



# **CORPORATE PROCUREMENT POLICY**

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# Corporate Procurement Policy

## 1. Introduction

1.1 This policy relates to all procurement activity undertaken by Govanhill Housing Association and its subsidiary companies Govanhill Community Development Trust and GREAT Gardens.

1.2 This policy complies with the requirements of the Procurement (Scotland) Reform Act 2014.

## 2. Background

2.1 The total value of contracts procured by Govanhill Housing Association is above the threshold for which a Procurement Strategy is required by legislation, whilst the total value of contracts procured by subsidiaries is below this threshold.

2.2 In terms of the planning and delivery of the procurement of goods, services and works, we will prepare a Procurement Strategy, and review this on an annual basis.

2.3 We have set the following objectives in terms of procurement:

- To ensure that the procurement process is clear and structured in such a way as to achieve the best value for money
- To ensure that existing specifications are reviewed and to seek out new sources of supply and methods of delivery.
- To ensure that contracts are appropriately managed during the life-cycle of the procurement.
- To ensure that we recognise and deliver on our responsibility to fulfil our contractual obligations to pay our creditors on time.
- To ensure that procurement is performed in a fair, transparent and cost effective manner.

2.5 In addition our Procurement Strategy will set out our general policy on:

- the use of community benefit requirements
- consulting and engaging with those affected by our procurement
- the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements
- promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 and any provision made under that Act
- the procurement of fairly and ethically traded goods and services

2.6 We will also complete and submit an Annual Report on our Procurement Strategy, which will report on compliance with these factors. This will be published as soon as practicable after the end of each financial year.

### **3. Roles & responsibilities**

- 3.1 The key roles and responsibilities in relation to the procurement of contracts are illustrated below:
- 3.2 The Association's Management Committee will ensure appropriate governance and organisational arrangements are in place. They will approve this policy, the associated strategy and any departures from this policy
- 3.3 The procurement function will be led by the manager of the relevant department responsible for procurement of that contract. They are responsible with other department heads as appropriate for
- developing, promoting and implementing appropriate procurement strategies and procedures, including authority to procure;
  - assessing procurement competencies across the organisation and establishing training needs
  - providing professional, qualified procurement expertise, advice and services;
  - contributing to the aims and objectives of the Association and its subsidiaries, and taking account of business needs and wider policy requirements
  - pro-actively managing and developing our supplier base, including small and medium-sized enterprises (SMEs) and third sector and voluntary sector organisations, identifying and managing any supply risks or value added opportunities;
  - ensuring that value for money is achieved;
  - ensuring adherence to this procurement policy, current legislation and best practice and the overarching procurement strategy;
  - supporting sustainability and corporate responsibility through procurement processes;
  - measuring and reporting on procurement performance

### **4. Central Purchasing Bodies**

- 4.1 The Association will consider procuring contracts through a 'Central Purchasing Body' or 'Procurement Club' provided that Value for Money can be demonstrated through this method of procurement. This is an organisation that has procured a contract for specific works, services or supplies on behalf of themselves and/or other public bodies. The Group will satisfy itself that all EU and Scottish procurement legislation has been complied with by the Central Purchasing Body prior to entering into any contract through this route. The award of any contracts using this route will be noted in the central contracts register with full explanation.

### **5. Partnering**

- 5.1 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.

- 5.2 Strategic and Project Specific Partnering Agreements will be considered where added value can be clearly demonstrated, or where entering into a partnering arrangement is likely to lead to additional business opportunities for the Group which would not otherwise be available.
- 5.3 It will be incumbent on the Association to satisfy itself that all EU and Scottish procurement legislation is complied with prior to entering into any contract through this route.

## **6. Framework agreements**

- 6.1 The Association and its subsidiaries will consider the development of framework agreements for major project and consultancy services where merited by the anticipated volume of works, e.g. via the development and/or major repairs programmes.
- 6.2 Framework agreements can be in place for no longer than 4 years and an agreed transparent process must be in place to allocate works within the framework i.e. mini tenders, awards by rotation etc.
- 6.3 The Association may also consider procuring works and services through a Public Procurement Framework. This differs from standard framework agreements in that a public body has completed the procurement exercise following all legislation and good practice. These take full account of value for money, community benefits and environmental issues, the need for transparency and openness in the appointment process and comply with organisational objectives.
- 6.2 It will be incumbent on the Association to satisfy itself that all EU and Scottish procurement legislation is complied with prior to entering into any contract through this route.

## **7. EU Regulated procurements**

- 7.1 EU legislation must be complied with for contracts over the thresholds set out below The procurement of contracts above these values are terms 'EU Regulated Procurements'.
- 7.2 With effect from 18 April 2016, the EU Thresholds (exclusive of VAT) applicable to the Association and its subsidiaries are

<b>Supplies</b>	<b>Services</b>	<b>Works</b>
£164,176	£164,176	£4,104,394
€209,000	€209,000	€5,225,000

- 7.3 If the estimated value of a contract is equal to or greater than the relevant threshold, the contract requires to be publicly procured in accordance with EU threshold regulatory requirements
- 7.4 Contracts must not be artificially split to avoid the threshold. In determining this the rules require aggregation :

- Of the estimated value of separate contracts for meeting a single requirement
- In certain circumstances, where a series of contracts or a renewable contract is entered into for a supply or service of the same type during a twelve month contract and
- Obtain and evidence value for money

## 8. Lower Value Regulated Procurements:

8.1 The Procurement (Scotland) Reform Act 2014 has introduced lower thresholds for contracts procured by public bodies, which are set out below. The procurement of such contracts are termed 'Lower Value Regulated Procurements'.

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

8.2 In addition, the Association must comply with the sustainable procurement duty under the Act before carrying out a tender exercise. This duty requires the Association to consider how the procurement might improve the economic, social and environmental well being of the local area, promote innovation and facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses.

8.3 In exceptional circumstances, quotations or tenders shall not be required where the contract is for the procurement of supplies, works or services, including:

- Where the contract may only be awarded to a particular supplier for technical or artistic reasons or where there are exclusive rights in respect of the required supplies, services or works or
- Where an appropriate framework agreement is already in operation
- Where the Association has already entered into a contract with a supplier which requires additional works or services to be supplied and due to unforeseen circumstances:
  - Cannot be provided by the Association separately from the original contract without causing major inconvenience due to technical or economic reasons or
  - Are strictly necessary for the later stages of the original contract, albeit they could be provided separately

8.4 Any contracts procured under such circumstances will be noted in our central contracts register together with any relevant supporting documentation

## 9. Other contracts

9.1 Contracts that fall below the value for 'Lower Value Regulated Procurements' do not need to comply with EU or Scottish procurement legislation. However there is an over-arching requirement of EU Directives that probity be demonstrated at all times when public bodies procure services, supplies and works.

9.2 In deciding on the appropriate procurement route the total contract value must be used exclusive of VAT – the annual cost over the duration of the contract.

9.3 Supply and service contracts should be awarded as noted below

Below £10,000	The relevant department manager has discretion to decide whether competitive quotations are obtained. The Public Contracts Scotland quick quote facility may be used if quotations are required.
Between £10,000 and £50,000	At least three competitive quotations must be sought and a record maintained of all quotations received. The Public Contracts Scotland quick quote facility may be used if quotations are required.

#### 9.4 Works contracts

9.4.1 Works contracts below the value of the 'Lower Value Regulated procurement' limits which are not within a current framework agreement and do not fall below £50,000 in value (in which case the process noted in 9.3 above will be followed), will be tendered through the Public Contracts Scotland website using the appropriate procurement route.

9.5 Any departure from these procedures must obtain prior Committee approval.

#### 10. Bribery and corruption

10.1 In addition, to the selection criteria used for tender exercises undertaken in accordance with the Act or the Regulations, every contract will contain a clause permitting the Association to cancel the contract and to receive from the contractor the amount of any loss resulting from cancellation in the following circumstances: -

10.2 Where the contractor or any person employed by them or on their behalf;

(a) Has offered or given or agreed to give any person any gift or consideration of any kind as an inducement or reward for:-

(i) doing, or for refraining from doing, anything in relation to either the obtaining of, or the execution of, the contract or any other contract with the Association; or

(ii) showing or refraining from showing favour or disfavour to any person in relation to the contract or any other contract with the Association; or

(b) Has committed any offence under the Criminal Justice (Scotland) Act 2003, the Bribery Act 2010, or any other statutory offence.

10.3 In the case of action as described above by a person employed by the contractor or on the contractor's behalf, the Association's right to cancel and recover loss shall apply whether or not the action is with the contractor's knowledge.

## **11. Community Benefit**

11.1 Community Benefit is a contractual clause included within the procurement process with the aim of maximising employment, training and business opportunities in our communities. In some smaller contracts we may include community enhancement e.g. commit to a community event, provision of a service/product to the community centre, volunteering etc.

11.2 Procurement exercises which are regulated by the Act must adhere to the statutory requirements in respect of community benefits. For contracts which are regulated by the Act and have an estimated value of £4,000,000 or more, we must consider whether to impose community benefit requirements before undertaking a procurement exercise.

11.3 This involves including in the contract notice for the relevant tender exercise:

(a) a summary of the Association's community benefit requirements which will be included in the contract; or

(b) a statement of reasons for not including community benefit requirements if there is no intention to include such requirements.

11.4 If we decide to not impose community benefit requirements in a particular procurement exercise, we must obtain prior Committee approval before beginning the tender exercise.

## **12. Role of external consultants**

12.1 The Association may use the expertise of external consultants such as Quantity Surveyors to administer the tender process as well as for other appropriate tasks e.g. developing bills of quantities, CDM, TUPE etc

## **13. The tendering process**

13.1 The Public Contracts Scotland website will be used for all relevant procurement processes.

13.2 To assist compliance with legislation and best practice, we will, before commencing each procurement, have reference to [www.procurementjourney.scot](http://www.procurementjourney.scot) which facilitates best practice in procurement across the Scottish public sector and use as required for the procurement process.

13.3 The European Single Procurement Document (ESPD) will be used for all regulated procurement whether below or above the EU threshold values

## **13. Tender Register**

13.1 The Association holds a contract register which holds the following details

- Contract subject

- Contractor/Supplier
- Estimated contract value
- Date the contract was awarded
- Start date of contract
- Duration of contract
- End date of contract / Description of circumstances in which the contract will end
- Duration of any contract extension

#### **14. Continuous Improvement**

- 14.1 We will ensure that all staff involved in the procurement process have the necessary skills and training to carry out their role and understand the requirements of the procurement legislation.
- 14.2 We will ensure person specifications and job descriptions show procurement related duties where these apply and will discuss procurement with those staff at induction and through their annual performance reviews carrying out training for them as required.

#### **15. Review**

- 15.1 This policy will be reviewed in 3 years time unless changes in legislation and good practice require an earlier review.