



Drumchapel Housing

Co-operative Limited

Procurement policy

Approved by Board

Due for review

October 2020

October 2023

1. Introduction

- 1.1 The Co-operative recognises its responsibilities as a contracting authority and will carry out its procurement activities in a fair, transparent and responsible manner, improving supplier access and embracing collaborative approaches to realise efficiency savings and achieve sustainable benefits for tenants and the wider community.
- 1.2 This Policy sets out the principles that will be applied to all procurement undertaken by the Co-operative, to ensure that the acquisition of supplies, services and works are progressed in accordance with best practice, meeting legislative requirements and our Business Plan Objectives to:
- Strengthen governance and financial control
 - Deliver excellent housing services
 - Provide quality homes in an attractive environment
 - Demonstrate strong financial management and value for money
 - Develop our leadership and staff

2. Aims of the policy

- 2.1 The key aims of this policy are to:
- Comply with all relevant legislative requirements
 - Work collaboratively to improve efficiencies and enhance value for money
 - Ensure that all procurement is proportionate to the size and scale of the requirement
 - Ensure best practice in procurement is applied consistently across the organisation
 - Consider small and medium enterprises in the design of procurement activities
 - Ensure sustainability is considered throughout our procurement activities
 - Incorporate community benefits which positively impact upon the wider Drumchapel area
 - Ensuring that there is a clear audit trail associated with the procurement of all contracts

3. Legislative framework and regulatory guidance

- 3.1 The following legislation and guidance are relevant to this policy:

- Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014
- Procurement (Scotland) Regulations 2016
- Guidance under the Procurement Reform (Scotland) Act 2014
- Scottish Government Construction Procurement Manual
- Scottish Government Procurement Journey
- EU Public Procurement Directive – 2014/24/EU
- EU General Data Protection Regulation (GDPR) 2016
- Freedom of Information (Scotland) Act 2002
- SHR Regulatory Standards of Governance & Financial Management & Guidance 2019

4. Key roles in procurement

4.1 Key roles and responsibilities in relation to procurement are illustrated below:

Board	Ensure appropriate governance and that resources are made available to deliver the policy.
Senior Management Team (budget holders)	Ensure that the function is appropriately staffed, organised and supported.
Officers (purchasers)	Carry out procurement activity in accordance with the policy to comply with legislation and achieve value for money.

4.2 The manager of the purchasing department should ensure that:

- The Procurement policy is followed
- Professional procurement advice/assistance is obtained as required
- Procurement is carried out in accordance with the Co-operatives Financial Regulations and procedures, including authority to procure
- Value for money is achieved
- Contractor performance is effectively monitored

4.3 The roles of budget holder and purchaser should not be performed by the same individual and the Co-operative aims to achieve this via the separation of duties.

4.4 Duties are divided as follows:

- Budget holder (normally the Manager) - has overall responsibility for

spending within their budget headings and has authority to commit the organisation to payments and or contracts for the purchase of supplies, services or works.

- Purchaser (normally a staff member) - has authority to issue the invitation to tender or request quotations, place a purchase order and approve invoices for payment.

4.5 Due to the size of the organisation, it is not always possible to split the duties of the budget holder and purchaser. Where this arises, a manager from another section will be nominated to review the procurement process.

4.6 All staff and Board members involved in the procurement of works, supplies or services are required to register declarations of interest, where they exist in relation to a supplier or contactor who is involved in the procurement process.

5. Procurement Levels

5.1 The policy splits procurement of supplies, services and works into the following expenditure levels:

Procurement Level	Value (excl VAT)	Requirement
L1 - Very low value	Under £1,000	No quotation required
L2 - Low value	£1,001 - £5,000	1 quotation required
L3 - Low/Medium value	£5,001 - £15,000	3 quotations required
L4 - Medium value	£15,000 - £50,000	Progress in accordance with Scottish Government's Procurement Journey – Route 1 or 2 with a minimum of 3 quotations
L5 – High value	£50,000 and over	Progress in accordance with Scottish Government's Procurement Journey – Routes 2 or 3 where OJEU thresholds will be reached or exceeded

5.2 Where procurement relates to works and construction related projects, the Scottish Governments Construction Procurement Manual should be consulted for detailed guidance.

5.3 *L1 – Very low value procurement:*

This relates to the purchase of supplies, services or works valued between £0 - £1,000 (excl VAT) and will normally cover the day to day activities of the Co-operative such as reactive repairs or office supplies.

5.4 *L2 – Low value procurement:*

This relates to the purchase of supplies, services or works valued between £1,001 - £5,000 (excl VAT). A single Consultant or Contractor can be appointed where there is no on-going contractual relationship.

5.5 *L3 – Low/Medium value procurement:*

This relates to purchases of supplies, services or works valued between £5,001- £15,000 (excl VAT). 3 quotes should be obtained, using the quick quotes facility on Public Contracts Scotland (PCS) where possible. To prevent costly delays, void repair works will be treated as an exception and will be undertaken in accordance with the Void management policy and framework for reactive maintenance.

5.6 Where services relate to a business-critical function, a single consultant or contractor can be appointed, up to a maximum of £10,000 (excl VAT).

5.7 *L4 – Medium value procurement:*

This relates to purchases of supplies, services or works valued between £15,001 - £50,000 (excl VAT). These should be progressed in accordance with the Scottish Government's Procurement Journey – Routes 1 or 2 and a minimum of 3 quotes should be obtained.

5.8 *L5 – High value procurement:*

This relates to purchases of supplies, services or works valued above £50,000. These should be progressed in accordance with Scottish Government's Procurement Journey – Route 2 or Route 3, where OJEU thresholds will be reached or exceeded.

6. The Scottish Procurement Journey

- 6.1 The Scottish Procurement Journey provides one source of guidance for the Scottish public sector. It is updated on a regular basis to take account of changes in legislation and provides a best practice, online tool which leads organisations through the various stages of the procurement process. It incorporates specific guidance and template documents to help ensure legislative requirements are achieved.
- 6.2 The co-operative will utilise the Procurement Journey Toolkit to determine the best procurement option for each procurement exercise i.e. Journey Routes 1, 2 or 3.

7. Regulated procurement

- 7.1 In carrying out procurement activities, the Co-operative will comply with the Procurement Reform (Scotland) Act 2014, Public Contracts Scotland Regulations 2015 and all EU Procurement Thresholds (OJEU).
- 7.2 Regulated procurement thresholds as at 1 January 2018 are detailed below:

Legislation	Supplies and Services (excl VAT)	Work Contracts (excl VAT)
Procurement Reform (Scotland) Act 2014	£50,000	£2,000,000
European public contracts directive (2014/24/EU)	£189,330	£4,733,252

- 7.3 In doing so, the Co-operative will:
- advertise all regulated procurement on the Public Contracts Scotland website or award contracts through a Framework established under the terms of the Public Contracts(Scotland) 2016 Regulations by the association or to which the association has access
 - use electronic means of communicating all regulated procurement procedures
 - utilise the European Single Procurement Document (ESPD) when seeking potential suppliers
- 7.4 In most situations the procurement of regulated supplies, services or works

will require some form of consultancy to ensure that the Co-operative meets its legislative requirements.

8. Unregulated procurement

8.1 The procurement of supplies, services and works below regulated thresholds will follow the same overall principles as regulated procurement, in terms of obtaining value for money in an open, transparent and non-discriminatory manner. The Co-operative will make its procurement requirements known to the market in a proportionate manner by advertising opportunities on our website, in trade journals, and through open market engagement.

9. Summary of regulated tender process

9.1 There are a number of routes to market as detailed below:

- Open procedure
- Restricted procedure
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership procedure

9.2 The above routes are designed for varying circumstances, however, the routes most commonly used by the Co-operative will be the 'open' (single stage) or 'restricted' (two stage) procedure.

9.3 In most cases the restricted procedure will be followed, whereby an initial selection process is carried out to shortlist suppliers. This is followed by a more detailed tender submission for those who have passed the initial selection process. Open procedure is generally used where a limited number of suppliers can meet the tender requirements and consequently, the number of participants is likely to be restrictive. In the open procedure all suppliers will be invited to tender, following completion of the ESPD.

9.4 Processes will comprise:

- Issue of initial project notifications (PIN), where streamlined procedures are to be followed
- Publication of a Contract Notice to commence the tender procedure
- Selection assessment (shortlisting) in the case of a restricted procedure
- Invitation to tender (ITT) issued to all interested parties (open procedure) or shortlisted parties (restricted procedure)

- Tender assessment - based on quality/price
- Publication of Contract Award Notice
- 10 day 'standstill' period in the case of regulated procurements, prior to appointment of the preferred tenderer
- Constructive feedback to all successful and unsuccessful bidders, where requested

10. Collaborative working

- 10.1 The Co-operative will consider procuring contracts through a 'Central Purchasing Body' where value for money can be demonstrated. A Central Purchasing Body is a public body that has procured a contract for specific works, supplies or services on behalf of themselves and/or other public bodies. Where procuring through this route, the Co-operative 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.
- 10.2 To benefit from economies of scale, increased efficiency and enhanced value for money, the Co-operative will seek opportunities to procure supplies, services and works in partnership with Drumchapel Community Ownership Group (Drumcog) and or other Registered Social Landlords. We will enter into such an arrangement where a business case demonstrates that benefits can be realised for the Co-operative, our tenants and the wider community.

11. Sustainable Procurement

- 11.1 When designing regulated procurements, the Co-operative will consider its sustainable duty and seek ways to:
- Improve the economic, social and environmental wellbeing within communities
 - Offer opportunities for small and medium enterprises, third sector bodies and supported businesses
 - Encourage innovation through award criteria that takes account of positive environmental activities, including design and materials, manufacturing, logistics, service delivery, recycling and waste disposal

12. Community Benefits

- 12.1 Community benefits will be included within all regulated and some nonregulated procurement. The required outcomes will generally be determined in accordance with the duration and value of the contract.

12.2 Community benefits are not limited to but may include:

- Activities to assist job readiness of disadvantaged groups or individuals by improving skills, abilities and confidence
- Creating training and employment opportunities
- Maximising income for communities who are financially disadvantaged
- Progressing initiatives to improve the local environment
- Accessing new funding streams to sustain community projects
- Supporting local initiatives or groups through the provision of financial assistance, proportionate to the contract value or by in-kind contributions

13. Living wage

13.1 As a living wage employer, the Co-operative is committed to promoting the Scottish Living Wage and will encourage suppliers and contractors to adopt the same commitment.

14. Health & safety

14.1 All consultants and contractors will be required to demonstrate the highest commitment to health and safety before being considered for work. Through award criteria, contractors will be asked to demonstrate how they promote and manage health and safety. This may be supported by the provision of appropriate risk assessments and method statements.

15. Tender returns

15.1 All medium and high valued procurements will be submitted electronically on Public Contracts Scotland. In doing so, tenders will be held within a secure postbox, until the deadline for submissions expires, and the postbox can be unlocked.

15.2 A Tender Opening Team will be formed, comprising at least three members of staff. This will normally involve the Director or Assistant Director, the relevant Manager and a member of the Project Team.

15.3 The Co-operative will not accept any tenders submitted after the deadline for submissions and suppliers should be notified where this arises.

15.4 Where only two tenders are received, consideration should be given to re-starting the process, with a view to securing higher levels of engagement. In making such a decision consideration should also be given to the size of the market and likelihood that additional interest will be obtained.

- 15.5 If only one tender is received consideration should be given to why this has occurred e.g. has the market been restricted in some way or has the opportunity been unattractive. In such cases, consideration may need to be given to restarting the tender process.
- 15.6 All tender openings will be recorded in the Co-operative's tender register. This will contain the following information:
- Details of the tender
 - Date and time of opening
 - Names of those present
 - Names of contractors issued with tender documents
 - Names and prices of tenders received
 - Signed by the Tender Opening Team.

16. Tender award

- 16.1 All tenders will be awarded on the basis of the most economically advantageous tender which balances price and quality. This will be assessed against the award criteria and weighting specified within the tender documents.
- 16.2 The preferred tender will be checked to ensure that there are no arithmetic errors. Where a tender appears to have an abnormally low price, the Co-operative will retain the right to carry out a further assessment to ensure that the project can be delivered effectively and within cost.
- 16.3 Effective award criteria will ensure that responses from suppliers clearly address the most critical aspects of the specification and allows the evaluation panel to make a fair and equal comparison of the bids received.
- 16.4 Examples of award criteria include:
- Quality
 - Technical merit
 - Qualifications and experience of staff, where this may have a significant impact on the level of performance
 - Innovation, design and functional characteristics, where appropriate
 - Maintenance, ongoing technical support or after sales service
 - Delivery methods, project management arrangements, including safe working practices or period of completion
 - Life cycle costing
 - Test reports and certification
 - Community benefits

- Sustainable procurement

- 16.5 Tenders must only be accepted in accordance with authorisation levels included within the Co-operatives Financial Regulations and Procedures or where prior approval for delegated authority to accept a tender has been granted by the Board.
- 16.6 Appropriate letters relating to the award will be issued to all parties in accordance with the best practice and using the templates available via the Procurement Journey. All tenderers will be provided the opportunity to obtain feedback on their submissions.
- 16.7 Upon awarding the contract an appropriate Award Notice shall be issued on Public Contracts Scotland.

17. Contract Management and Reporting

- 17.1 All contracts should be carefully monitored to ensure that services are delivered in accordance with the conditions of the contract. High value and or risk contracts will generally require the highest level of management with a reducing requirement as value/risk diminishes.
- 17.2 Contractor performance will be reported to the board on an on-going basis, however, high value, short term contracts will require greater levels of reporting. Performance monitoring and reporting should focus upon key outcomes, including:
- Adherence to the programme
 - Services delivered within cost
 - Quality of service or supplies
 - Customer service and satisfaction
 - Number of complaints and approach to complaint resolution
 - Adherence to health and safety
 - Community benefit outcomes
 - Specific measures

18. Equality and diversity

- 18.1 Equality and diversity reflect the core values of the Co-operative. We strive to ensure these values are embedded throughout all of the services we provide in addition to our policies, procedures and decision-making. We are committed to promoting an inclusive and diverse culture that treats every individual with dignity, respect and fairness. We will actively challenge discrimination and empower people to succeed.

- 18.2 We will ensure that the Procurement policy is applied in a manner that is consistent with our Equality and Diversity Policy. We will not discriminate against anyone because of their age, sex, marital status, sexuality, disability, race, nationality, language or social origin, or other personal features including beliefs or opinions such as religious beliefs or political opinions.
- 18.3 Reference can be made to our Equality and Diversity Policy for further details.

19. Dealing with complaints

- 19.1 All complaints will be dealt with in accordance with the Co-operative's complaints handling procedure and as a learning organisation we will utilise information from both complaints and comments to improve our services.

20. Contracts register

- 20.1 The Co-operative will maintain an online register of all regulated procurements.

21. Policy review

- 21.1 This policy shall be reviewed every three years or sooner as deemed necessary by the Board.