



Policy Title: Procurement Policy

Policy Manual Section: Governance

Date Approved by Board: June 23

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Procurement Policy	
<p>Regulatory Standard</p> <p>Regulatory Standard 3: The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay</p> <p>Regulatory Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose</p>	<p>Regulatory Guidance</p> <p>3.1: The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times.</p> <p>4.3: The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems of risk management and mitigation, internal control and audit.</p>
<p>This Policy also supports the Association in meeting certain outcomes and standards contained within the Scottish Social Housing Charter most recently updated in November 2022.</p>	
<p>Charter Standard</p> <p>2. Communication: Social landlords manage their businesses so that:</p> <ul style="list-style-type: none"> • tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides. <p>13. Value for Money: Social landlords manage all aspects of their businesses so that:</p>	<p>Charter Outcome</p> <p>This outcome covers all aspects of landlords' communication with tenants and other customers. This could include making use of new technologies such as web-based tenancy management systems and smart-phone applications. It is not just about how clearly and effectively a landlord gives information to those who want it. It also covers making it easy for tenants and other customers to make complaints and provide feedback on services, using that information to improve services and performance, and letting people know what they have done in response to complaints and feedback. It does not require landlords to provide legally protected, personal or commercial information.</p> <p>This outcome covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of</p>

<ul style="list-style-type: none"> • tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay. 	<p>contracts; giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers; involving tenants and other customers in setting rents and service charges; and in monitoring and reviewing how landlords give value for money.</p>
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1. Introduction

1.1 This Procurement Policy sets out the requirements, considerations and processes which Cadder Housing Association (**Cadder**) will follow when procuring contracts for the supply of services, the supply of goods and material and / or the execution of works.

1.2 All Cadder Board, employees, agency staff and freelance consultants shall comply with the terms of this Policy, irrespective of grade, position or length of service.

1.3 This Policy may be suspended either in whole or in part by a decision of the Board in respect of the proposed award of any contract upon the joint recommendation of the Chief Executive, and/or any relevant Senior Management Team member and the Chair, provided there are special circumstances justifying the suspension.

1.4 Cadder procurement will take cognisance of the law as further discussed in section 4 of this policy.

1.5 The Scottish Government has legislated for any changes arising from leaving the European Union (such as changes to spend thresholds), but none of the changes has fundamentally changed the requirements for advertising and awarding public contracts. The process of open & transparent procurement, advertising contracts and observing minimum timescales remain in place.

1.6 Cadder seeks to procure services in a manner that not only complies with current legislation and best practice but also to work creatively and in collaboration to support the local economy in Cadder and the wider area.

1.7 Among other things, the Association will also address the Sustainable Procurement Duty as set in the Procurement Reform (Scotland) Act 2014. This requires that procurement activities where relevant and proportionate, must seek to improve the economic, social and environmental wellbeing of the local Cadder community. This includes reducing inequalities in the local community.

1.8 The term 'procurement' as used in this policy covers the process of purchasing the full range of goods and services we require, ranging from small items purchased by the Association to planned maintenance and large development contracts awarded following full tender.

1.9 This policy should be read in conjunction with Business Planning documents and related policies, as well as the Standing Orders, Financial Regulations, the

Scheme of Delegation, the Entitlements, Payments and Benefits Policy, the Bribery Policy, and the Code of Conduct for Board and employees.

2. Policy Aims

Policy Aim

Cadder will aim to ensure Value for Money (**VFM**) is achieved in respect of our activities. It will ensure that all decisions in relation to the procurement of goods, services and works are delivered with proper probity, whilst both being fair and being seen to be fair and transparent.

Policy Objectives

- a) The objectives of this policy are to ensure that Cadder:
- Complies with our legal obligations with respect to the process of procuring works, services and supplies for Cadder.
 - Is able to demonstrate that value for money has been achieved through the procurement process.
 - Ensures that all suppliers appointed by us are sufficiently competent, have sufficient resources and are committed to improving the service provided to our tenants and customers.
 - Are committed to protecting the health and safety of our employees, tenants, customers, members of the public and suppliers' employees.
 - Demonstrates transparency, confidentiality and fairness in the procurement selection process.
 - Ensures our procurement methodology is proportionate and effective for contracts being procured.
 - Ensure that expectations of tenants, customers, colleagues and other key stakeholders are met and continually improved.

3. Definitions

Contract	The agreement with the supplier or contractor to deliver the goods, services or works. Depending on the contract value this can range from an exchange of emails through to detailed and formal contract documentation.
Contract award	The point at the end of the procurement process when the decision is made on which supplier or contractor is to be deemed the successful tenderer and from whom Cadder will purchase the goods, services or works. Where a contractor is appointed directly from a

	framework, the contract award date is when the signed letter of acceptance is issued to the contractor.
Contract value	The contract value is the total estimated value, over the full lifetime of the contract including any potential extension periods, e.g. an annual spend of £10k on a 3 year contract with a 1 year extension clause = £40k contract value
Full Tender	Publicly advertised tendering opportunity
Framework Agreements	A framework agreement is an agreement put in place with a provider or range of providers that enables buyers to place orders for services without running lengthy full tendering exercises.
Open Tender Process	Where the tender opportunity is advertised on PCS as a single stage process open to all bidders
Procurement	The process of purchasing the full range of goods, services and works required to deliver Cadder's activities. These range from small items purchased from the petty cash float to large housing development and planned maintenance works contracts awarded following a full tendering process.
Public Contracts Scotland (PCS)	An electronic tendering system, advertising tendering opportunities within Scotland
Quick Quote	Tendering process via PCS website which is not openly advertised, but instead where we will invite approved contractors to submit their best price/methodology to delivery goods or services or works.
Threshold Values	<p>Scottish Government published contract values above which specific types of organisations must comply with legislative requirements for procurement, including advertising tender opportunities. Financial thresholds set for the Act and the 2015 Regulations (further defined below) are reviewed and confirmed or revalued by Scottish Ministers every 2 years with the next review scheduled for January 2024.</p> <p>Current Threshold Values relevant to Cadder are set out in the table at Appendix 1.</p>

4.0 Legal and Regulatory Requirements and Statutory Duties

4.1 This Policy has been developed with reference to

- Procurement Reform (Scotland) Act 2014 (the **Act**)
- The Procurement (Scotland) Regulations 2016 which are made under the Act, and add detail to the Act's procurement requirements. In this policy, when we refer to the Act, we also refer to these regulations.
- The Public Contracts (Scotland) Regulations 2015 (**2015 Regulations**)

4.2 Following the UK's departure from the European Union and the expiry of the transition period, all of the above legislation has been amended to reflect the exit from the Union.

4.3 When procuring contracts for goods, services or works, Cadder must comply with the **Act** for contracts with Threshold Values over limits set out in the **Act** – see Appendix 1 for those Threshold Values. Any contracts valued over the Act's Threshold Values are called **Regulated Contracts**.

In addition, Cadder must comply with the **2015 Regulations** when procuring contracts that are valued over higher Threshold Values set for those 2015 Regulations – again, see Appendix 1 for those Threshold Values.

In all cases, Cadder will take into account, as required:

- The Scottish Housing Regulator's Regulatory Framework – Standards of Governance and Financial Management for RSLs April 2019
- Statutory Guidance and Procurement Policy Notes issued by the Scottish Government.

4.4 There are a number of specific statutory duties under the Act which will apply to the procurement of any contracts which are subject to the terms of the Act. Under the Act the principal statutory duties in respect of Regulated Contracts are as follows:

- **The Sustainable Procurement Duty:** Cadder must consider, before starting a procurement competition, how, by the way in which it conducts the procurement process, it might improve the economic, social, and environmental well-being of its local area, how it might facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses, and to consider how it can promote innovation. Having considered and identified how these aims might be achieved, the Act requires Cadder to conduct its procurements in a way designed to secure the improvements identified.
- **Community Benefit requirements:** The Act requires that, for any regulated procurement with an estimated value equal to or greater than £4,000,000

(excluding VAT), Cadder must consider whether to impose community benefit requirements as part of the contract delivery before carrying out the procurement. Cadder must include in the contract notice relative to the procurement a summary of the community benefit requirements it intends to impose or, if it is not going to include any community benefit requirements, the reasons for not including any such requirements.

- **Contracts Register:** The Act requires Cadder to publish (online) publish (online) a register of all Regulated Contracts, that is contracts entered into following procurement exercises under the Act. (for any procurements commencing on / after 18 April 2016).

5.0 Procurement Routes and Responsibilities

Please note that Cadder commissions external support for all of our procurement activities as required. Whilst this Policy outlines the options, routes and responsibilities by which we are bound, expert advice from our procurement specialist should be sought for all procurement activities which are bound by the Act or the 2015 Regulations.

5.1 The flowchart at **Appendix 2** has been provided with this Policy to assist in determining which statutory requirements apply to a particular procurement.

5.2 There are six procurement routes that can be chosen, these apply to procurements under the 2015 Regulations. There are no prescribed procurement procedures or timescales under the Act, but Cadder may, if appropriate, use any one of the procurement routes. The six procurement routes are summarised using the Scottish Government procurement journey website (<https://www.procurementjourney.scot/>). For full explanations and operation, please refer to the 2015 Regulations and the procurement journey.

5.2.1 The Open Procedure: This is where you send all bidders (who responded to the advertised opportunity) the full Invitation to Tender documents. This means there is no separate selection stage. The open procedure can be used freely in any circumstances and for any type of contract and Framework Agreement. Any interested bidder may submit a tender. However, in some cases it can be beneficial to choose a procedure where the number of the bidders can be reduced at the selection stage based on their capability and capacity, especially if Cadder does not have enough resources (such as time) to conduct a full open procedure.

5.2.2 Restricted Procedure: The Restricted Procedure should be used for procurement exercises where market analysis has shown many bidders could meet Cadder's needs and may bid. The Restricted Procedure is a two-stage process. The first stage is a selection process, where the bidders' capability, capacity and experience to perform the contract is assessed i.e. the SPD (Scotland) is used to shortlist bidders. This means the number of bidders can be

reduced at the selection stage. The second stage is when the Invitation to Tender is issued and the bids are assessed to determine the most economically advantageous tender, the basis of contract award. Only shortlisted bidders are then invited to submit a tender.

5.2.3 Competitive Procedure with Negotiation: This procedure lets you clarify bids with bidders after their submission of fully formed initial tenders. You should use this procedure if you are unable to define how to meet your needs technically and/or you cannot specify the legal or financial requirements of your contract. This procedure should not be used for 'off-the-shelf' services or goods, where many suppliers can deliver the service or product. The use of Competitive Procedure with Negotiation must be justified, and the reasons recorded. You can also use the Competitive Procedure with Negotiation where all the submissions received for an Open or Restricted Procedure that you have conducted are classed as either irregular or unacceptable.

5.2.4 Scottish Government guidance examples for use of Competitive Procedure with Negotiation are: procuring services or goods that require adaptation or design inputs, in cases of complex purchases, such as sophisticated products, intellectual services or major information and communication technology tools.

5.2.5 Competitive Dialogue: You cannot use this procedure when your requirements can be provided by many different market operators, or it is an off-the-shelf service or supply. The use of Competitive Dialogue must always be justified, although there is no need to include that justification in your Contract Notice. Unlike the Competitive Procedure with Negotiation, here the specification requirements concentrate on your organisation's needs without having to detail the nature, characteristics, or solutions to be offered.

5.2.6 Scottish Government guidance examples for use of Competitive Dialogue are: highly complex and risky projects; procuring innovative projects where you are unable to specify your requirements (e.g. your technical, financial or legal solutions) and therefore bidders may have a major role in defining the solution; you cannot assess without in-depth dialogue on what the market can offer; and where Open or Restricted Procedures may not deliver the expected outcomes.

5.2.7 Negotiated Procedure without Prior Publication: This procedure should be limited to cases where publishing a call for competition e.g. Contract Notice, is not possible. Organisations relying on this procedure should provide reasons why there are no reasonable alternatives or substitutes.

5.2.8 Scottish Government guidance examples for use of Negotiated Procedure without Prior Publication are: no bids or no suitable bids are received; no requests to participate or no suitable requests to participate to a previous Open or Restricted tender exercises; where it is necessary for reasons of extreme urgency and these events have been caused by unforeseeable events and not caused by

your Organisation; or where the supplies or services can only be provided by a particular supplier (such as the purchase of a unique work of art or artistic performance).

5.2.9 Innovation Partnership: An Innovation Partnership must only be used where there is a need for the development of an innovative product or service and the subsequent purchase of these cannot be met by solutions already available on the market. The use of this procedure must be justified. The Innovation Partnership Procedure aims to solve an existing problem i.e., organisations not being able to purchase directly from the developer without further competition. This was because the original research and development contract was awarded without competition.

5.2.10 In most cases, Cadder will use either an Open Procedure or a Restricted Procedure, if progressing a procurement under the 2015 Regulations.

6.0 Awarding Contracts Under Threshold Values

6.1 Contracts with an estimated value below the Threshold Values set out in both the 2015 Regulations and the Act do not require to be procured in accordance with the terms of the 2015 Regulations or the Act but must be procured in accordance with the requirements of this section of this Policy.

6.2 Contracts with an estimated value below the prescribed Threshold Values do not need to be advertised or publicly procured in terms of the Act and the 2015 Regulations, but contracting authorities like Cadder must ensure a degree of advertising and follow a procedure leading to the award of the contract which is sufficient to enable open competition and comply with general principles of equal treatment, non-discrimination, transparency, and proportionality.

Legislation	Estimated Value of Contract (excl. VAT unless otherwise stated)	Procedure to be Followed
Neither the Act nor the 2015 Regulations apply	All contracts: services, supplies, works: Below £5,000	Minimum of TWO quotations to be obtained. Lowest priced contractor/supplier to be appointed
	All contracts: services, supplies, works: Between £5,000 and £25,000	Aim for THREE with a minimum of TWO quotations . Appointment on either price or Most Economically Advantageous Tender (MEAT).
	All contracts: services, supplies, works: Between £25,000 and £50,000 (the Act's Threshold Value for	Minimum of THREE competitive quotations via Quick Quote (QQ) using standard documentation. Appointment on either price or MEAT. See Route 1 of the Procurement Journey.

	<p>everything other than works)</p> <p>Works contracts: Between £50,000 (the Act's Threshold Value for everything other than works) and £2,000,000 (the Act's Threshold Value for works)</p>	<p>Best practice tender process to be followed with at least 3 competitive tenders via Scottish Contract Notice on Public Contracts Scotland (PCS). Contractor evaluated as being the MEAT to be appointed. See Route 2 of the Procurement Journey.</p>
<p>The Act applies</p>	<p>Services and supplies contracts: Between £50,000 (the Act's Threshold Value for works) and the 2015 Regulations Threshold Values for services (see Appendix 1 – this varies depending on the services)</p> <p>Works contracts: Between £2,000,000 (the Act's Threshold Value for works) and £5,336,937 (incl. VAT) (the 2015 Regulations Threshold Value for works)</p>	<p>Formal Scottish tender process to be followed with at least 3 competitive tenders via Scottish Regulated Contract Notice on PCS. Contractor/ supplier evaluated as being the MEAT to be appointed. See Route 2 of the Procurement Journey.</p>
<p>Both the Act and the 2015 Regulations apply</p>	<p>Services and supplies contracts: Over the 2015 Regulations Threshold Values for services (see Appendix 1 – this varies depending on the services)</p> <p>Works contracts: Over £5,336,937, incl. VAT (the 2015 Regulations Threshold Value for works)</p>	<p>Full Tender process with at least 3/5 competitive tenders via Contract Notice on PCS and full tendering procedure. MEAT contractor/ supplier appointed. See Route 3 of the Procurement Journey.</p>

7.0 Framework Agreements

7.1 Rather than conducting a stand-alone procurement procedure in respect of a particular requirement, Cadder may consider procurement through a framework agreement.

What is a Framework Agreement?

7.2 A framework agreement is an 'umbrella agreement' that sets out the terms (particularly relating to price, quality and quantity) under which individual contracts ("call-offs") can be made throughout the period of the agreement (which will be, generally, a maximum of 4 years).

7.3 Framework agreements can be set up for one contracting authority to use or can be set up for a number of contracting authorities to use.

7.4 Cadder may set up its own framework agreements or it could explore, in relation to a particular requirement, whether there is an existing framework agreement put in place by another contracting authority under which Cadder is entitled to draw down the required supplies, services, or works.

7.5 Pre-procured frameworks which Cadder may be able to access include frameworks established by organisations such as Scotland Excel, Procurement for Housing, and the Scottish and UK Governments.

7.6 Framework agreements are either concluded with a single supplier or with multiple suppliers and are generally split into lots and by region.

7.7 It is usually the case that frameworks are based on large volume buying, and this can generate VFM as they can enable individual buyers to access economies of scale and source services at lower prices, or with special added benefits and/or more advantageous conditions. VFM should not however just be assumed.

Contract Award under a Framework Agreement

7.8 If the framework agreement is awarded to one provider, then Cadder can simply call-off the requirement from the successful supplier as and when it is needed (Direct Award). Where the framework is awarded to several suppliers, there are two ways in which call-offs might be made:

7.8.1 Where the terms laid out in the framework agreement are detailed enough for Cadder to be able to identify the best supplier for that requirement, then Cadder can award the contract without re-opening competition (Direct Award). The terms laid out in the framework should be reviewed as some stipulate using the first ranked supplier.

7.8.2 If the terms laid out in the framework agreement are not specific enough for Cadder to be able to identify which supplier could offer them best value for money for that requirement, a further mini-competition would be held between all the suppliers on the framework agreement who can meet the need. Please note that ALL suppliers awarded on to a particular lot have to be invited to bid for the mini

competition (unless the terms of the framework agreement itself sets other arrangements for mini competitions).

8.0 Financial Implications

8.1 Following the UK's exit from the EU, Scottish Ministers must now revise the Threshold Values every two years to ensure that they remain aligned to thresholds set out in the World Trade Organisation's Government Procurement Agreement ("GPA").

8.2 Under the rules of the GPA, the Threshold Values for the 2015 Regulations must include VAT. Therefore, current Threshold Values set out in Appendix 1 show the 2015 Regulation Threshold Values inclusive of VAT, while the Threshold Values under the Act exclude VAT.

- The current Threshold Values under the 2015 Regulations are relevant to procurement exercises which commence on, or after, 1 January 2022. They will be reviewed next on 1 January 2024.
- Separately, the Act Threshold Values may be reviewed by the Scottish Parliament at any time, and this policy will be updated if these change.

9.0 Procurement Strategy and Annual Report

9.1 The Act now requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of that next financial year. This requirement also applies to an organisation that becomes aware of having this level of spend during the year. As our annual regulated spend is currently below this level, Cadder does not at present require to produce a Procurement Strategy and an Annual Report on its procurement activity.

9.2 However, on an annual basis, we will review our anticipated value of contracts that will be placed in the coming year to establish if a Procurement Strategy and a Procurement Report are required in any one year. This will also be an opportunity to establish if there is scope and benefit to developing a framework for suppliers and to ensure our continued compliance with our procurement duties.

9.3 We will ensure that a Contracts Register is produced and agreed by the Board on an annual basis to confirm all contracts made and include how they have been procured. The Contract register will also confirm the duration of the contract, to allow for transparency of all live contracts.

9.4 In the spirit of openness and accountability, we will include a summary of our procurement activity within our Annual Report, which is issued to our tenants and other stakeholders.

10.0 Equalities Impact

This Policy must be interpreted in accordance with fundamental general principles of equal treatment, non-discrimination, transparency, and proportionality.

This policy will have no direct impact upon the 'protected characteristics' contained within the Equality Act 2010.

We will however, be aware of the way in which we present this Policy to employees and potential contractors and the language and process that we use when discussing any aspect of this Policy with them

11.0 Monitoring and Review

The Chief Executive Officer is responsible for ensuring that this Policy, and the policies and procedures which support it, are followed by all Board Members and members of staff involved in the procurement process.

The Chief Executive Officer is responsible for ensuring that staff implement this Policy and the relevant procedures, when procuring goods and services

This policy will be reviewed by the Board at least every 3 years.

Appendix 1: Threshold Values

The tables below list Threshold Values, to be considered by Cadder when considering, whether the Act or the 2015 Regulations apply to a proposed contract opportunity.

Threshold Values for application of the **Act**:

Contract for:	Threshold Value (including VAT):
Supplies or Services	£50,000
Works	£2,000,000

Threshold Values for application of the **2015 Regulations** (applicable from 1 January 2022):

Contract for:	Threshold Value (including VAT):	Indicative Value (net of VAT):
Supplies or Services	£213,477	£177,897
Works	£5,336,937	£4,447,447
Light touch regime for some services – e.g. social services, legal services	£663,540	£552,950
Small lots: Supplies and services	£70,778	£58,982
Small lots: Works	£884,720	£737,267

Appendix 2 – Procurement Decision Flow Chart

NOTE: All threshold values should be checked before final decisions are made to allow for increased values, or variations that apply for specific services, for example, social care and other services, including legal services.

