as to whether it is relevant and proportionate to include a question on fair work practices as part of the competition.³ The results will be brought to the Chief Executive who will present the findings to the PRWG as soon as possible.

12.0 COMMUNITY BENEFITS

- 12.1 DPHA will consider inclusion of contractual clauses relating to community benefits as appropriate to ensure our community can benefit through training and work opportunities, or other in-kind benefits as a result of the expenditure that we undertake.

13.0 PAYMENT OF CONTRACTORS

- 13.1 DPHA will ensure not only timely payment 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.

³ <https://www.gov.scot/policies/public-sector-procurement/fair-work-in-procurement/>

14.0 REPEAT AND EXTENDED CONTRACTS

- 14.1 DPHA 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, DPHA 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.
- 14.2 The possibility, and maximum duration, of any such extension should be indicated in the original procurement process.
- 14.3 In general, contract extensions should only be proposed where the cost lift is at or below sector inflation.

15.0 PROCUREMENT STRATEGY

- 15.1 The Association is required by law to produce an annual Procurement Strategy where, for the following year, it anticipates regulated procurements to amount to at least £5million.
- 15.2 Each year the Association will assess its planned procurements for the coming year to establish if a Procurement Strategy is required in line with legislative requirements. If a Strategy is required it will be presented to the Board for approval. In such circumstances, DPHA must also present to the Board an annual Procurement Report.

16.0 REGISTER OF CONTRACTS

- 16.1 A register of advertised contracts is maintained on the PCS portal.
- 16.2 In addition, DPHA maintains an internal Contracts Register for all contracts irrespective of the procurement route. The register contains the following information: Date of award, name of contractor/supplier, subject matter, estimated contract value, start/end date, procurement route, details of any contract extension.

17.0 EQUALITY & HUMAN RIGHTS

- 17.1 We are committed to promoting an environment of respect, understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. This is reflected in our Equality and Diversity Human Rights Policy.

18.0 DATA PROTECTION

- 18.1 We will treat personal data in line with our obligations under the current data protection regulations and our Privacy Policy. Information regarding how data will be used and the basis for processing data is provided in our Customer Fair Processing Notice.

19.0 COMPLAINTS

- 19.1 Although we are committed to providing high levels of service, we accept that there may be occasions where customers may not be satisfied with the service received from us. We value all complaints and use this information to help us improve our services. Our Complaints Policy describes our complaints procedure and how to make a complaint.

20.0 MONITORING

- 20.1 The Chief Executive 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.
- 20.2 The Chief Executive is responsible for ensuring that staff implement this Policy and the relevant procedures, when procuring goods and services.
- 20.3 On an annual basis, DPHA will review the anticipated value of contracts that will be placed in the coming year to establish if an Annual Procurement Strategy is required. This will also be an opportunity to establish if there is scope and benefit to developing a framework for suppliers and to ensure compliance with our sustainable procurement duty.
- 20.4 We will provide the Board with a quarterly progress report and an annual procurement report. Reports will include a summary of: completed procurements, community benefits, economic and social benefits for the communities we work in, and a summary of regulated benefits we expect to undertake in the next financial year.
- 20.5 This policy is supported by procurement procedures.

21.0 POLICY REVIEW

21.1 This Policy will be reviewed by the Board every three years, or earlier if required.

21.2 Appendix 1 will be revised depending on the Public Procurement Policy Notes [PPN] issued by HM Cabinet Office. It is anticipated that the next PPN will be issued in December 2023/January 2024.

PROCUREMENT SUMMARY

Value (for VAT see footnote)	Primary procurement methods	Secondary procurement methods	Approval
< £1,000 (Works & Services/Supplies)	Relevant suppliers schedule of rates / price lists. No need for public procurement exercise.	Quote from relevant suppliers	Budget holder
£1,001-£5,000 (Works & Services/Supplies)	Suppliers' schedule of rates / price lists. Current policy – minimum of 2 competitive quotations to be invited. Lowest priced contractor to be appointed.	Three quotes from approved or relevant suppliers e.g. via Quick Quote function on PCS	Budget holder Leadership Team
£5,001-£10,000 (Works & Services/Supplies)	Three quotes from approved/specialist suppliers e.g. via Quick Quote function on Public Contracts Scotland (PCS)	Tender via Public Contracts Scotland advert	Leadership Team
£10,001-£30,000 (Works) [Finance Regs up to £20k for CE]	Minimum of 3 quotes from approved /specialist suppliers e.g. via Quick Quote function on PCS	Tender via Public Contracts Scotland advert	Chief Executive
>£30,000 but less than £50,000 (Services & Supplies)	Tender via Public Contracts Scotland advert	N/A	Board of Management
>£30,000 but less than £2,000,000 (Works)	Tender via Public Contracts Scotland advert	N/A	Board of Management
>£50,000 but less than £213,477 (Services and supplies)	Tender via Public Contracts Scotland advert	N/A	Board of Management
>£2,000,000 but less than £5,336,937 (Works)	Tender via Public Contracts Scotland advert	N/A	Board of Management

Services and Supplies >£213,477	Tender via Find a Tender (FTS)/ Public Contracts Scotland advert	N/A	Board of Management
Works >£5,336,937	Tender via FTS/ Public Contracts Scotland advert	N/A	Board of Management

Footnotes:

These values are DPHA's in-house policy. So, for example, full PCS tendering level has been set at £30,000 even though legislation only requires this for >£50,000.

In all cases, a 'call off' from an appropriate framework to which DPHA has access is acceptable.

The categories of procurements in the shaded boxes are 'regulated procurements' i.e. subject to legislative requirements & VAT. 'Unregulated procurements' are in the white boxes and the contract value does not include VAT.

Note that from January 2022, when estimating contract values of regulated procurements, the figure used needs to be inclusive of VAT for the purposes of applying the thresholds. This is a change in practice because of the UK's independent membership of the GPA (World Trade Organisation's Agreement on Government procurement).

For the purposes of advertising, the estimated contract value will continue to be provided exclusive of VAT. This applies also for the figure used in contract award notices.