



REIDVALE HOUSING ASSOCIATION

PROCUREMENT POLICY

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Due for Review	March 2024
Author	Interim Director

Purpose:	To set out Reidvale Housing Association's approach to Procurement.
Guidance:	http://www.gov.scot/Topics/Government/Procurement http://www.publiccontractsscotland.gov.uk/
Regulatory Compliance	Standard 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
Internal References	Reidvale Housing Association Standing Orders dated May 2019 Reidvale Housing Association Finance Policy and Procedures dated February 2019
Financial Impact	Medium
Risk Assessment	Medium
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1. INTRODUCTION

- 1.1 Procurement is a high value activity for the association that has a critical impact on its performance and success. The organisation spends over £1.5M per annum on revenue goods, works and services. Obtaining best value for money through its procurement processes is therefore of paramount importance to the association and our customers.
- 1.2 This policy outlines how Reidvale 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 petty cash to maintenance contracts awarded following a full tendering process.
- 1.3 As a contracting authority, or a body governed by public law, the association must comply with procurement legislation.

2. AIM OF POLICY

- 2.1 The aim of this policy will be that all of Reidvale's procurement processes:
- a) Meet applicable legislative requirements
 - b) Achieve value for money¹
 - c) Are carried out in an efficient and effective manner
 - d) Are proportionate to the level of expenditure to be incurred
 - e) Have a clear audit trail.

3. POLICY

- 3.1 This policy establishes how Reidvale's Management Committee expects procurement related activity to be undertaken by the organisation, which is as follows:

'Reidvale will ensure that all procurement across the organisation complies with the applicable procurement legislation, the association's Standing Orders, Finance Policy and Procedures, and this Procurement Policy.'

4. LEGAL AND REGULATORY FRAMEWORK

- 4.1 The Scottish Government (SG) incorporated aspects of European Union (EU) procurement directives into Scottish Law. This means that despite the United Kingdom's exit from the EU on 31 December 2020, public sector bodies (including RSLs) must still adhere to following procurement legislation, principally:
- The Public Contracts (Scotland) Regulations 2015- 2015 Regulations
 - The Procurement Reform (Scotland) Act 2014- 2014 Act
 - The Procurement (Scotland) Regulations 2016- 2016 Regulations

¹ See Appendix 1 for definition of Value for Money

- 4.2 This policy also supports RHA’s regulatory compliance with some aspects of the Scottish Housing Regulator’s (SHR) Performance Standards.

Table 1: SHR Standards relevant to procurement

Standard	Guidance
The RSL manages its resources to ensure its financial well-being and economic effectiveness	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).
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).

- 4.3 The main goods and services that are likely to be procured by RHA are as follows:

- Small items of office supplies, or 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 e.g. ICT equipment, fire and security alarms
- Professional services including internal and external auditors, solicitors, bankers, insurance brokers, consultants
- The full range of housing related repair and maintenance services including landscape maintenance, and service contracts such as stair cleaning.

5. STRATEGIC OBJECTIVES

- 5.1 The legislation places a requirement on contracting authorities to procure sustainably. Consequently, when procuring, the association will act appropriately by:

- a) Treating relevant economic operators equally and without discrimination
- b) Operating in a transparent and proportionate manner
- c) Complying with the sustainable procurement duty.

- 5.2 The sustainable procurement duty is defined in the 2014 Act as the duty to consider how the procurement process could:
- a) Improve the economic, social and environmental wellbeing of the local area
 - b) Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the procurement process
 - c) Promote innovation.
- 5.3 Although it is unlikely to be relevant to Reidvale, the Procurement Reform (Scotland) Act 2014 mandates the consideration of Community Benefit Requirements on procurements whose value is in excess of £4 million. Such requirements will be contractual and include local benefits relating to:
- a) Training and recruitment
 - b) The availability of sub-contracting opportunities
 - c) A commitment to improve the economic, social or environmental wellbeing of the area in a way over and above the main purpose of the contract.
- 5.4 Given its importance as a community anchor organisation, and in line with sector best practice, Reidvale will also consider Community Benefits for all procurement processes when purchases are over £50k for goods and services and over £500k for works. The Association recognises that Community Benefits must be proportionate to the value of the contracts being procured and that a one size fits all approach is not possible.
- 5.5 All unregulated procurements, where the value is below the threshold, should follow the guidance in this policy, and RHA's Standing Orders and Finance Policy and Procedures.

6. DELEGATED AUTHORITY

- 6.1 Where the proposed expenditure is already included in the approved annual budget, the Management Committee will delegate the authority to incur expenditure to the appropriate member of staff or Sub-Group, as detailed in the Association's Standing Orders², Finance Policy and Procedures³ and in Tables 2 & 3.
- 6.2 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, in accordance with the Association's Standing Orders and Finance Policy and Procedures, the Management Committee must give approval before any expenditure⁴.

² See Standing Orders, Appendix 2 Delegated Authority, section 3

³ See Finance Policy and Procedures section 4.1

⁴ See Finance Policy and Procedures paragraph 5.2

- 6.3 The Management Committee 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.

7. FINANCIAL THRESHOLDS

- 7.1 The financial thresholds, compared to the likely value of contracts, dictate how procurement processes are run. Details of the different procurement routes with the permitted are shown in the summary tables 2 and 3.

- 7.2 From 1 January 2020, the financial thresholds which apply to RSLs, as contracting authorities, are:

- £189,330 for supplies/services
- £4,733,252 for works

The whole life costs (WLC) of all procurement above these thresholds must be published on Public Contracts Scotland (PCS) website, from where they will be automatically uploaded to a new e-notification system called Find a Tender Service (FTS), which publishes the opportunity on a UK basis.

- 7.3 The Procurement Reform (Scotland) Act also requires regulated procurement opportunities to be advertised on the PCS website when their estimated value (WLC) is equal to or greater than the following thresholds:

- £50,000 for supplies/services
- £2,000,000 for works

Additionally, in line with procurement transparency and non-regulated procurement requirements, Reidvale will follow sector good practice and for all opportunities with a value over £10,000 for services and goods will use the PCS website. The only exception to this is where Reidvale has a suitable framework already in place (internal or external). The tables below detail the arrangements for all budgeted contracts whether regulated or unregulated and who requires to approve the procurement.

Table 2: Service and Supply Procurement Route by Value

Value (exc VAT)	Primary route	Secondary route(s)	Approval
<£5,000	<ul style="list-style-type: none"> Suppliers' schedule of rates / price lists 	<ul style="list-style-type: none"> three competitive quotations from appropriate suppliers 	All maintenance/housing staff
£5,000 to £10,000	<ul style="list-style-type: none"> Framework agreements* 	<ul style="list-style-type: none"> three competitive quotations from appropriate suppliers 	Maintenance/Housing Manager and above
£10,000 to £20,000	<ul style="list-style-type: none"> Framework agreements* 	<ul style="list-style-type: none"> A minimum of three competitive tenders should be sought from appropriate suppliers via the Quick Quotes process Competitive Tendering advertised on PCS Website 	Committee or Senior Management Team
£20,000 to £50,000	<ul style="list-style-type: none"> Framework agreements* 	<ul style="list-style-type: none"> A minimum of three competitive tenders should be sought from appropriate suppliers via the Quick Quotes process Competitive Tendering advertised on PCS Website 	Committee
Above £50,000 but below PCS threshold (currently £189,330) (Regulated)	<ul style="list-style-type: none"> Competitive tendering advertised on PCS website 	<ul style="list-style-type: none"> Framework agreements 	Committee
Above PCS threshold (currently £189,330) (Regulated)	<ul style="list-style-type: none"> Competitive tendering advertised on PCS website 	Framework agreements	Committee

* Our own and any we have access to through membership of procurement groups for example SPA

Table 3: Works Procurement Route by Value

Value (exc VAT)	Primary route	Secondary route(s)	Approval
<£5,000	<ul style="list-style-type: none"> Suppliers' schedule of rates / price lists 	<ul style="list-style-type: none"> three competitive quotations from appropriate suppliers 	All maintenance staff
£5,000 to £10,000	<ul style="list-style-type: none"> Framework Agreements* 	<ul style="list-style-type: none"> Three competitive quotations from appropriate suppliers 	Maintenance/Housing Manager and above
£10,000 to £20,000	<ul style="list-style-type: none"> Framework agreements* 	<ul style="list-style-type: none"> A minimum of three competitive tenders should be sought from appropriate suppliers via the Quick Quotes process Competitive Tendering advertised on PCS Website 	Committee or Senior Management Team
£20,000 to £50,000	<ul style="list-style-type: none"> Framework Agreements* 	<ul style="list-style-type: none"> A minimum of three competitive tenders should be sought from appropriate suppliers via the Quick Quotes process Competitive Tendering advertised on PCS Website 	Committee
£50,000 to £2,000,000	<ul style="list-style-type: none"> Competitive Tendering advertised on PCS Website 	<ul style="list-style-type: none"> Framework Agreements * 	Committee
Above £2,000,000 but below PCS threshold (currently £4,733,252) (Regulated)	<ul style="list-style-type: none"> Competitive Tendering advertised on PCS Website 	<ul style="list-style-type: none"> Framework Agreements* 	Committee
Above the PCS threshold (currently £4,733,252) (Regulated)	<ul style="list-style-type: none"> Competitive Tendering advertised on PCS Website 	<ul style="list-style-type: none"> Framework Agreements* 	Committee

* Our own and any we have access to through membership of procurement groups for example SPA

7.4 It is acknowledged that in certain circumstances, particularly in relation to specialist services or suppliers, there may only be one supplier or contractor. In such cases we will seek to negotiate the most advantageous price and terms prior to awarding the contract. Details of the reasons for the alternative approach must be fully recorded as part of the procurement process and delegated authority limits must still be adhered to and Committee approval obtained if required. Where a service or contract is above the procurement threshold, regulation by the Scottish Government must be followed and, if necessary, specialist legal or procurement advice sought.

Table 4: Different procurement procedures

Procurement method	Brief description	Use by RHA?	Regulation
Open	Open to any supplier who can respond to RHA's advertised opportunity by submitting a tender proposal.	Regularly	Regulation 28
Restricted	Two stage process with initial selection of suppliers via a pre-qualification process that uses a selection process (via a SPD) to identify suppliers with capacity, capability and experience to perform. The second stage is to issue only pre-selected suppliers with an ITT for evaluation.	Regularly	Regulation 29
Competitive procedure with negotiation	This procedure allows clarification of bids with bidders after their submission of fully formed initial tenders. The Association should use this procedure if it is unable to define how to meet its needs technically and/or cannot specify the legal or financial requirements of the contract.	Unlikely	Regulation 30
Competitive dialogue	Only used in complex procurements where it is not possible to use the Open or Restricted procedures.	Unlikely	Regulation 31
Innovation Partnership	An Innovation Partnership must only be used where there is a need for the development of an innovative product or service and the subsequent purchase of these cannot be met by solutions already available on the market.	Unlikely	Regulation 32
Use of negotiated procedure without prior publication:	These exceptions should be limited to cases where publishing a call for competition e.g. Contract Notice, is not possible.	Unlikely	Regulation 33:
Establishing a framework	A framework agreement is an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.	Periodically	Regulation 34:

Procurements will normally be advertised by Reidvale under either Regulation 28, 29 or 34.

Where it is proposed to advertise under Regulations 28, 30, 31 or 32 a detailed case including risk assessment and cost estimates will have to be approved by the Senior Management Team (SMT) before formal Committee approval.

7.5 Procurement Process:

Contracts procured under the 2015 Regulations require that contract awards are made on the basis of the 'Most Economically Advantageous Tender (MEAT). Price or cost must not be used as the sole award criteria. The Scottish Government has extended this method to include all regulated contracts.

*'The most economically advantageous tender must be identified on the basis of criteria linked to the subject matter of the public contract in question and must include the price or cost, using a cost effectiveness approach.'*⁵

Criteria may include:

- a) Quality including technical merit, aesthetic and functional characteristics
- b) Organisation, qualifications and experience of staff
- c) After sales service and technical assistance

In determining the appropriate quality/price ratio the table below should be used as a reference.

Table 5: Price Quality Ratio descriptions

% Quality	% Price	Procurements
80%	20%	May be used for projects where innovation or design is of primary importance or for studies to consider inception/feasibility of projects
70%	30%	Typically for services e.g. consultant where design/experience is important
60%	40%	Typically for regulated service /works contracts e.g. Gas service and repair
50%	50%	Where price and quality are of equal importance but care must be taken that lowest price is not the sole determinant
40%	60%	Suitable for a supply contract where quality may not be a significant issue
30%	70%	A supply contract where quality may reflect a standard e.g. photocopiers
20%	80%	This ratio will only apply by exception to either: a) A supply contract where quality is not a factor e.g. office supplies or b) Where a rigorous pre-qualification process has ensured that all tenderers meet a predetermined high quality threshold e.g. new build works contracts

⁵ Public Contracts (Scotland) Regulations 2015: Regulation 67 (appendix 4)

Regulated procurements and those carried out under Regulations 29, 30, 31 and 34 of the 2015 Regulations will require a Pre-qualification process to select those operators who will be invited to tender.

The Pre-Qualification Questionnaire (PQQ) has been superseded by the Single Procurement Document (SPD), which will be used to determine a minimum standard required to select the operators that will be subsequently invited to tender (ITT).

For regulated works procurements, the SPD and ITT quality submissions will be assessed by a tender panel consisting of two members of Reidvale staff, at least one of which will be a member of the SMT and a third-party independent procurement consultant.

For other regulated service and supply procurements the tender panel will consist of two members of Reidvale staff, at least one of which will be a member of the SMT.

Tender submissions will consist of a quality submission and a separate priced submission. The Tender Panel will complete the assessment of the quality submissions and record the quality score without any knowledge of the price submissions. Price submissions will be opened only upon completion of the quality assessment and will be assessed on the basis of comparison above or below the average in the Quality/Price matrix shown in Appendix 2.

7.6 Framework Agreements

Reidvale may establish Frameworks⁶ as defined under Regulation 34 of the 2015 Regulations for works contracts and for the supply of goods or services. Reidvale may also utilise existing Frameworks established by other parties where it is possible to do so and where these represent value for money.

Such agreements may be with one or more economic operators for the provision of services, supplies or works. Such agreements should not normally exceed four years except in exceptional circumstances.

The Framework Agreement will indicate how contracts will be awarded either

- a) without re-opening competition, call-off in accordance with Regulation (34)(7)(b)(i) or
- b) re-opening completion, mini tender, in accordance with Regulation 34(7)(b)(ii)

⁶ See Appendix 2 for definition of Framework

7.7 Abnormally Low Tenders:

A tenderer will be required to explain the price or costs proposed in a tender where the tender appears abnormally low in relation to the works, supplies or services. The tender may be rejected if the conditions detailed in Regulation 69(4) apply and must reject it when Regulation 69(5) applies.

8. PROCUREMENT STRATEGY

8.1 As its total regulated spend is less than £5m per annum, Reidvale does not have to produce a Procurement Strategy or Procurement Report annually.

9. CONTRACT REGISTER

9.1 Reidvale will keep and maintain a contract register as required by the 2014 Act. The register will hold the following details:

- The date of the award
- The name of the contractor
- The subject matter
- The estimated value
- The start date
- The end date provided for in the contract (disregarding any option to extend the contract) or, where there is no date specified a description of when the contract will end
- The duration of any period for which the contract can be extended
- Entries will only be deleted after the contract has expired or terminated
- The Contract Register will be available on the Reidvale Web site
- Reidvale reserves the right to withhold an entry or part of an entry in line with the guidance in the 2014 Act.

10. POLICY IMPLEMENTATION

10.1 Responsibility for implementation of this policy lies jointly with the Maintenance Manager and Finance Manager.

11. RESPONSIBILITY

11.1 The committee retains ultimate control of all decisions relating to procurement of goods, services and works. Under the terms of the Financial Regulations this responsibility has been delegated to the SMT under their delegated powers or to staff under their delegated authority within the Financial Policy and Procedures.

11.2 Full details of delegated powers are contained within the remits of the Management Committee, the SMT, Standing Orders and the Financial Policy and Procedures.

12. REVIEW OF POLICY

- 12.1 This policy will be reviewed every three years but can be brought forward to reflect any changes in Regulations of Procurement Thresholds.
- 12.2 The review process will take account of legislative changes, good practice guidance and the views of our tenants and other stakeholders.

Appendix 1 - Definitions

Community Benefit Requirements: are defined in Section 24 of the 2014 Act

Framework agreement: is an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

Procurement: defined as being the acquisition of goods, services and works from third parties.

Public contract: a contract for pecuniary interest and having as its object the execution of works, the supply of products or the provision of services as defined in the Public Contracts (Scotland) Regulations 2015

Quick quote: Quick Quote is an online request for quotation facility for Suppliers who are registered on the website. It is used to obtain competitive quotes for low value/low risk procurement exercises or for mini competitions within framework agreements.

Regulated procurement: any procedure carried out by the association which results in the award of regulated contract

Regulated Contract: defined as a public contract governed the 2014 Act where the value of the contract is above the thresholds

Sustainable Procurement Duty as defined in Section 9 of the 2014 Act

Unregulated contract: one where the value of the contract is below the thresholds of the 2014 Act

Value for money: defined as the optimum combination of whole life cost and quality or fitness for purpose to meet the organisations requirements. Value for money must also be assessed in relation to organisational policies regarding sustainability/corporate responsibility which recognise that lowest price is not the way to award contracts or purchase services.

Whole life costs: this could include implementation costs, ongoing operating costs and end of life disposal.

Appendix 2 - Selection of Contractor/Consultants: Price/Quality Scoring

This quality/price matrix should be used when scoring procurement pricing returns. The figures below give an example where 60% quality 40% price ratio has been used.

QUALITY/PRICE EVALUATION
MATRIX:

Final Quality/Price Evaluation on 60%/40% Ratio

Tenderer:

Contractor-Consultant	A	B	C
Quality score (out of 100)	70	80	90
Total Tender Price	100,000	150,000	200,000
Mean 150,000	150,000	150,000	150,000
Above (-) and below (+) mean	50,000	0	-50,000
Percentage above (-) and below (+) mean	33.33	0.00	-33.33
Mean score 50 points	50	50	50
Price score	83.33	50.00	16.67
Weighted total score			
Quality x 60 Percent	42	48	54
Price x 40 Percent	33.33	20.00	6.67
Total	75.33	68.00	60.67

Price score

For each offer above the mean: deduct 1 point for each percentage point above mean

For each offer below the mean: add 1 point for each percentage point below mean

Signature of Assessor(s): _____

Date: _____