



**Queens
Cross
Housing
Association**

**Corporate
Procurement
Procedures**

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PROCUREMENT PROCEDURES

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CORPORATE PROCUREMENT PROCEDURES

1.0 PROCUREMENT PROCESS

- 1.1 As a defined Public Sector Body, the Association must seek to comply with the requirements of the Scottish Procurement Directorate and in particular the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016, all under the Procurement Reform (Scotland) Act 2014.
- 1.2 The Association's Procedures are only intended to provide an internal framework for any procurement process and as such are not to be viewed as comprehensive guidance for procurement activity. Reference must be made to the appropriate Regulations to ensure compliance with all legal and statutory provisions, as well as any relevant Scottish Government Guidance Notes promoting good practice as may be published. Legal or expert advice should also be sought when necessary.
- 1.3 In all Procurement activity, the Association will seek to operate consistent, fair, transparent, proportionate and auditable processes.
- 1.4 In all Procurement activity, the Association will operate a 4-stage process which will allow it to apply and assess efficiencies in the delivery of the works, services or goods sought.
- 1.5 The 4 stages of the Procurement process are defined as follows:
 - Inception;
 - Definition and Planning;
 - Implementation and Monitoring;
 - Review and Completion.
- 1.6 The Procurement process requires to be applied as a cyclical activity to ensure the benefits to the Association are maximised. This applies to all procurement activity regardless of size, cost, complexity or time period, to ensure that efficiencies can be identified prior to further procurement activity. The overall cost of the procurement process will determine the level of detail in these steps but every best practice procurement exercise would consider these elements.
- 1.8 The Association will seek to apply a consistent approach to all Procurement activity, including the level of delegated authority required, regardless of the scale or type of Procurement exercise.
- 1.9 The standard selection processes will not preclude the use of other means of procurement, so long as any deviation to the standard procedures is justified in the circumstances by a strong business case and first obtains the approval of either the Board or the Directors of the Association.
- 1.10 The Association must be aware at all times that certain forms or scale of Procurement may be subject to specific rules or regulation, which will clearly define the processes or timescales to which the Association requires to adhere.
- 1.11 Where any Board Member or Officer identifies any potential conflict of interest in any Procurement activity, this must be disclosed immediately, and that person will take no part in the Procurement process.
- 1.12 All information provided during Procurement activity must be considered as confidential and treated as commercially sensitive by the Association.

CORPORATE PROCUREMENT PROCEDURES

2.0 ROLES AND RESPONSIBILITIES

- 2.1 The Board of Management of the Association will have the full overall responsibility for the implementation of the Association's Procurement activity. In this, the Board will have the following roles:
- To agree and review the Association's Procurement Strategy and Policy;
 - To apply the Strategy and Policy in making Procurement decisions;
 - To approve Procurement recommendations where required under the Association's Financial Instructions and Delegated Authorities.
- 2.2 The Board may also be consulted where the Procurement activity is considered to be material in one of the following aspects:
- Scope of the Contract (scale/cost/time);
 - Risk to the Association (financial or otherwise);
 - External Profile (with regard to the Association's stakeholders).
- 2.3 The Directors of the Association will be responsible for the implementation and operation of the Procurement Policy. In particular, Directors will have the following roles:
- To apply the Policy to any Procurement recommendations made to the Board;
 - To apply the Policy to any delegated Procurement provision;
 - To monitor the implementation of the Procurement policy by all staff;
 - To bring any breaches of the Procurement Policy to the attention of the Board;
 - To recommend refinements to the Procurement Policy to the Board in light of experience and in response to evolving statutory requirements and best practice.
- 2.4 Senior Managers [defined throughout as Grade 9 and above] will have delegated responsibility for the day to day operation of the Procurement Policy in respect of their Service area. In particular, Senior Managers will have the following roles:
- To apply the Policy to any Procurement decisions made by the Board or by the Directors;
 - To apply the Policy to any delegated Procurement provision;
 - To justify the need for the works, services or goods to be procured;
 - To monitor the operation of the Procurement Policy and Procedures by staff;
 - To bring any breaches of the Procurement Policy to the attention of the Directors;
 - To highlight required refinements to the Procurement Policy or Procedures in light of experience and in response to evolving statutory requirements and best practice;
 - To monitor performance against contract award criteria;
 - To encourage staff to maximise the use of and benefits from the Procurement Policy and Procedures.
- 2.5 Staff members will have the responsibility to ensure that the Procurement Policy is applied to the benefit of the Association. In particular, staff will have the following roles:
- To ensure the Procurement Policy and Procedures are operated to maximise the benefits to the Association;
 - To monitor performance against objectives and contract award criteria;
 - To bring any breaches in application of the Procurement Policy or Procedures to the attention of their line manager.

CORPORATE PROCUREMENT PROCEDURES

3.0 SCOTTISH REGULATED PROCUREMENT

- 3.1 The Scottish Government has created the Scottish Model of Procurement, as it seeks to put procurement as an integral part of policy development and service delivery. The Association as an identified public sector body requires to comply with all obligations defined with the legislation and regulations
- 3.2 An on-line resource, 'The Procurement Journey' is provided to support all 3 levels of procurement activity and facilitate best practice and consistency. Comprehensive guidance is also available, all through the Government website.
- 3.3 Regulated Procurement is defined when contract values are expected to exceed the following thresholds:
Services: £50,000 Supplies: £50,000 Works: £2,000,000
These values represent the overall contract value and not the potential annual expenditure under the contract. Such contracts are required to be advertised on the Public Contracts Scotland website. Lower value contracts are still required to be adequately advertised, although not necessarily through the PCS website.
- 3.4 In Regulated Procurement, any selection of tenderers must be made through the submission of the European Single Procurement Document (ESPD) as a pre-qualification process. This can be incorporated into a single stage procurement exercise. An applicant can be excluded at this stage due to significant or persistent deficiencies in previous performance which led to sanctions.
- 3.5 In Regulated Procurement, all contract awards must be made on the basis of the Most Economically Advantageous Tender (MEAT), which combines balancing price and quality. This will be as appropriate to the individual project but any award cannot be made on price alone.
- 3.6 In Regulated Procurement, after the pre-qualification stage and after the main tender stage, all unsuccessful applicants must be issued with a Notice providing details of the assessment process.
- 3.7 The Association is under an obligation under the Sustainable Procurement Duty for any procurement to:
- Improve the economic, social and environmental well-being of its area;
 - Facilitate the involvement of small and medium sized businesses (SMEs) third sector bodies and supported businesses as sub-contractors;
 - Promote innovation.
- 3.8 Community Benefits should be incorporated into all contracts with a value of over £4million. Community Benefits need not always be included but if not, a statement justifying why must be included in the contract. Community Benefits can still be included proportionately in any contract of less than £4million.
- 3.9 Community Benefits are contractual requirements, relating to training and recruitment, or which are otherwise intended to improve the economic, social and environmental well-being of the Association's area, in a way which is additional to the main purpose of the contract. The Association's priorities for Community Benefits, relative to contract values, are set out in Appendix 1.
- 3.10 From 2018, the Government is expected to provide that all contract procurement processes must be electronic.

CORPORATE PROCUREMENT PROCEDURES

4.0 EUROPEAN PROCUREMENT DIRECTIVES

- 4.1 The Association is currently subject to European Union Procurement Directives when these are considered to apply in relation to threshold values for works and for services and supplies.
- 4.2 To ensure open competition in public procurement, which has been defined to include Registered Social Landlords, the Association is required to advertise contracts above certain value thresholds in the Official Journal of the European Union (OJEU). This is accessed through the Public Contracts Scotland website.
- 4.3 The relevant OJEU thresholds are reviewed every 2 years and must be confirmed at the time of procurement. Current thresholds, to the end of 2019, are as follows:
Services: £181,302 Supplies: £181,302 Works: £4,551,413
- 4.4 The thresholds apply to individual contracts, although where a number of services or supplies, which could be provided by the same supplier, are tendered at the same time, and the aggregate value of these tenders exceed the threshold, then each tender must be advertised on OJEU. Legal advice is to be sought where there is any concern.
- 4.5 Phased tender programmes will also require all consequent contracts awards to be aggregated to assess the threshold level, or when the threshold is reached, all subsequent contracts to be let through OJEU. Legal advice is to be sought where there is any concern.
- 4.6 The OJEU Procedures set specific timescales for various stages in the advertising and selection process. These timescales must be considered in the programming of any relevant procurement activity.
- 4.7 The Association can consider the appointment of Consultants, Contractors and Suppliers under Framework Agreements to avoid repetitive selection work under OJEU Procedures. This approach is to be considered particularly where the Association has any identifiable long-term programmes. The Association will seek to access existing Frameworks by others to avoid the lengthy set-up process involved.
- 4.8 Framework Agreements allow the initial selection of a pool of Consultants, Contractors or Suppliers, with all individual appointments then made directly thereafter. Under OJEU Procedures, any Framework Agreement will require to involve at least 3 providers and must not be for a period of more than 4 years.
- 4.9 Community Benefit conditions of contract are to be included within the Association's Employers Requirements, but will require to comply with Government policy and European Directives. In general, the community benefit must not disadvantage non-local tenderers nor be discriminatory.
- 4.10 Where contracts fall below the OJEU thresholds, under the terms of the Public Contracts (Scotland) Regulations, the Association is still under an obligation to provide adequate advertising as detailed in Section 3.3.

CORPORATE PROCUREMENT PROCEDURES

5.0 ROUTES TO MARKET

- 5.1 In considering the options to be applied in any procurement exercise, the potential value and the nature of the procurement must be considered in that the routes to market for purchases will be determined by the existence of appropriate Frameworks, where available and by financial authorisation limits, all of which are outlined in Appendix 2.
- 5.2 The Association has procured contracts for the delivery of its reactive and cyclical repair services, which will form the basis for the instruction of day-to-day or routine works. These contracts are to be reviewed and refreshed periodically to ensure that are delivering best value.
- 5.3 For other sundry purchases, the purchase order system represents a list of current suppliers for the Association. The use of these suppliers in procurement must still continue to be based on an assessment of price and quality as per the limits detailed in Appendix 2, where it can be demonstrated to be of benefit to the Association.
- 5.4 All procurement routes should follow the guidance in Appendix 2 using both current suppliers and others to market test procurement decisions. The procedures outlined should provide even for the lowest level of expenditure commitment affirmation that the procurement delivers to the organisational objective and is being market tested appropriately in each case.
- 5.5 Individual procurement activities in the Association will operate with a variety of different contractual relations. All processes should always follow the processes outlined in the following Section 6.0 to Section 9.0 of these Procedures.
- 5.6 If in exception circumstances through the definition of the procurement process, it is concluded that the delivery of the exact good or service can only realistically be provided through a single supplier, this must still be justified. All procurement above £20,000 should still follow these Procedures with a Business Case being provided.
- 5.7 Any procurement process must still be drawn up with the Sustainable Procurement Duty obligations in mind, with consideration given to ensuring that the tender advertising reaches the widest and as diverse an audience as possible.
- 5.8 Development and Investment proposals will follow defined tendering processes in line with Scottish and EU Regulation requirements. This will include accessing existing Frameworks for Contractors and Consultants by RSLs and other public agencies.
- 5.9 The Association will continue to use the options within the Public Contracts Scotland website and any other existing procurement frameworks as appropriate.

CORPORATE PROCUREMENT PROCEDURES

6.0 INCEPTION

- 6.1 At Inception, for procurement above a value of £20,000, a Business Case will provide a written justification for the need of the works, goods or services being sought. It will normally be provided by the appropriate staff member to the Director(s) or the Board as required.
- 6.2 For procurement below £20,000, consideration must be given by Managers to the justification for the expenditure and this should still be documented.
- 6.3 The Business Case will vary in detail, dependent on the scope of the proposed Procurement activity, but will be expected to address the following aspects.
- 6.4 A clear demonstration that the proposals are in line with the Association's priorities, as detailed in its Business Plan or Service Delivery Plan.
- 6.5 Provide evidence as to how the proposals will provide value for money for the Association or improve service provision, to the benefit of either the Association or its customers.
- 6.6 The potential cost to the Association and the necessary annual budgetary provisions required or external funding availability.
- 6.7 The risks associated with the Procurement activity and how this can be managed, as well as the risk to the Association of not progressing with any Procurement exercise.
- 6.8 An assessment of all options available to the Association to meet the proposed Procurement activity. This can include in-house provision or collaborative working with another organisation.
- 6.9 A review of any previous procurement exercise in respect of:
 - the same activity, where the proposal is for a continuation of provision; or
 - any unconnected provision of similar activity.
- 6.10 The Business Case will conclude with a recommendation to proceed on the following basis:
 - The preferred option for procurement;
 - The need for external professional advice;
 - The extent and timing of reviews of the activity

CORPORATE PROCUREMENT PROCEDURES

7.0 DEFINITION AND PLANNING

- 7.1 Once approval to proceed with the Procurement exercise has been confirmed, and where the scope of the Procurement exercise is significant in either scale, cost or time, a Project Plan will be prepared by the Senior Manager to ensure delivery.
- 7.2 On approval, a detailed specification or brief will be prepared, normally by the Senior Manager, but with adequate consultation with all other appropriate Services within the Association.
- 7.3 Any tender process must be transparent and auditable, although the exact approach will be dependent on the nature and scope of the Procurement activity. Any process must meet the requirements of any relevant published Regulation, Guidance or good practice.
- 7.4 With the approval of the Board, the Association may seek to set up a Framework Agreement, or List of Approved Suppliers, based on an assessment of quality only, where it can be demonstrated to be of benefit to the Association.
- 7.5 The specification or brief will detail the Association's objectives within the Procurement activity, to include aspects including the following:
- The purpose of the Procurement exercise;
 - The desired outcomes and/or outputs;
 - The proposed maximum length of any contract;
 - All parameters in terms of cost, time and quality.
- 7.6 The Association will also specify the criteria for any contract award and the relative importance attached to each aspect, which can include some or all of the following, in order to provide perceived value for money:
- Lowest Price;
 - Time;
 - Quality;
 - Full-life costing;
 - Level of service;
 - Sustainability;
 - Community Benefits;
 - Fair Working Practices.
- 7.7 The Association will also prepare parameters, with appropriate weightings, to be met by prospective tenderers in any pre-qualification selection process. These parameters can include:
- Relevant experience or knowledge;
 - Capacity to deliver;
 - Quality systems and policies;
 - Approved supplier status;
 - Formal references.
- 7.8 All Procurement activity will require to be advertised in advance and as appropriate by the Association, taking account of the contract value, to ensure the widest level of interest is attracted to the provision.

CORPORATE PROCUREMENT PROCEDURES

8.0 IMPLEMENTATION AND MONITORING

- 8.1 Tenders will be issued to prospective tenderers who have successfully met the pre-qualification stage, with regard to the following cost parameters:
- £ 1,000 - £20,000: 3 or more tenders or quotations
 - £20,000 - £50,000: 3 or more tenderers
 - Over £50,000: 4 or more tenderers
- Quotations may be received in lieu of tenders for procurement under £20,000.
- 8.2 All tender returns will normally be received through the PCS website and will require to be released by 2 authorised senior managers not involved in the procurement process. Any non-electronic tender opening must be attended by 2 staff members as noted, of which the senior officer must not have been involved in the Procurement process.
- Tenders up to £50,000: Senior Manager and staff member
 - Tenders up to £100,000: Director and staff member
 - Tenders up to £1,000,000: Director and Senior Manager
 - Tenders over £1,000,000: Board member and Director
- 8.3 Approval to conclude the Procurement process will be sought in line with the Association's Financial Instructions and Delegated Authorities, on the basis of a Tender Report providing an assessment of contract compliance and a recommendation for approval.
- 8.4 The Tender Report will be provided by an external consultant where engaged. If external consultancy services are not being utilised, the tender will be assessed by the appropriate Director and/or Senior Manager and ratified by a Director not involved in the Procurement process.
- 8.5 On approval being confirmed to conclude the Procurement exercise, an appropriate form of contract or appointment will be entered into by the Association.
- 8.6 Where necessary, industry-standard Forms of Contract are to be utilised for Works or Supplies, and Standard Forms of Appointment for Professional Services.
- 8.7 The contract must be executed on behalf of the Association by the appropriate Officer in line with the Association's Financial Instructions and Delegated Authorities.
- 8.8 All tender documentation, the records of the selection process and the executed contract documents must be retained on file for the duration of the contract.
- 8.9 The contract must incorporate the agreed or refined specification and define key performance indicators, milestones, budgets, resources and risks as success criteria, as appropriate.
- 8.10 Senior Managers will be ultimately responsible for monitoring performance against the success criteria detailed in Section 7.6, and for day to day management of the contract. Appropriate reporting procedures, given the nature and scope of the contract, will be put in place to consider overall contract performance.
- 8.11 Contract payments will be made in accordance with milestones and payment schedules as detailed in the terms and conditions of contract, on the satisfactory fulfilment of the terms of the specification.

CORPORATE PROCUREMENT PROCEDURES

9.0 REVIEW AND COMPLETION

- 9.1 Under the 2015 Regulations, the Association is required to prepare a report detailing the procurement process, after the award of any Regulated Procurement contract, in the terms detailed in the Regulations. This report can be required to be submitted to the Scottish Government in exceptional circumstances.
- 9.2 Every Procurement activity must be subject to a similar review, to ensure that continuous improvement can be achieved in future exercises. As such, further review should also be undertaken on completion of the works or services supplied under the contract.
- 9.3 This Review will be completed by a Senior Manager and will generally cover the following aspects:
- The Procurement process itself
 - Contract Performance
 - Quality of Output
 - Cost of Delivery
 - Programme Adherence
 - Client Satisfaction
 - Customer Benefits
- 9.4 For individual project procurement, if it will serve to inform a similar potential Procurement activity, the review should take place prior to completion of the contract if necessary.
- 9.5 In cyclical procurement activity, the review should be undertaken prior to the commencement of the next round of Procurement, if this is before the completion of the contract.
- 9.6 Where performance causes concern during the contract period, the relevant Director should be advised and an assessment of the current position confirmed. The position should be addressed with the contractor. Consideration can be given to terminating any contract, but only on the basis of legal advice and with approval of the Board.
- 9.7 Any Review should conclude with recommendations to inform any future Procurement activity, on the basis of the following aspects:
- Approach to Procurement process;
 - Impact of the Contract in meeting specification criteria;
 - Need for continued procurement of activity provided;
 - The performance of the contractor or supplier;
 - Input into any future Business Case

COMMUNITY BENEFITS PRIORITIES

As a defined Public Sector Body, the Association must seek to comply with the requirements of the Procurement (Scotland) Regulations 2016 under the Procurement Reform (Scotland) Act 2014. Under these Regulations, Community Benefits must be incorporated into all contracts with a value of over £4million and can still be included proportionately in any contract of less than £4million.

Community Benefits are defined as contractual requirements, relating to training and recruitment, or which are otherwise intended to improve the economic, social and environmental well-being of the Association's area, in a way which is additional to the main purpose of the contract.

The Association has sought to outline its priorities for Community Benefits in the matrix forming part 1B of this Appendix. These potential Benefits are grouped into 3 distinct headings, covering:

- Employability
- Tenancy Sustainment
- Community/Environmental

It is intended that all Community Benefits should be fair and achievable.

In an invitation to tender, a potential contractor must indicate the extent of the Community Benefits proposed as part of the bid process. Each Benefit has an individual allocated outcome and a total number of outcomes must be achieved relative to the overall contract value.

A number of priority Benefits are highlighted as 'Essential' and the contractor will be expected to address these. In addition, a contractor must also propose a minimum of one additional Community Benefit from each category heading, where this will not exceed the overall total outcome requirement of the contract.

The Benefits identified are generally indicative and provided for guidance only. The actual Benefits to be provided can be varied by any potential contractor in line with the scope, scale and length of the proposed contract.

In terms of Employability the Association would highlight the following requirements:

- A work placement will be a short term engagement of up to four weeks.
- A Traineeship will be a placement for up to six months, leading to an industry recognised qualification.

When possible, the Association will seek to be specific in the nature of the Benefit identified, to provide the tenderer with sufficient information to assess the provision expected.

The Association recognises that the final delivery of all Community Benefits, either as specified or as proposed, will be subject to negotiation on the award of the contract.

The Association will require a regular reporting structure to be agreed towards the delivery of the agreed Community Benefits, which will be subject to review through the contract period.

Where a contractor is unable to commit to, or does not deliver on, agreed Community Benefits, a contractor will require to make a donation of £100 in respect of each outcome not achieved, to the Association's charity, The Garscube Foundation.

•	Tidy up tenant's gardens including planting beds, provision of bedding plants and hedge trimming.	Negotiable	2 per tenant	2 per tenant	2 per tenant	2 per tenant	2 per tenant	2 per tenant
3.	Community/ Environmental							
•	Decoration/upgrade of community facility	Essential	2	2	2	2	2	N/A
•	August Gala Day – Sponsorship £5,000 donation (main sponsor)	Negotiable	3	3	3	3	3	N/A
•	Gala Day – Donation of raffle prizes	Essential	1	1	1	1	1	1
•	Additional sponsorship of Gala Day	Negotiable	1	1	1	1	1	1
•	Gala Day – Provision of information stall	Negotiable	1	1	1	1	1	1
•	Gala Day – Provision of staff to help set up	Negotiable	1 per staff member	1 per staff member	1 per staff member	1 per staff member	1 per staff member	1 per staff member
•	Gala Day – Tidy up and prepare area prior to event. Provision of barriers, cut back shrubs etc	Negotiable	1	1	1	1	1	1
•	Educational visit to local primary school	Negotiable	1	1	1	1	1	1

•	Provision of compost and bedding plants and planting for community gardens	Negotiable	1	1	1	1	1	1
•	Sponsorship of events for supported community groups	Negotiable	1	1	1	1	1	1
•	Contribute to supported housing social events	Negotiable	1	1	1	1	1	1
	Total number of outcomes required		30	25	20	15	10	5

CORPORATE PROCUREMENT PROCEDURES

APPENDIX 2

Expenditure Threshold	Primary Route to Market	Secondary Route to Market	Authority/Approval
Procurement valued up to £500	PfH or Procurement Scotland framework (if available) or other suitable collaborative framework, or separate quote if benchmarked against existing framework.	Officer choice followed by placement of a PO	Officer
Procurement valued between £501 and £1,000	PfH framework or Procurement Scotland framework (if available) or other suitable collaborative framework.	A minimum of two Quotations using the 'Quick Quote' function of the Public Contracts Scotland website, or other desk based quotation.	Senior Officer
Procurement valued between £1,001 and £20,000	PfH framework or Procurement Scotland framework (if available) or other suitable collaborative framework.	A minimum of three Quotations using the 'Quick Quote' function of the Public Contracts Scotland website.	Senior Manager
Procurement valued between £20,001 and £50,000	A minimum of three Quotations, using the 'Quick Quote' function of the Public Contracts Scotland website or PfH portal.	Appropriate Framework	Director
Procurement for works valued between £50,001 and £2m	A flexible number, no fewer than four, of tenders using the ordinary procurement route via the Public Contracts Scotland website.	Appropriate Framework	Director
Procurement for goods and services valued between £50,001 and the EU thresholds (£181,302), and works valued between £2m and the EU thresholds (£4.551m)	A flexible number, no fewer than four, of tenders using the ordinary procurement route via the Public Contracts Scotland website. Full compliance with the Procurement (Scotland) Regulations 2016.	Appropriate and legally compliant Framework	Chief Executive or Board in line with delegation authorities
Procurement for goods and services valued above EU thresholds (£181,302) and works valued above EU thresholds (£4.551m)	Competitive Tenders advertised in the Public Contracts Scotland website and OJEU. Full compliance with the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016.	Appropriate and legally compliant Framework	QCHA Board