



Clydebank Housing Association Limited

Procurement Policy

Housing Management/Maintenance Sub-Committee submission:	13 September 2016
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This policy can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages.

Introduction

Public procurement in the UK and the rest of the European Union is governed by a number of Directives and Regulations which are then implemented in national legislation.

Public procurement law is a devolved responsibility of the Scottish Parliament and is enforced through the following legislation:

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016

The Scottish Government has developed comprehensive procurement guidance for public bodies to improve the quality of and value delivered through procurement of public contracts in Scotland. This guidance can be found at: [Guidance under the Procurement Reform \(Scotland\) Act 2014](#)

Aims & Objectives

The key aims and objectives of the policy are:

- To set clear guidelines and methods by which the Association will procure works, services or supplies
- To award contracts that achieve value for money **
- To promote and encourage partnership working
- To promote involvement in community benefits e.g., apprenticeships, sponsorship
- Contribute to the aims and objectives of CHA as detailed in the business plan
- To ensure that the business needs are met through procurement of works, services or supplies

** Value for money is defined as the optimum combination of the whole-life cost and quality (or fitness for purpose) to meet the user's requirement. This may also include implementation costs, ongoing operating costs and end of life disposal and due regard should also be taken of other policies relating to social responsibility and sustainability.

Procurement Routes

The public procurement rules vary depending on the type and value of the contract.

When contracts are above a certain value (EU Regulated Contract Thresholds) more detailed rules apply. These contracts must be advertised in the Official Journal of the European Union (OJEU) although they are also advertised through Public Contracts

Scotland and the full formal procedures are followed. The threshold values are listed in Appendix A.

Contracts which are worth less than these amounts (Lower Value Regulated Contract Thresholds) are subject to fewer rules but must still be appropriately advertised. The threshold values are listed in Appendix A.

EU thresholds are reviewed and published annually.

If the estimated value of a contract is equal to or greater than the relevant threshold, then that contract will be publicly procured in accordance with the terms of the Regulations.

Procurement Strategy

Section 15 of the Procurement Reform (Scotland) Act 2014 requires any public organisation, which has an estimated total value of regulated procurement spend of £5 million or more (excluding VAT) in a financial year, to prepare and publish a procurement strategy. The period the procurement strategy covers can be defined by the organisation e.g., 3 years, 5 years etc.

If the Association is required to provide a procurement strategy this will be in accordance with the published guidance - [Guidance under the Procurement Reform \(Scotland\) Act 2014](#)

Roles and Responsibilities

The Management Committee has ultimate responsibility for procurement of works, services and supplies and for policy review. As a result the Management Committee and its delegated Sub-Committees will oversee the particular works, services or supplies and will receive regular reports on the basis of procurement and the awarding of contracts.

The specification for the works, services or supplies, with performance indicators and associated methods of measuring and monitoring performance, will be the responsibility of the senior officer managing the contract.

Delegation of Authority to Instruct Works

Estimated expenditure	Quotations	Authority to Instruct
Between £1,000 & £5,000	Two quotations should be obtained from CHA's framework of maintenance contractors	Maintenance Manager
Over £5,000	Must be awarded on a competitive basis with a minimum of two competitive quotations sought	Maintenance Manager Chief Executive Officer Housing Management/ Maintenance Sub-Committee Management Committee

The Association's Financial Controls Procedures should be referred to in relation to delegation of authority in relation to capital purchases.

EU Regulated Contracts

If the contract is equal to or greater than the relevant threshold (see Appendix A) then that contract will be publicly procure in accordance with the terms of the Regulations.

In terms of guidance, where a proposed contract contains elements of both supplies and services, the classification should be determined by the respective values of the two elements. Where it covers works/supplies or works/services it should be classified according to the predominant purpose.

The European Single Procurement Document (ESPD) replaced the Pre-Qualifying Questionnaire (PQQ) in April 2016 for EU regulated contracts.

The questions contained in the ESPD are set and cannot be added to although you can delete questions that are not relevant to a particular contract.

The questions ask bidders either to confirm that they meet the minimum standards for selection set out in the contract notice or to describe how they meet the criteria set out in the contract notice. More detail about selection criteria must therefore be included in the contract notice. Bidders self-declaration that their responses are true must be accepted and they can only be asked to provide supporting documentation before a contract is awarded or at any other point when that would be necessary to ensure the proper conduct of the procedure e.g., before issuing an invitation to tender.

If a bidder proposes to sub-contract part of a contract, and relies on the capacity of that sub-contractor in order to fulfil the selection criteria, a separate ESPD must be submitted on behalf of the sub-contractor.

Lower Value Regulated Contracts

All supplies and services contracts with an anticipated contract value of £50,000 to EU thresholds and works contracts with an anticipated contract value of £2,000,000 to EU thresholds will be advertised on the Scottish procurement portal "Public Contracts Scotland" website www.publiccontractscotland.gov.uk

As this will be the route followed in the majority of cases by the Association in relation to developments and major repairs, the following details the process will apply:

Contracts that require to be advertised will involve a two stage tender process for selecting contractors i.e. a Pre-Qualifying Questionnaire (PQQ) and invitation to tender. The PQQ is the point in the procurement process where the Association assesses a bidder's capacity and capability to carry out a contract. Where an organisation is deemed to meet the criteria in the PQQ, those bidders will be invited to tender.

Obtaining information

In obtaining information to evaluate whether a contractor can undertake works to a standard required by the Association, the following are considerations that would need to be evidenced in PQQ responses:

- Financial resources
- Experience and capacity
- Health and safety policy
- Quality management procedures
- Staff resources and employment policy
- Sub-contracting policy
- Equal opportunities policy and practices
- Public liability insurance certificate
- Indemnity insurance up to a certain limited – for consultants
- Two years published accounts
- Valid registration card or certificate for a trade body or standard
- Proof of membership of federation or trade associations
- Details of labour force

References

References should be taken up before placing a contractor on the Association's approved contractor list or on a tender list.

Tendering procedures

Contract documentation will be according to the scope and size of the contract and should include:

- Letter of invitation
- Instruction to tenderers including tender return date
- A full description of the works or scope of the project
- Contractor's brief
- Principles of assessment
- Questionnaire (if applicable)
- The conditions of contract which will apply
- The period in which works are to be completed
- Insurance requirements
- Conditions of payment
- Details of the appropriate procedure to follow for submission of tenders

Tendering opening procedure:

- Tenders will not be opened before the submission date
- The date and time received will be marked clearly on the envelope and signed by the member of staff accepting delivery
- Tenders will be stored in a lock fast area until the opening

- Tender opening will take place as soon as possible after the submission date but not more than 7 days after
- All tender openings should be in the presence of at least two staff members (one staff member to be Officer grade or above) and a minimum of one Committee member
- The witnessed tenders are then recorded in the tender book

Selection process

This will involve applying the scoring and weighting process indicated to tenderers in the tender documentation and also identifying price, schedule of rates or other cost and remuneration parameters that are being offered as part of the tender proposal.

Tender evaluations will be based on a split between weighting and marks for quality and price. The Association will use the 70% or 60% price and 30% or 40% quality criteria dependent on the type of contract. This will ensure that a tenderer cannot win a contract by submitting the lowest price but must also address the quality elements of the tender invitation. The criteria to be applied will be agreed by the Management Committee or delegated Sub-Committee prior to contracts being advertised.

A tender report with recommendation for contract award will be submitted to the Management Committee or delegated Sub-Committee for approval and ratification.

Contracts Register

The Association has a contract register in place which holds the following details:

- Contract subject
- Contractor/supplier/consultant
- Contract value
- Details of payments
- Date the contract was awarded
- Start date of contract
- Duration of contract
- End date of contract
- Duration of any contract extension

Partnering

It should be noted that “partnering” is not a procurement route, rather it is a term used to describe a non-confrontational way of working through which all parties, including clients and suppliers act as a single team to achieve common goals. It is about developing systems and methods to enable people and organisations to operate more effectively and efficiently together irrespective of the nature of the project or the method of procurement used and it is intended to overcome old confrontational ways of working.

Partnering agreements will be considered by the Association where added value can be clearly demonstrated. All legislation will be complied with prior to entering into any contract through this route.

Framework of Contractors – (Approved List of Contractors)

(where no individual job is likely to exceed £50,000)

In order to meet its repair obligations and to effectively and efficiently implement its repair and maintenance service the Association will establish and maintain a framework of maintenance contractors who can promote the Association's commitment to providing a first class repairs and maintenance service. Under European Procurement legislation each framework agreement can run for a maximum of four years.

The establishment of a Framework of contractors allows the Association to call on its "approved" contractors for day to day repairs and approach them to tender planned and cyclical works without the requirement to advertise each contract.

Contractors admitted onto the Framework will be expected to demonstrate a commitment to promoting the Association in a positive manner.

In accordance with good practice guidance and the Regulatory Standards of Governance and Financial Management set down by the Scottish Housing Regulator, application for inclusion onto the Framework of contractors will not be considered where any partner, director or person directly concerned with the company's management is:

- A current or former (within the last 12 months) Committee member of the Association
- A current or former (within the last 12 months) member of staff of the Association
- A close relative (as defined by legislation) of any of the above

Monitoring and review of the Framework of Contractors for maintenance works

The Framework of maintenance contractors will be monitored and maintained by the Maintenance Manager on an ongoing basis and reviewed by the Housing Management/Maintenance Sub-Committee on an annual basis, or before if the need arises.

Performance measures under the Charter depend on good performance by contractors in completing repairs timeously, being courteous and polite to tenants, adhering to arranged appointments and completing work on a right first time basis.

The following additional criteria may be taken into account when reviewing a contractor's performance:

- Results of tenants' satisfaction surveys and staff feedback
- Value for money / cost effectiveness
- Percentage of works carried out right first time
- Opportunities for apprentices, work placements and benefits to local community

Review of policy

The policy will be reviewed every three years or sooner if required by statutory, regulatory or best practice requirements.

Equal Opportunities

Clydebank Housing Association will ensure equality of opportunity across the full range of our activities, including both employment and service provision.

We will not discriminate on the grounds of Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, and Sexual Orientation.

For Office Use Only – Actions

Customer Consultation Required/Arranged	No
Intranet Update	Yes
F Drive Update	Yes
Website Update	Yes
Leaflet change required?	No
Newsletter Promotion?	No
Other information updated, e.g. posters, automatic email responses, post cards, answering machine messages, etc.	No
Equality Impact Assessment completed	Yes

Appendix A – Procurement Thresholds

EU Regulated Contract Thresholds

Supplies	£164,176	€209,000
Services	£164,176	€209,000
Works	£4,104,394	€5,225,000

NB: All figures are current as at 18 April 2016 and are exclusive of VAT

Lower Value Regulated Contract Thresholds

Supplies	£50,000.00
Services	£50,000.00
Works	£2,000,000

NB: All figures are current as at 18 April 2016 and are exclusive of VAT