



# Cassiltoun Housing Association

## PROCUREMENT POLICY

<b>Date Approved</b>	<b>Proposed Review Date</b>
<b>May 2020</b>	<b>May 2021</b>
<b>Chair Person/Office Bearers Signature:</b>	

CASSILTOUN HOUSING ASSOCIATION LIMITED  
59 Machrie Road, Castlemilk, Glasgow G45 0AZ

**Cassiltoun Housing Association is a recognised Scottish Charity SC 035544**

## 1.0 Introduction

- 1.1 Cassiltoun Housing Association (Cassiltoun HA) 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.
- 1.2 This policy describes how Cassiltoun HA 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 the following Association documents:
- Procurement Strategy
  - Contractor and Supplier Management Strategy
  - Community Benefits Policy

## 2.0 Purpose

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

## 3.0 Legislation and Good Practice

- 3.1 This policy supports the Association in meeting particular aspects of the Scottish Housing Regulator's Regulatory Framework including the Standards of Governance and Financial Management

Standard	Guidance
<b>Standard 3</b> <b>The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay</b>	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)
<b>Standard 4</b> <b>The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose</b>	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)

**3.2** This policy supports the Association in meeting its statutory obligations under the Procurement Reform (Scotland) Act 2014<sup>1</sup> and the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016

#### **4.0 Bribery Act 2010**

**4.1** Cassiltoun Housing Association 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.

**4.2** Cassiltoun Housing Association will always carry out its business transparently and fairly and will operate a zero tolerance policy towards bribery by its employees, committee members, contractors, agents and other associated persons.

#### **5.0 Procurement activities**

**5.1** The main goods and services that will require to be procured by the Association are as follows:

- 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, fire and security alarm systems
- Professional services including internal auditors, external auditors, solicitors, bankers, insurance brokers, architects, design consultants, management consultants and other individual specialists or companies employed on specific projects
- Contractors covering the full range of trades and professions including new build housing

#### **6.0 Value for Money**

**6.1** 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.

**6.2** We recognise the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that improves the economic,

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<sup>1</sup> Cassiltoun HA is deemed to be a 'public contracting authority' and is therefore bound by the requirements of this legislation

social and environmental wellbeing (this includes reduction of inequality) of the communities in which we operate.

- 6.3** Sustainable procurement should be balanced with value for money and quality and needs to be proportionate to the risk involved in each individual procurement.
- 6.4** 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.
- 6.5** The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded and whether there are any specific requirements set out by external funders or partners.
- 6.6** 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.
- 6.7** 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.

## **7.0 Financial Limits**

- 7.1** Legislative thresholds exist in relation to the methods of procuring goods and services of different values.
- 7.2** The Association has set its own thresholds that ensure they operate well within those set by current legislation. These are detailed in the summary table in Appendix One.
- 7.3** The Board of Management will review these financial limits annually or earlier if the business requires it, to ensure that they remain appropriate for effective governance.

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

- 8.1** 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***

- 8.2** 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***

- 8.3** Quotations may be requested either verbally or in writing. 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.

### ***Tenders***

- 8.4** Following the development of the appropriate tender documentation, suppliers will be invited to tender.
- 8.5** Reports on tenders and recommendations will be presented to the Board of Management for approval prior to contracts being awarded.
- 8.6** If there are time constraints, the Board of Management may consider delegating authority to the Chief Executive to approve contracts up to a pre-approved level with a retrospective report presented to the Committee at the next available meeting.
- 8.7** 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***

- 8.8** 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***

- 8.9** 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 lift maintenance, 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.
- 8.10** 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 awarded.

***Specialist Suppliers or contractors***

- 8.11** 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.

***Use of Frameworks***

- 8.12** The Association will consider the use of Frameworks, previously tendered via OJEU/PCS, where appropriate and where Cassiltoun is entitled to make direct call offs/ carry out mini- competitions. Examples are the Link Group Framework and SPA Framework.

***Other Methods of Procurement***

- 8.13** 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'.
- 8.14** 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 Cassiltoun Housing Association.

**9.0 Fair Work Practices**

- 9.1** 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.

## **10.0 Community Benefits**

- 10.1** 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. Further detail of this can be found in the Association's Community Benefits Policy.

## **11.0 Payment of contractors**

- 11.1** The Association 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.

## **12.0 Repeat and Extended Contracts**

- 12.1** Cassiltoun HA 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.
- 12.2** The possibility, and maximum duration, of any such extension should be indicated in the original procurement process.
- 12.3** In general, contract extensions should only be proposed where the cost lift is at or below sector inflation.

## **13.0 Specific Procedures in relation to Buchanan Lodge**

- 13.1** The Association owns Buchanan Lodge, a 40-bedroom care facility for vulnerable men with alcohol dependency, managed by the Talbot Association.
- 13.2** The Association carry out a programme of cyclical checks on all aspects of the building- gas, electrical, mechanical, electronic, water hygiene, fire safety etc. This work is carried out via a Facilities Management Contract which was competitively tendered. The current contractor is RIFM.
- 13.3** As a result of on-going monitoring of the contract and seeking to continually improve the efficiency of the service while ensuring we meet our obligations to the tenants, a streamlined process for reporting and ordering follow-up works to the cyclical servicing and also day-to-day reactive repairs will be followed.

- 13.4 Previously, when RIFM came back with a report of work required following a cyclical service or call out on a reactive repair, we would seek alternative quotes to ensure value for money. However, it was becoming cumbersome and in some cases time delays in instructing follow up work were leading to the source problem worsening and further costs then being incurred. In many cases, but not all, RIFM were the most competitively priced.
- 13.5 As a result, a process is proposed whereby we will accept RIFM quotes for follow up works but that random spot checks will be done by the Director of Operations to get alternative prices -without RIFM having prior knowledge of when this will happen. In all cases, RIFM will provide any sub-contractor quote as part of their proposal, onto which they add 10%, per the contractual agreement.
- 13.6 It is also proposed that in all cases with follow up work relating to gas that RIFM are awarded the work (a) to allow a swift resolution of any issues and (b) to ensure there is no dubiety as to where liability lies should any subsequent problems arise.
- 13.7 This proposed deviation specifically for Buchanan Lodge will allow a streamlining of processes, a better service to the vulnerable tenants while still ensuring proportionate checks are in place with regards to value for money.

#### **14.0 Register of Contracts**

- 14.1 A register of CHA advertised contracts is maintained on the Public Contracts Scotland portal.

#### **15.0 Monitoring and review**

- 15.1 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.
- 15.2 The Chief Executive is responsible for ensuring that staff implement this policy and the relevant procedures, when procuring goods and services.
- 15.3 On an annual basis, we will review the 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 compliance with our sustainable procurement duty.
- 15.4 This policy will be reviewed annually. The appendices will be reviewed depending on the review cycle and will be revised if required.



**APPENDIX 1 Procurement Summary**

<b>Value (excl. VAT)</b>	<b>Primary procurement methods</b>	<b>Secondary procurement methods</b>	<b>Approval</b>
<b>&lt; £1,000</b>	Relevant suppliers schedule of rates / price lists	Quote from relevant suppliers	Budget holder
<b>£1,001-£5,000</b>	Suppliers' schedule of rates / price lists	Three quotes from approved or relevant suppliers e.g. via Quick Quote function on PCS	Budget holder Senior Management Team
<b>£5,001-£10,000</b>	Three quotes from approved/specialist suppliers e.g. via Quick Quote function on PCS	Tender via Public Contracts Scotland advert	Senior Management Team
<b>£10,001-£40,000</b>	Minimum of four quotes from approved /specialist suppliers e.g. via Quick Quote function on PCS	Tender via Public Contracts Scotland advert	Chief Executive
<b>&gt;£40,000 but less than £181,303 (Services)/ £4,551,413 (Works)</b>	Tender via Public Contracts Scotland advert	N/A	Management Board
<b>Services &gt;£189,330</b>	Tender via OJEU/ Public Contracts Scotland advert	N/A	Management Board
<b>Works &gt;£4,733,252</b>	Tender via OJEU/ Public Contracts Scotland advert	N/A	Management Board

*These values are Cassiltoun HA in-house policy. So, for example, full PCS tendering level has been set at £40,000 even though legislation only requires this for >£50k*

*In all cases, a 'call off' from an appropriate frameworks to which Cassiltoun HA has access is acceptable.*