



PROCUREMENT OF GOODS AND SERVICES POLICY

1.0 INTRODUCTION

1.1 Almond Housing Association Limited (AHA Ltd) is working towards being recognised as a leading RSL for procurement activity, working creatively and collaboratively to support the local economy in West Lothian.

1.2 This policy describes how AHA Ltd will purchase, or 'procure', goods and services.

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.

1.3 This policy sets out how AHA Ltd will manage procurement and establishes an overall framework for the procurement process consisting of the following:

Document	Purpose
Procurement Policy	This document establishes how the Board of Management expects procurement related activity to be undertaken by AHA Ltd.
Procurement Strategy	The strategy sets out how the Board's policy will be implemented, how it will comply with legislation and how it will contribute to AHA Ltd's overall vision.
Procurement Tool	This is a practical procurement guide and procedural document, linked to current Procurement Scotland guidance, which employees can use to ensure that they are procuring on AHA Ltd's behalf in accordance with current procurement legislation, and sector best practice.
Procurement Report	As AHA Ltd's expenditure on procurement is greater than £5 million, details of what has been procured must be published in an annual retrospective report.
Standing Orders	Amongst other things, this document includes the levels of delegated authority from the Board to AHA Ltd's senior officers to undertake procurement related activities.
Asset Management Strategy	This strategy influences what requires to be procured, when it is to be procured, and will identify opportunities for collaboration with other RSLs.
Procurement Process	This sets out the process of how procurement will be overseen within AHA Ltd. (see <i>Appendix 3</i>)

- 1.4 In accordance with AHA Ltd's '*Positively Almond*' approach and strategic aims, all our procurement activities 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.
- 1.5 AHA Ltd recognises the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that improves the economic, social and environmental well-being (this includes reduction of inequality) of the communities in which we operate. All AHA Ltd's procurement will be sustainable and will balance price, quality and the positive impact on our community, whilst always being proportionate to the size of each individual procurement exercise.
- 1.6 To help achieve a sustainable procurement approach, AHA Ltd will maximise the community benefits secured through our procurement activities. However, we recognise that this must be proportionate to the value of the contracts being procured, and so will consider the inclusion of explicit community benefits clauses when purchases are over £20k for goods and services, and over £50k for works.
- 1.7 AHA Ltd will ensure that procurement processes are fair and comply with legal requirements including United Kingdom Government and Scottish Government legislation, particularly the Procurement Reform (Scotland) Act 2014 and The Procurement (Scotland) Regulations 2016.
- 1.8 The specific procurement approach adopted for individual procurement exercises will be based on the nature, scale and value of the contract being awarded. Where it is appropriate 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. Scoring criteria will be included in tender packs.
- 1.9 In making procurement decisions, AHA Ltd will also seek to contribute to maintaining and improving the environment, both by purchasing recycled or 'environmentally friendly', fair and ethically traded goods whenever possible and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.
- 1.10 This policy supports AHA Ltd in complying with the following Scottish Housing Regulator Regulatory Standards of Governance and Financial Management:

Standard	Guidance
<p>The RSL manages its resources to ensure its financial well-being and economic effectiveness</p>	<p>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).</p>
<p>The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose</p>	<p>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).</p>

2.0 RESPONSIBILITIES

2.1 Board of Management

- To ensure there is in place a comprehensive sustainable procurement policy, which complies with current legislation, guidance and good practice.
- To ensure that AHA Ltd assesses the levels of risk relating to procurement and has in place the required controls to eliminate or minimise identified risks.
- To deal with any matters arising from the policy, which require a Board decision.

2.2 Management

Chief Executive: Overall responsibility for ensuring that all Board Members and employees involved in procurement decisions and activities are aware of and implement the policy.

Head of Corporate Services: Day-to-day responsibility for ensuring the policy and relevant procedures are implemented when required.

Other Heads of Section: To ensure the employees they manage:

- have been trained in all relevant policies and procedures relating to procurement, and
- comply with the policies and procedures when taking procurement decisions.

2.3 Employees

- To ensure they comply with this policy, and all related policies and procedures relevant to their duties, when involved in procurement activities.

3.0 PROCUREMENT IN AHA LTD.

3.1 The main goods and services that are likely to be procured by AHA Ltd are as follows:

- Small items of office supplies, or perishable (consumable) products.
- Printing, stationery, postage, photocopying, advertising & general publicity.
- Heating, lighting, power, telephone & fax services.
- Office accommodation, office furniture and equipment.
- IT hardware, software and 'back-up' services.
- Maintenance contracts related to office-based equipment or services, eg, IT and telephone equipment, fire and security alarms
- Professional services including internal and external auditors, solicitors, bankers, insurance brokers, consultants involved in Design Teams or employed to undertake or advise on specific projects.
- The full range of repair and maintenance services including landscape maintenance, and service contracts such as stair cleaning.
- New-build construction projects.

4.0 AUTHORITY TO INCUR EXPENDITURE

- 4.1 Where the proposed expenditure is already included in the approved annual budget, the Board of Management will delegate authority to incur expenditure to the appropriate employee or Sub-Committee, as detailed in AHA Ltd's Standing Orders (*Appendix 1*).
- 4.2 Where the proposed expenditure is not included in the approved annual budget, either because it is on an item or group of items not considered when the budget was drawn up, or because the expenditure will result in an approved budget becoming overspent, the Board of Management will delegate authority to approve expenditure up to specified limits, in accordance with the Standing Orders (*Appendix 2*).
- 4.3 The Board will review the levels of delegated authority annually to ensure that they remain relevant to current expenditure patterns, budgets and cost inflation, whilst ensuring that there are adequate financial controls for procurement at all levels.

5.0 FINANCIAL LIMITS

- 5.1 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 the Standing Orders, and the Quotations & Tenders procedure (*summarised in Appendix 1*).

The Board will review these financial limits annually to ensure that they remain appropriate for effective governance.

- 5.2 In line with Scottish Government (SG) procurement legislation, AHA Ltd will adhere to SG's specification of a regulated contract, and in line with sector good practice will use thresholds of £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 AHA Ltd will advertise the opportunity in the Public Contracts Scotland (PCS) website.
- 5.3 In addition, for all opportunities with a value over £10,000 and where it is efficient to do so, AHA Ltd will also consider using the PCS website. The only exception to this will be where AHA Ltd has access to a procurement framework (either internal or external).

Obtaining prices, quotations & tenders

- 5.4 The summary table (*Appendix 1*) sets out the different methods of obtaining prices, quotations and tenders that must be followed when procuring good and services. These methods are based on the value of the procurement and show the acceptable procurement method and the necessary level of approval.
- 5.5 Prices

For items under the current cost limit which do not require quotations or tenders, the authorised employee will, where appropriate and/or possible, seek to check at least two alternative prices either by accessing a current catalogue or price list, or by requesting details by e-mail.

5.6 Quotations

Quotations may be requested either verbally or in writing, including by email. The authorised employee will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received.

5.7 Tenders

Tenders will be issued and received as detailed in the Quotations & Tenders procedure.

Where the value of the contract sum is above the appropriate threshold, reports on tenders and recommendations will, dependent on their value, be presented to the Board of Management for information or approval.

Where goods or services are to be procured on a basis other than purely price, eg, price, quality and/or sustainability, appropriate criteria and ratios will be agreed by the appropriate senior officer before tenders are advertised.

AHA Ltd will adopt a common-sense approach to applying the price/quality ratio. For example, where a procured good is a commodity a greater emphasis will be placed on price, but where works are being procured that involve disruption in a tenant's house, a higher ratio for quality will be used.

5.8 Negotiation

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 by the Board.

6.0 CONTRACTS AND SERVICE AGREEMENTS

6.1 AHA Ltd will procure certain services through contracts or service agreements for periods of one year or longer, in accordance with current procedures. Examples are contracts for the provision of planned maintenance, repairs and maintenance services, lift maintenance, landscape maintenance, or agreements for the servicing of office equipment, fire and security alarms, or CCTV systems.

6.2 The results of tendering exercises for service contracts or agreements will be submitted to the Board of Management for approval prior to contracts being awarded.

7.0 SPECIALIST SUPPLIERS OR CONTRACTORS

7.1 Where there is only one specialist supplier or contractor for a particular item or service, AHA Ltd 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 where required submitted to the Board of Management for approval, should financial limits state that Board approval is required.

8.0 OTHER METHODS OF PROCUREMENT

- 8.1 AHA Ltd will continually review current 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.
- 8.2 We will seek to develop and maintain 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 AHA Ltd.

9.0 CONTRACT MANAGEMENT

- 9.1 The contract management process is set out in AHA Ltd's procurement strategy. An individual contract strategy will be developed for all purchases over £20,000 (for supplies and services) and £50,000 (for works). This process will be used to ensure that the needs of AHA Ltd., in areas such as value for money, contractor performance and realising the anticipated community benefits, are met in the most efficient manner.
- 9.2 The relevant Head of Section will sign off each contract strategy before any tender exercise. The Corporate Services Officer (Quality & Performance) will review and check all contract strategies.

10.0 SUPPLY CHAIN

- 10.1 The Procurement (Scotland) Regulations 2016 set out a variety of situations in which AHA Ltd. must exclude a potential member of its supply chain.
- 10.2 These situations include:
- conviction of an offence,
 - bribery, corruption or theft,
 - failure to comply with payment of tax or another statutory duty,
 - misconduct or collusion to distort competition,
 - lack of a necessary license,
 - non-membership of a regulatory body required to perform the contract,
 - insolvency or appointment of a receiver, or
 - deficient performance in another regulated procurement.
- 10.3 It is noted that further guidance may be published by the Scottish Government, which may include additional assessment of potential suppliers relating to recruitment, remuneration (including payment of a living wage) and other terms and conditions, as well as trades union recognition.
- 10.4 AHA Ltd acknowledges its duty to pay its contractors in a timeous manner.

11.0 REVIEW

- 11.1 As part of monitoring and reviewing AHA Ltd's progress, the introduction of a Procurement Capability Assessment in the future will be considered. This assessment will move AHA Ltd towards procurement best practice. The timing of its introduction will be considered bi-annually with implementation occurring when it is considered that AHA Ltd is ready for such an assessment.
- 11.2 As soon as possible after the end of each of each financial year the Head of Corporate Services will co-ordinate the production of an annual report outlining what has been procured in the previous 12 months. This report will be published on AHA Ltd's website and will include:
- a description of regulated procurements conducted during the financial year,
 - if the procurement strategy has been followed, and if not, how it will be followed in future years,
 - a summary of community benefits,
 - steps taken to procure from supported businesses, and
 - likely procurement requirements in the next two years.
- 11.3 The Head of Corporate Services will ensure that the Board reviews this policy every two years, and that the appendices are reviewed as necessary and revised if required.

FIRST APPROVED IN	NOVEMBER 2016
CURRENT VERSION 7.0 APPROVED IN	JANUARY 2021
NEXT REVIEW DUE BY	JANUARY 2022

APPENDIX 1**BUDGETED SPEND - APPROVAL LEVELS**

Value (exc VAT)	Primary procurement methods	Secondary procurement methods	Approval
< £1,000	Suppliers' schedule of rates / price lists	N/A	Manager
£1,000-£5,000	Framework provider	Invitations to submit quotations	Manager
£5,000-£10,000	Framework provider	Invitations to submit quotations	Head of Section
£10,000-£50,000	Framework provider	Public Contracts Scotland	Chief Executive
>£50,000	Framework provider	Public Contracts Scotland	Board approval

APPENDIX 2**UNBUDGETED SPEND - APPROVAL LEVELS**

Value (exc VAT)	Primary procurement methods	Secondary procurement methods	Approval
< £1,000	Suppliers' schedule of rates / price lists	N/A	Chief Executive (or HF in CE's absence)
£1,000-£5,000	Framework provider	Invitations to submit quotations	Chief Executive (or HF in CE's absence)
£5,000-£10,000	Framework provider	Invitations to submit quotations	Chief Executive (or HF in CE's absence)
>£10,000	Framework provider	Invitations to submit quotations	Board (or Chair, under delegated authority)

Note: In an emergency situation a direct procurement may be necessary. This will be approved by the Chair in conjunction with the Chief Executive.

APPENDIX 3

PROCUREMENT PROCESS

