

NORTH VIEW Housing Association

North View is a recognised Scottish charity – charity registration number SC032963

POLICY

PROCUREMENT

Passed:-	26th October 2016	Review Date:-	<i>September 2021</i>
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All North View policies and publications can be made available on tape, in Braille, large print and community languages.

For further details please contact us on 0141 634 0555 or email us at enquiries@nvha.org.uk

1.0 INTRODUCTION

- 1.1 In this policy we outline the broad principles that we will use to procure works, services, and supplies.
- 1.2 We do not anticipate spending a lot of money on works, supplies, and services, so our policy is succinct, but proportionate to the scope and extent of the procurement activities we undertake currently and expect to do for the foreseeable future, and 'fit for purpose'.

2.0 POLICY OBJECTIVES

- 2.1 Through the implementation of this policy, we aim to meet the following objectives:-
 - Compliance with our legal obligations in respect of the process of procuring works, services, and supplies.
 - Secure 'value for money' for the Association through the procurement process.
 - Ensure our procurement methodology is effective and proportionate.
 - To establish and record how the Association will procure each works, service, and supply item.
- 2.2 Our main aim is to establish procurement processes that are transparent, fair and equitable for each and every purchase of works, supplies and services that we make.

3.0 LEGAL OBLIGATIONS AND GOOD PRACTICE

Legal framework

- 3.1 As a Registered Social Landlord, in terms of the procurement of works, services, and supplies, North View Housing Association must comply with the Application of the Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, and the Procurement (Scotland) Regulations 2016.
- 3.2 The Scottish Regulations largely clarify and support the current European Union (EU) Regulations, but now also enshrine them in Scots Law.



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3.3 The legislation covers the procurement of works, services, and supplies.

'Works' are defined as being activities like construction of new houses, demolition of existing buildings, and reactive repairs; 'services' cover activities like consultants services, grass cutting, and servicing gas boilers; and supplies are to do with the buying or leasing of goods, and/or materials e.g. the purchase of photocopy paper for the Office.

3.4 All contracts, awarded by the Association, fall within the scope of the Scottish Government Regulations, or the European Union Regulations when they exceed certain cost thresholds. The thresholds are exclusive of VAT. Both thresholds are discussed below.

European Union Regulated Contracts

3.5 The European Union (EU) has set thresholds for 'Work' contracts, 'Service' contracts, and 'Supplies' contracts. If we plan to carry out activities that will exceed these thresholds, then we have to abide with EU regulation and follow the EU processes for letting such contracts. Contracts for works exceeding the threshold are known as 'European Union Regulated Contracts'.

3.6 The EU thresholds are reviewed periodically; at the time of writing, the 'Work' contracts threshold is set at works in excess of £4million, and the 'Service' contracts threshold is for services exceeding £164,000. £164,000 is also the threshold for the value of 'Supplies' contracts. Updates to the thresholds are posted on www.publiccontractsscotland.gov.uk.

3.7 If we procure a contract that covers two of the elements of 'Works', 'Services' and 'Supplies', then the lower threshold value will apply i.e. £164,000. Similarly should that contract cover all three elements, the lowest threshold applies, again, £164,000.

3.8 Committee will determine the procurement methodology for these types of contract, but it will be set within the procurement framework dictated by EU regulation.

3.9 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 have to procure the contract in accordance with procedures set out in the regulations, including the requirement to adequately advertise the contract, nationally and throughout Europe. We comply with all these advertising requirements by posting notice of the contract via the Public Contract Scotland website (www.publiccontractsscotland.gov.uk), but we



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have to ensure that we allow the required 'lead in' time before appointment.

Scottish Government Regulated Contracts

- 3.10 The Scottish Government's 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.
- 3.11 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 £50,000 for services or supplies, and £2million for works.

To comply with this, we advertise Scottish Government Regulated Contracts on the Public Contract Scotland website (www.publiccontractsscotland.gov.uk).

- 3.12 If the cumulative projected value of a service or supply contract over a continuous period of five years exceeds £50,000, the Association will treat that contract as similar to a Scottish Government Regulated Contract, and procure it accordingly.
- 3.13 If we procure a contract that covers two of the elements of 'Works', 'Services' and 'Supplies', then the lower threshold value will apply i.e. £50,000. Similarly should that contract cover all three elements, the lowest threshold applies, again, £50,000.
- 3.14 Committee will determine the procurement methodology for these types of contract, but it will be set within the procurement framework dictated by the Scottish Government.

Exclusions

- 3.15 The Regulations provide a limited number of specific exclusions, including the purchase of an interest in land, and the purchase of newly completed or existing dwellings.

4.0 PROCUREMENT METHODOLOGY

- 4.1 The manner in which we procure contracts will vary, depending on the nature of the contract and the anticipated value of that contract.
- 4.2 We will establish processes to be used to:-
i) procure contracts of estimated value in excess of the thresholds for



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- ii) procure one off works contracts estimated to cost more than £50,000, but less than £2,000,000 (the Regulated Contract threshold contained in the Regulations).
- iii) procure supplies and/or services contracts which are estimated as costing more than £50,000 over a period of five consecutive financial years, but less than £164,000 (the threshold contained in the Regulations), and
- iv) procure contracts with an estimated value of less than £50,000 over a period of five consecutive financial years.

4.3 We will use the following Scottish Government websites to facilitate our procurement process:-

- i) Procurement Journey
- ii) Public Contracts Scotland
- iii) Information Hub, and
- iv) Quick Quote

4.4 The methodology we use for procuring all Work, Service, and Supplies contracts will be set out in our Procurement Register.

5.0 CONTRACTS OF £50,000 OR LESS

5.1 The Management Committee has overall responsibility for the procurement of all contracts of a value of £50,000 (ex VAT) or less. The Committee will establish a framework for the activities, and delegate authority (to members of staff) to oversee the procurement process. (These issues are covered in our Procurement Register.)

5.2 The Association has set the following 'authorisation thresholds' for contracts with an estimated expenditure totalling less than £50,000 over a period of five consecutive financial years.

The Association's staff will abide by the following authorisation limits.

Works

5.3 The Association's Director can instruct works up to a value of £15,000 (excluding VAT). The Association's Maintenance Manager, Housing Manager, and Finance Manager can each instruct works up to a value of £12,000 (excluding VAT). The Association's Maintenance Officer can instruct works up to a value of £2,000 (excluding VAT), and the Maintenance Assistants can instruct works up to the sum



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of £1,000 (excluding VAT).

Services

- 5.4 The Association's Director can instruct the purchase of services up to a value of £6,000 (excluding VAT). The Association's Maintenance Manager, Housing Manager, and Finance Manager can each instruct the purchase of services up to a value of £3,000 (excluding VAT). The Association's Maintenance Officer and Finance Officer can each instruct the purchase of services up to a value of £1,500 (excluding VAT), and the Maintenance Assistants can instruct the purchase of services up to the sum of £500 (excluding VAT).

Supplies

- 5.5 The Association's Director can instruct the purchase of supplies up to a value of £6,000 (excluding VAT). The Association's Maintenance Manager, Housing Manager, and Finance Manager can each instruct the purchase of supplies up to a value of £3,000 (excluding VAT). The Association's Finance Officer and Maintenance Officer can each instruct the purchase of supplies up to a value of £1,500 (excluding VAT), and the Maintenance Assistants can instruct the purchase of supplies up to the sum of £500 (excluding VAT).
- 5.6 In all instances:-
- i) authorisation is conditional upon the activity (on which the money will be spent) being pre-approved by the Management Committee i.e. the expenditure is included within a programme (or schedule) of works that has already been approved by the Management Committee, and/or is included within a budget that has been approved by the Management Committee.
 - ii) in the absence of the Director, the Maintenance Manager, or Finance Manager, or Housing Manager will assume Director's 'authorised limit' in relation to the procurement activities.

6.0 PROCUREMENT REGISTER

- 6.1 The Association will maintain a 'Procurement Register'. In this, we will i) list every activity that we intend to procure, ii) describe the process of procurement for each activity, and iii) identify the person responsible for overseeing the implementation of the process associated with each activity.
- 6.2 All our procurement activities are contained within three tables – Tables 1, 2, and 3. **Table 1** contains activities with an estimated value exceeding £164,000 over a five year consecutive period for services and/or supplies, and £4,000,000 for works costs i.e.



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activities affected by the EU's OJEU Regulations (OJEU stands for 'Official Journal of the European Community'). **Table 2** contains activities with an estimated cumulative value of between £50,000 and £164,000 over a five year consecutive period for services and/or supplies, and between £2,000,000 and £4,000,000 for works costs (i.e. activities affected by the Scottish Government's Regulations). **Table 3** contains activities with an estimated value of equal to or less than £50,000 over a period of five consecutive financial years.

- 6.3 In Tables 1 and 2, 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, any innovative outcomes or initiatives, any community benefits secured, and the person responsible for overseeing the procurement process.

In Table 3, we will record the activity, the action we will undertake to procure that activity, and justification for procuring the activity in the manner that we are doing.

- 5.4 The Procurement Register will be updated as required.

7.0 REPORTING

- 7.1 Management Committee will be kept informed of updates to the Procurement Register and receive current versions of the Register at least once a year.
- 7.2 For all contracts over the Scottish Government's Regulated Contract threshold (of £64,000 for Supplies or Services, and £2million for Works) where the cumulative spend in a financial year exceeds £5million, the Association will i) maintain a contracts register on line, ii) prepare a procurement strategy and report for each financial year, iii) comply with the Sustainable Procurement Duty (to improve the social, economic and environmental wellbeing of our area, to facilitate the involvement of Small and Medium sized Enterprise's and third sector organisations, to promote innovation), and iv) consider Community Benefits for contracts greater than £4million in value.

It is unlikely that our cumulative spend on Works, Services, and Supplies will exceed £5million in any single year.

- 7.3 The Association's Management Committee will receive an annual report on all the Association's procurement activities where the cumulative spend in a financial year falls below £5million. The report will be issued within six months of the financial year end, and shall include i) a list of all procurement activities, ii) a comparison of actual expenditure with projected expenditure for each activity, iii) comment on the



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effect (our procurement activities have had) on the social, economic and environmental wellbeing of our area, iv) how we have involved Small and Medium sized Enterprise's and third sector organisations in the procurement process, and v) highlight any initiatives that were inherent in, or grew out of, procurement activities.

8.0 FINANCE

- 8.1 Projected expenditure for all procurement related activities are included in our annual budget, and short, mid, and long-term financial forecasts.
- 8.2 Our expenditure on procurement related activities are included within the quarterly management accounts, which are monitored by our Finance Sub-Committee.

9.0 TRAINING

- 9.1 The Association will implement a learning and development programme for Committee Members and Staff to raise awareness of the responsibilities that this Policy places upon them. Staff will be given supplementary training (where required) to help them to discharge the duties placed upon them by this Policy and the Procurement Register.

10.0 GOVERNANCE

Personal interest

- 10.1 Committee Members and employees of the Association are obligated to disclose interest if someone with whom he/she has 'close connection' (as defined in Table A of Appendix 1 of both Committee and Staff Codes of Conduct) in accordance with the process set out within the Code.
- 10.2 North View Housing Association will not approve the appointment of a firm if a Committee Member and/or employee of the Association has a financial interest in that firm, or is a close relative of a person with a financial interest in that firm.
- 10.3 The Association 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 Association.

Inducement

- 10.4 The Association requires that all Staff immediately alert their manager, and



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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.

- 10.5 Firms are similarly bound to alert the Association's Director and/or Chairperson immediately should any inducement be sought by any member of the Association's Staff or Committee. Such action is viewed as a serious breach of the Association'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.

Tender Opening

- 10.6 Any tenders received (either in hard copy or electronically to a postbox facility) will be opened by a Committee Member in the presence of at least two other Committee Members and a Senior Member of the Association's Staff Team (i.e. the Director, Maintenance Manager, Housing Manager, or Finance Manager).
- 10.7 The details of the received tenders, the Committee Member who opens the tenders, and the persons present at the opening will be recorded in the Association's Tender Register.

11.0 EQUALITIES

- 11.1 North View Housing Association 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.
- 11.2 In advertising the contracts, the Association will seek to encourage open competition, and implement processes that promote equal treatment and transparency.

Code of Conduct

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



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- 11.4 The Code lists the standard of behaviour expected by firms when dealing with our tenants, owners and other residents and stakeholders.
- 11.5 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.
- 11.6 Failure to adhere to the Code will be taken seriously by the Association and appropriate follow-up action will be taken.

END OF POLICY

AMENDMENTS

23/3/11	Policy established
26/9/12	Policy amended
25/11/15	Policy reviewed
26/10/16	Policy reviewed



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