



MOLENDINAR PARK HOUSING ASSOCIATION

PROCUREMENT POLICY

Revised: September 2021

Date of Next Review: September 2024

Molendinar Park Housing Association

3 Graham Square

Glasgow G31 1AD

Registered in Scotland 2400 R (S)

Registered Scottish Charity SC043725

Registered Property Factor PF 000125

POLICY

1. Introduction

Molendinar Park Housing Association (MPHA) intends to deliver its objectives and meet its Regulatory requirements through cost effective procurement practices. We will work creatively and collaboratively to support the local economy in our communities.

This policy describes how MPHA will purchase, or 'procure' works, goods and services. The term 'procurement' as used in this policy covers the process of purchasing the full range of works, goods and services we require, ranging from small items purchased from the petty cash float to large development and planned maintenance contracts awarded following a full tendering process.

2. Policy Aims & Objectives

The key aim's 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 MPHA as detailed in the business plan
- To ensure that the business needs are met through procurement of works, services or supplies

3. Value for Money

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.

In all our procurement activities we will aim to achieve the best 'value for money' in a sustainable manner by ensuring that, whenever appropriate, we assess quality, cost and sustainability. We recognise that the lowest cost will not necessarily provide the best value in the longer term.

We aim to demonstrate that we are procuring in a manner that improves the economic,

social and environmental well-being (this includes reduction of inequality) of the communities in which we operate.

4. Sustainability

To help achieve a sustainable procurement approach, we will.

- Consider how to facilitate and involve Small to Medium sized Enterprises (SMEs) in our procurement activities. To encourage SMEs to bid for contracts the Association will, for example, give consideration to splitting contracts into smaller lots. We will also develop a framework for our smaller reactive repair's contractors.
- Actively encourage contractors and suppliers to pay the Living Wage
- Promote compliance with the Health & Safety at Work Act 1974 and relevant updates
- Consider and maximise the community benefits that we secure through all of our procurement activities
- Pay contractors in a timeous manner and ensure prompt payment of invoices (within 30 days)
- Ensure that our contractors and suppliers operate in an ethical manner and sign up to our Code of Conduct and our Association values.

In making procurement decisions we will also seek to contribute to maintaining and improving the environment, both by purchasing recycled or 'environmentally friendly', fair and ethically traded goods whenever possible and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.

5. Legislation

We will ensure that our procurement processes are fair and comply with legal requirements including UK procurement rules and Scottish Government legislation, particularly the changes required by the Procurement Reform (Scotland) Act 2014.

Public procurement in the UK 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](#)

The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded. Where tenders are being considered on the basis of price,

quality and sustainability, a scoring matrix will be developed. Examples of these would be, for services, particularly consultant services the price/quality balance would be 30/70 as a minimum. For works, the price/quality balance would be 40/60 as a minimum or similar.

The factors scored will vary depending on the nature of the goods or service being procured, with the weighting of the different factors considered and determined in advance. The scoring criteria will be included with tender packs.

Regulatory Standards:

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.

Any breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event and the Regulator will be informed via the SHR Portal.

6. Procurement Routes

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

When contracts are above a certain value (Scottish National or UK/ GPA Contract Thresholds) more detailed rules apply. These contracts are advertised on Public Contracts Scotland (PCS), those above the GPA must also be advertised in the 'Find a Tender Service' (FTS) through Public Contracts Scotland (PCS) and the full formal procedures are followed. The threshold values are listed in Appendix 2.

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 2.

The UK Thresholds will be reviewed in line with the World Trade Organisation's (WTO) Government Procurement Agreement (GPA), which 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.

Procuring Through Framework Agreements

In certain circumstances, it may be beneficial for the Association to establish and /or join existing external framework agreements. The Association will seek to identify, in the first instance, a suitable framework which can provide the works, goods, services it requires. E.g. Scotland Excel, SPA, Link Group, Wheatley Group, etc.

7. 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](#)

8. 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 staff member managing the contract.

8.1 Director

- Ensure effective implementation of this policy and supporting procedures.
- Ensure staff are aware of the policy and supporting procedures
- Ensure value for money from procurement activity is achieved
- Ensure community benefit arrangements are in place and are being monitored
- Co-ordinate and publish the Association's Procurement Strategy

8.2 Finance / Corporate Services (Non-Maintenance Contracts)

- Oversee implementation of this policy and procedure document
- Monitor implementation of this policy and procedure document
- Co-ordination of Association wide procurement as per policies and procedure
- Development and review of procurement processes and procedures
- Work in partnership with relevant Section Managers to procure works and services
- Record and log all procurement activities
- Ensure relevant training is in place for staff
- Development and implementation of the Association's Procurement Strategy when required
- Comply with this policy and procedure document
- Monitor purchase order system
- Monitor authorisation levels
- Carry out finance checks and assist with due diligence

- Obtain VFM

8.3 Senior Housing Officer

- Oversee implementation of this policy and procedure document for his/her areas of responsibility
- Ensure community benefit arrangements are in place and being monitored

8.4 Asset Manager (Maintenance Contracts)

- Co-ordination of Association wide procurement as per policies and procedure
- Development and review of procurement processes and procedures
- Work in partnership with relevant Section Managers to procure works and services
- Record and log all procurement activities
- Report to the Senior Management Team, Management Committee and services subcommittee the outcome of its procurement activity
- Implementation of the Association's tender programme
- Obtain and evidence VFM

8.5 All Staff

- Comply with this policy and procedure document
- Obtain and evidence VFM

9. Delegation of Authority to Incur Expenditure

Where the proposed expenditure is already included in the approved annual budget, the Committee will delegate the authority to incur expenditure to the appropriate member of staff, as detailed in the Association's Financial Regulations and per the Association's scheme of delegation summarised in Appendix 1.

Where the proposed expenditure is not included in the approved annual budget because; it was not considered when the budget was drawn up, could not reasonably have been foreseen, or because the expenditure will result in an approved budget becoming overspent, the Committee may delegate authority to approve expenditure up to specified limits.

10. Unregulated Contracts - Obtaining Prices, Quotations and Tenders

Appendix 1 sets out the different methods of obtaining prices, quotations and tenders that must be followed when procuring goods and services. These methods are based on the value of the procurement and show the acceptable procurement method and the necessary level of approval.

- **Prices**
For items under the current cost limit which do not require quotations or tenders, the authorised member of staff will, where appropriate and/or possible, seek to check at least two alternative prices either by telephone, by accessing a current

catalogue or price list, or by requesting details by e-mail.

- **Quotations**

Quotations should be requested in writing. The authorised member of staff will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received. Quotes received must be recorded and filed in the central quote file (Procurement/Quotation Register)

- **Low Value Tenders (£5,000 to £50,000)**

Quotations should be requested in writing, procured via 'Quick Quotes' on the PCS portal or called off a suitable framework. The authorised member of staff will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received. Quotes received must be recorded and filed in the central quote file (Procurement/Quotation Register).

11. Regulated Contracts

There are two categories of regulated contracts: 1) 'Scottish National' between £50,000 & the GPA Threshold and 2) 'GPA Regulated' above the GPA threshold.

Where the contract is equal to or greater than the relevant threshold (see Appendix 2) then that contract will be publicly procured 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 value.

The Single Procurement Document (Scotland) (SPD) replaced the European Single Procurement Document (ESPD) Pre- Qualifying Questionnaire from 31st January 2021 for regulated contracts

The questions contained in the SPD 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 SPD must be submitted on behalf of the sub-contractor.

All supplies and services contracts with an anticipated contract value of £50,000 and above and works contracts with an anticipated contract value of £2,000,000 and above must be 'widely advertised' and the Scottish procurement portal "Public Contracts Scotland" website is deemed to meet this requirement

www.publiccontractscotland.gov.uk

However, MPHA conforms to good practice guidelines and will aim to advertise all contracts with an estimated value of over £20,000. The only exception to this is where MPHA can call upon a suitable Framework (internal or external) already in place.

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:

12. Procurement Process via Public Contracts Scotland (PCS)

Contracts that require to be advertised may involve a two-stage tender process for selecting contractors i.e. a Single Procurement Document (SPD) and invitation to tender. The SPD 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 SPD, those bidders will be invited to tender.

12.1 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 SPD 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

12.2 Tendering procedures

Contract documentation will be according to the scope and size of the contract and should include, but not limited to:

- Invite to Tender
- Instruction to tenderers including tender return date
- A full description of the works or scope of the project
- Contractor's brief and proposed KPIs
- 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

12.3 Tendering opening procedure and record keeping:

- Should a Procurement Consultant be used, they will take on responsibility and recording of any incoming tenders.
- Tenders will not be opened before the submission date (this will not be possible through PCS in any event as the electronic mail box is locked until after the closing date).
- The date and time received will be electronically stamped when opened through PCS. If we receive a hard copy tender the date and time received will be marked clearly on the envelope and signed by the member of staff accepting delivery.
- Tenders that are sent in a paper form 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 one staff member if they are opened by procurement consultants through PCS. If the paper copies are opened in the office then it should be in the presence of two staff members and at least one committee member. The witnessed tenders are then recorded and filed in the central quote file (Procurement/Quotation Register).
- Award notification will be issued within 21 days.
- Following award, these will be inserted into the contracts register.
- Pen drives will be labelled and stored in MPHA secure safe for recommended retention period

12.4 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 or similar 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 Asset Manager and Director prior to contracts being advertised.

Following a contract award, a tender report will be submitted to the Management Committee or delegated Sub-Committee for their information.

13. Contracts Register

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

- Date Procured
- Contract details/ Purpose
- Successful Supplier
- Method of Procurement
- Total Contract Value (Ecl. VAT) £
- Contract/ Framework Start
- Contract/ Framework End
- Maximum extension period

14. 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.

15. Framework of Small Works 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.

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.

16. Monitoring and review of the Framework of Contractors for maintenance works

The Framework of maintenance contractors will be monitored and maintained by the Asset Manager on an ongoing basis and reviewed by the Services 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 considered when reviewing a contractor's performance:

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

17. Joint Procurement

It is recognised that where joint procurement is undertaken the control of particular appointments etc. will be shared with partner organisations and although some of the administration may be the responsibility of another organisation ultimate decision making in terms of final approval of proposals will remain with the Association.

18. Community Benefits

Community Benefit Clauses can be used to build a range of economic, social or environmental conditions into the delivery of contracts. Community Benefits can provide added value and contribute to the achievement of outcomes which benefit local communities and deliver wider social benefit.

The Association will comply with the legal duty for explicit Community Benefits clauses required on all contracts above £4m that commence on or after 1 June 2016.

Additionally, MPHA will always consider Community Benefits for all procurement when purchases are over £50k for goods and services, and over £500k for works. The Association recognises that Community Benefits must be proportionate to the value of the contracts being procured and that a one size fits all approach is not possible.

19. Equal Opportunities

Molendinar Park 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 1 – Scheme of Financial Delegation

To order and authorise: -

1. Capital Expenditure (Properties)

	Details (Estimated expenditure)	Authorisation	Procurement/ Minimum Quotes Required
a	Purchase of a Property within Budget allocation	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager	N/A
b	Purchase of a Property out with Budget allocation	<input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee	N/A
c	Consultants Fees/Works Costs – payments within approved contract sums	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Finance / Corporate Services	N/A
d	Contract Variation under £10,000 plus VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Finance / Corporate Services	N/A
e	Contract variation £10,000 and above	<input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee <input type="checkbox"/> Emergency arrangements – meeting with office bearers	N/A
f	New Build Development	<input type="checkbox"/> Relevant Sub-Committee <input type="checkbox"/> Management Committee <input type="checkbox"/> Solicitors <input type="checkbox"/> Consultancy <input type="checkbox"/> Contractor	Per Contract / PCS or through existing Frameworks (e.g. Scotland Excel, SPA, etc.)

**2. Property Management, Maintenance, Estate Management and Sundry
(within Budget parameters)**

	Details (Estimated Expenditure)	Authorisation (by one of)	Procurement/ Minimum Quotes Required
a	Up to £500 plus VAT	<input type="checkbox"/> All staff	N/A
b	Up to £1,000 plus VAT	<input type="checkbox"/> Housing Assistant	Direct Award through relevant supplier
c	Up to £5,000 plus VAT	<input type="checkbox"/> Assistant Maintenance Officer <input type="checkbox"/> Asset Compliance Officer	2 Quotes
d	Up to £10,000 plus VAT	<input type="checkbox"/> Senior Housing Officer <input type="checkbox"/> Finance / Corporate Services <input type="checkbox"/> Asset Manager	2 Quotes/ Or Quick Quote through PCS
e	> £10,000 plus VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee <input type="checkbox"/> In line with Procurement Policy <input type="checkbox"/> Emergency arrangements – meeting with office bearers	PCS or through existing Framework (e.g. Scotland Excel, SPA, etc.)

3. Capital Expenditure Items (Within overall Budget parameters)

	Details (Estimated Expenditure)	Authorisation	Procurement/ Minimum Quotes Required
a	Under £15,000 plus VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager	2 Quotes
b	Over £15,000 plus VAT	<input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee <input type="checkbox"/> In line with Procurement Policy	2 Quotes

4. Supplies/Goods

	Details (Estimated Expenditure)	Authorisation	Procurement/ Minimum Quotes Required
a	Up to £500 plus VAT	<input type="checkbox"/> All staff	N/A
b	Up to £1,000 plus VAT	<input type="checkbox"/> Housing Assistant	Direct award through relevant supplier
c	Up to £5,000 plus VAT	<input type="checkbox"/> Assistant Maintenance Officer <input type="checkbox"/> Asset Compliance Officer	2 Quotes/ Or Quick Quote through PCS
d	Over £5,000 plus VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee	2 Quotes/ Or Quick Quote through PCS or through existing Framework (e.g. Scotland Excel, SPA, etc.)

5. Services/Consultancy

	Details	Authorisation	Procurement/ Minimum Quotes Required
a	Up to £10,000 + VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Finance / Corporate Services	Management Committee/Sub-Committee Approval 2 Quotes (except where specialist service or time limited)
B	>£10,000 + VAT	<input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee	Management Committee/Sub-Committee Approval 2 Quotes (except where specialist service or time limited) Or Quick Quote through PCS or through existing Framework (e.g. CHA, Scotland Excel, SPA, etc.)

6. New project Expenditure in year – no allocated Budget

	Details	Authorisation	Procurement/ Minimum Quotes Required
a	Under £5,000 + VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Finance / Corporate Services	2 Quotes Full report to Committee
B	>£5,000 + VAT	<input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee	2 Quotes Full report to Committee

7. Revenue Overspends

	Details	Authorisation	Procurement/ Minimum Quotes Required
a	Up to £5,000 + VAT	<input type="checkbox"/> Director <input type="checkbox"/> Asset Manager <input type="checkbox"/> Finance / Corporate Services	N/A
B	>£5,000 + VAT	<input type="checkbox"/> Services Sub-Committee <input type="checkbox"/> Management Committee	N/A

Appendix 2 – Procurement Thresholds

Regulated Contract Thresholds

Public Contracts (Scotland) Regulations 2015

In order to achieve compliance with the regulations, the Association requires to:
Advertise, (via FTS all goods and services which are above the thresholds set by the
GPA

These thresholds are reviewed annually and publicized on the Scottish Government website.	GPA [formerly EU] (gross 20% VAT)	GPA [formerly EU] Indicative Value (net of VAT)	Scottish National
Thresholds for public contracts from 1 January 2020 are as follows; Works	£5,336,937	£4,447,447	£2,000,000
Supplies or Services	£213,477	£177,897	£50,000
Light regime services – e.g. social services, legal services	£663,540	£552,950	
Small lots/Supplies Services	£70,778	£58,982	
Small lots/Works	£884,720	£737,267	