



EASTHALL PARK

PROCUREMENT POLICY

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1.0 INTRODUCTION

The purpose of this document is to outline how Easthall Park will procure capital projects, maintenance works, purchasing of supplies and provision of services. This policy is based on the current public procurement rules and best practice notes published by the Scottish Government.

2.0 Policy aims

Easthall Park will aim to ensure Value For Money (VFM) is achieved in respect of all activities. It will ensure that all decisions in relation to the procurement of goods and services are delivered with proper probity, value for money whilst not only being fair but are seen to be fair and transparent.

3.0 Policy Objectives

Through the implementation of this policy, the Co-operative aims to meet the following objectives:

- Ensure compliance with our legal obligations with respect to the process of procuring works, services, and supplies on behalf of the business.
- Secure 'best value' for the Co-operative through the procurement process.
- Demonstrate transparency, and fairness in the procurement selection process.
- Ensure our procurement methodology is proportionate and effective to contracts being procured.

3.1 Easthall Park Strategic Objectives

This policy is aligned and assists Easthall Park in delivering the key strategic objectives of the Co-operative namely:

- Delivering Excellent housing services
- Providing quality homes and an attractive environment
- Strong financial management and value for money
- People development and strong governance
- More than a landlord- maintain a strong vibrant Community

4.0 LEGAL OBLIGATIONS AND BEST PRACTICE

4.1 Legal framework

Easthall Park Housing Co-operative Ltd is deemed a “contracting authority for the purposes of the Public Contracts Scotland Regulations 2015 (the 2015 Regulations) and the Procurement Reform (Scotland) Act 2014”.

As a Registered Social Landlord, in terms of the procurement of works, services, and supplies, the Co-operative will comply with the Application of the Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, and the Procurement (Scotland) Regulations 2016.

The Scottish Regulations largely clarify and support the existing EU regulations, but now also enshrine them in Scots Law.

All contracts, awarded by the Co-operative, fall within the scope of the regulations when they exceed cost thresholds defined in the regulations.

There are separate EU and Scottish Regulated contract thresholds set for the procurement of works, for the procurement of services, and for the procurement of supplies. These threshold sums are reviewed regularly (usually annually).

Current thresholds, excluding VAT at the time of this report are:

Supplies & Services	Works Procurement Reform (Scotland) Act 2014
£50,000	£2,000,000

Public Contracts (Scotland) Regulations 2015. Which are aligned to EU thresholds and the Official Journal of the European Union (OJEU)	
£164,176	£4,104,394

The value of a contract must be calculated over the whole life of a contract – therefore a three-year contract at £50,000 a year has the value of £150,000. When the estimated value of a contract is above the EU threshold the full regulations governing procurement apply.

If we anticipate that the value of any contact (or the cumulative year on year cost) will exceed the cost thresholds in the regulations, we will procure the contract in accordance with procedures set out in the regulations. This includes the requirement to adequately advertise the contract, nationally and throughout Europe.

We will comply with these advertising requirements by posting notice of the contract via the Public Contract Scotland website (www.publiccontractsscotland.gov.uk).

4.1.1 Work contracts include:

Site preparation; construction of new buildings and works; restoration and common repairs; civil engineering works (for example, roads and bridges); building installations works such as electrical and plumbing installations; and building completion works and maintenance (for example, plastering, joinery and painting).

4.1.2 Supply contracts include:

Purchase, hire or lease of 'goods' and for any siting or installation of these goods where this is incidental to the supply. Examples would be office supplies, IT and building/ maintenance materials bought direct from suppliers.

4.1.3 Service contracts include:

Grass cutting, gas inspection/ servicing and supply & installation of kitchens or windows by the component manufacturer.

Examples provided for works, supply and service contracts are for information purposes only and are not exhaustive.

For contracts anticipated to be less than the EU/ Regulated threshold values, we will continue to act in accordance with the regulations and best guidance practice from the Scottish Government.

4.2 Scottish Government

The Regulations require that Registered Social Landlords should ensure a degree of (appropriate) advertising which is sufficient to enable open competition and meet the principles of equality, non-discrimination, transparency and proportionality.

The Regulations also make it mandatory that Registered Social Landlords widely advertise contracts (of works, services, and supplies) where the value of any contract (or the cumulative year on year cost) is more than the Regulated Contract threshold.

To comply with this, the Co-operative will advertise such contracts on the Public Contract Scotland website (www.publiccontractsscotland.gov.uk).

4.3 Contracts value of less than £50,000 (excluding VAT).

The Co-operative will follow best practise when procuring contracts that are below regulated thresholds that demonstrate transparency and value for money, either through invitation to tender, quotations or framework agreements.

4.4 EHP Staff work order authorisation limits

Easthall Park will set within its Financial Regulations and Procedures specific authorisation levels for instruction of work:

The following outlines the Co-operative's practices if a spend has prior budget approval:

Works Costs	Procedure	Approval of commitment	Authorised payment
Up to £750	Works Order	Receptionist/Assistant Maintenance Officer	2nd Assistant Maintenance Officer
£751 - £1,500	Works Order	Assistant Maintenance Officer	Maintenance Manager
£1,501 - £5,000	Works Order	Maintenance Manager	Housing Manager
£5,000 plus	3 quotations	Maintenance Manager	Director
£50,000 plus	Formal Tendering procedure	Maintenance Manager or Director or Management Committee	Management Committee

4.5 Works

The Co-operative's Management Committee will determine the method of procurement for works, services, or supply contracts that exceed £50,000.00 (excluding VAT).

4.6 Services

Services contracts will be widely advertised if the cumulative expenditure over a continuous period of five calendar years is expected to exceed £25,000 (excluding VAT).

4.7 Supplies

Supply contracts will be widely advertised if the cumulative expenditure over a continuous period of five calendar years is expected to exceed £25,000 (excluding VAT).

The scope of the advertisement will be appropriate to the value and nature of the contract to be advertised.

4.8 Mixed contracts

If we wish to procure a contract that encapsulates more than one of the three elements (of work, services, and supplies), we will procure the contract on the basis of the element that has the lower threshold value.

4.9 Exclusions

Easthall Park will apply exemptions to the Regulations as required e.g. purchase of an interest in land, and the purchase of newly completed or existing dwellings.

4.10 Minimum contract values requiring publicity

For any procurement, regardless of the value, the Co-operative will demonstrate that the procurement procedures followed are fair and transparent.

In certain circumstances, the Co-operative may negotiate a fee/cost provided that:

- The cost is below Scottish Government and European procurement thresholds and a value for money assessment has been carried out, and is within financial projection budget assumptions.

The Co-operative will advertise all significant contracts (assumed value of greater than £25,000 over 5 years) that fall below EU and/or Scottish procurement thresholds through the free quick quotes function on The Public Contracts Scotland Portal whilst utilising the free tender advertising page on the Scottish Federation of Housing Associations (SFHA) website.

The quick quotes function will be administered either internally or by an external consultant depending on the complexity of the project and should be proportionate to the contract sum.

The advertising route of each tender/quotation will be determined by the Management Committee at the start of each financial year as part of the asset management strategy.

5.0 PROCUREMENT METHODOLOGY

5.1 Procurement Register

The procurement methodology will be set out in our Procurement Register for all our activities and will reflect the principles of equality, non-discrimination, transparency and proportionality.

In the Register, all activities on which we spend money are listed. We will record the activity, the estimated cost of that activity, the action we will undertake to procure

that activity, the timescale for procuring the activity, the justification for procuring the activity and the person responsible for overseeing the procurement process.

The Procurement Register will be updated as required. Management Committee will be informed of updates and receive a copy of the Register annually.

5.2 Tendering

It is the Co-operative's Policy to take a strategic approach to procurement of contractors and so our policy allows for the following types of procurement:

- Balancing Quality and Price (tendering)
- Framework Agreements
- Negotiation (where applicable)

The Management Committee will approve the most appropriate method of contract procurement, taking into account the objectives the Co-operative is aiming to achieve e.g. cost certainty, high quality, balancing price & quality, standards of customer care, specification and service. The needs of the Co-operative and our customers will be a primary consideration in the choice of procurement method.

The manner in which we procure contracts will vary, depending on the nature of the contract and the anticipated value of that contract.

We will establish processes to be used to procure contracts:

- i) of estimated value in excess of the Regulated Contract thresholds
- ii) of estimated value in excess of the EU Contract thresholds
- iii) estimated to cost less than the Regulated Contract threshold contained in the Regulations.

5.3 Tender Opening

Any tenders received either in hard copy or electronically to a postbox facility will be opened in the presence of a minimum of at least one of the current committee office bearers and a Senior Member of the Co-operative's Staff (i.e. the Director, Maintenance Manager, Housing Manager, or Finance Manager)

The details of the tenders received, will recorded in the Co-operatives Tender Register. The information will include the following:

- Names of all committee member, EHP staff and consultants in attendance of the tender opening
- Date & Time of Tender opening
- Description of Contract being tendered
- Name of all organisations who submit tender return
- Contract sum of each organisations tender return
- Cost/Quality results associated to each organisation
- Narrative of tender opening process

5.4 Awarding Contracts

The Housing Co-operative will not instruct acceptance of a tender until:

- The tenders have been checked and a tender report issued
- Contract cost has been agreed and confirmed
- Any statutory permissions have been received
- Committee have approved the appointment

The Co-operative will ensure that for each project there is a formal contract formed between the two parties concerned.

5.5 Performance

The Co-operative will monitor the cost, quality and performance of service provided. Careful consideration will be given to Key Performance Indicators (KPI), setting of targets and the method of monitoring performance in relation to the project requirements to demonstrate continual improvement. Reports and updates will be provided to the Committee during and on completion of works/ contracts.

Contracts awarded by the Co-operative will be measured against agreed KPI's. The Co-operative will provide a breakdown for expectations of contractor/ suppliers performance on the contract, measurement criteria may include:

- Completion/ programme
- Adherence to contract conditions
- Completion within agreed contract sum
- Adherence to contract/ pro-rata rates
- Zero Defects
- Health & Safety
- Communication
- Sustainability & Waste Minimisation
- Added Value
- Community Benefits
- Tenant Satisfaction
- Client Satisfaction

The Co-operative will use the following information sources to evaluate outcomes:

- project evaluation
- budget conformance
- programme v progress
- stakeholders via consultation

5.6 Finance

Projected expenditure for all procurement related activities will be included in our annual budget forecasts and actual expenditure in our management accounts.

5.7 Procurement Strategy & Reporting

'The Procurement Reform (Scotland) Act 2014 now requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of that next financial year. This requirement also applies to an organisation that becomes aware of having this level of spend during the year'.

Contracting bodies who meet or exceed the £5 million threshold must:

- maintain a contracts register on line;
- prepare a procurement strategy/ report for each financial year;
- comply with the Sustainable Procurement Duty (to improve the social, economic & environmental wellbeing of our area; facilitate the involvement of SME's and third sector organisations; promote innovation);
- Consider Community Benefits for contracts greater than £4million in value.

Easthall Park do not have an annual cumulative spend that meets the regulated thresholds, however will publish as good practice our asset management strategy which outlines key expenditure planned in the year relating to works. Consideration will be given on an annual basis as to whether a separate procurement strategy will be required to align with procurement reform (Scotland) Act 2014.

6.0 GOVERNANCE

6.1 Personal interest

Committee Members and employees of the Co-operative are obligated to disclose interest if someone with whom he/she has 'close connection' (as defined in Committee and Staff Codes of Conduct) in accordance with the process set out within the Code.

The Co-operative will not approve the appointment of a firm if a Committee Member and/or employee of the Co-operative has a financial interest in that firm, or is a close relative of a person with a substantial financial interest in that firm.

The Co-operative will require any firm being considered for appointment to declare if anyone with a substantial financial interest in that firm, and/or managerial control of that firm is a close relative of a Committee Member or employee of the Co-operative.

6.2 Inducement

The Co-operative requires that all Staff immediately alert their manager, and Committee Members to immediately alert the Director, if they receive an attempt by a firm to influence a procurement decision by way of an inducement. Canvassing of Staff or Committee by any Contractor for any contract is expressly forbidden. Such actions are a serious breach of trust and as a result, following investigation, any firm found to have behaved in such a manner will have their appointment revoked, or they will be removed from the selection process.

Firms are similarly bound to alert the Co-operative's Director and/or Chairperson immediately should any inducement be sought by any member of the Co-operative's Staff or Committee. Such action is viewed as a serious breach of the Co-operative's conditions of service for Staff and a breach of the Codes of Conduct for both Committee and Staff, and may lead to disciplinary action up to and including dismissal in the case of Staff, and removal from the Management Committee for Committee Members.

6.3 Training

The Co-operative will ensure its learning and development programme for Committee Members and Staff raises awareness of the responsibilities placed on them by this policy. Staff will be provided training (as required) to assist them to properly discharge the duties placed on them by our procurement processes.

7.0 EQUALITY

The Co-operative works towards ensuring equality of treatment for all without discrimination or prejudice based on a persons' gender, sexual orientation, race, ethnic origin, nationality, religion, age, disability or illness.

When advertising contracts the Co-operative will encourage open competition, and implement processes that promote equal treatment and transparency.

8.0 CODE OF CONDUCT

Any firm employed by the Co-operative is expected to have an acceptable 'Equalities Statement' that sets out its attitude on employment equality issues. If necessary, the Co-operative will require firms to 'sign up' to its 'Code of Conduct'.

The Code lists the standard of behaviour expected by firms when dealing with our tenants, owners and other residents and stakeholders. The Code of Conduct is a list of behavioural principles, as opposed to a definitive list. Firms are required therefore to behave in the spirit of the Code as well as to the letter.

Failure to adhere to the Code will be taken seriously by the Co-operative and appropriate follow-up action will be taken.