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Last Reviewed	August 2024
Department	Corporate
Title	Procurement & Value for Money Policy
Objective	To describe the Association’s approach to the procurement of goods, services and works
Responsible	Management Committee
Next Review Date	August 2026

1.0 Overview

This Policy sets out the approach we will follow when procuring contracts for the supply of services, the supply of goods and materials and / or the execution of works.

This Policy has been created to help deliver the ambitions set out within the Procurement Strategy. All procurement activity undertaken must have regard to the terms of our Procurement Strategy and the values, objectives and goals set out in it.

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

This Policy is subject to the over-riding provisions of United Kingdom and / or Scottish legislation. It is also subject to any UK Government or Scottish Government guidance on public procurement that may be issued from time to time.

All our employees shall comply with the terms of this Policy. Failure by any employee to comply with the terms of this Policy may result in disciplinary action.

This Policy may be suspended either in whole or in part by a decision of the Management Committee in respect of the proposed award of any contract, provided there are special circumstances justifying the suspension. Any query regarding the application or interpretation of this Policy should be made in the first instance to the Chief Executive.

2.0 Aims of Policy

This Policy aims to ensure:

- We maximise Value for Money when procuring contracts
- That all procurement is in line with our Entitlements, Payments and Benefits Policy

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- That the expectations of tenants, staff, colleagues and other key stakeholders are met
- We make best use of the commissioning process and that there is sufficient flexibility to ensure expenditure can be increased and decreased as necessary within the financial year

3.0 Legal Framework

We will comply with all legal and regulatory requirements governing procurement when procuring contracts including:

- The Procurement Reform (Scotland) Act 2014
- The Public Contracts (Scotland) Regulations 2015

4.0 Related Policies and Procedures

This Policy should be read in conjunction with the following policies and procedures:

- Procurement Strategy
- Financial Regulations
- Standing Orders
- Entitlements, Payments and Benefits Policy
- Authorisation and Standard Charges and Allowances Policy
- Fraud and Theft Policy
- Anti Bribery and Corruption Policy
- Contract Management Policy

In the event of any conflict or inconsistency between the terms of this Policy and any provisions in any of the above policies relating to public procurement of contracts, this Policy shall take precedence.

5.0 Overview of Procurement Procedures

When procuring contracts for goods, services or works, we must comply with the Public Contracts (Scotland) Regulations 2015 (“the Regulations”) and the Procurement Reform (Scotland) Act 2014 (“the Act”).

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We are subject to a two-tier procurement regime, in terms of which the Regulations will apply to contracts with a value which meets or exceeds the relevant UK thresholds, and the Act will apply to contracts with a value below such UK thresholds but with a value which is equal to or greater than the thresholds set out in the Act).

The UK procurement thresholds values change every two years and the table below lists updated contract value thresholds that Contracting Authorities (Housing Associations) must follow for all UK procurement procedures from 1 January 2024. More information can be found on Scottish Government website.

Contracting Authorities	Public Contracts Type	New Threshold (net of VAT @ 20%) at 1 January 2024
Central government bodies	Supplies or Services	£116,407
Other contracting authorities (e.g. HA, RSL, LA etc)	Supplies or Services	£179,087
All Contracting Authorities	Works	£4,477,174
	Small lots / Supplies or Services	£58,982
	Small lots / Works	£737,267

5.1 Scottish Procurement Thresholds

Contracting Authorities	Public Contract Type	Threshold (net of VAT) at 1 January 2024
All Contracting Authorities	Supplies or Services	£50,000
	Works	£2,000,000

The procedure for the award of any contract depends upon the estimated value of that contract. The relevant threshold values and the associated Procurement Procedure that must be applied are detailed in the table below.

All values are exclusive of VAT and relate to the full life of the contract (including any potential extensions or renewals).

Contract Type	Contract Value (net of VAT, as at 1 January 2024)	Procurement Procedure
Works	£4,477,174 and above	OJUK Procedure under the 2015 Regulations – please refer to Section 6
Supplies / Services	£179,087 and above	OJUK Procedure under the 2015 Regulations – please refer to Section 6

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Contract Type	Contract Value (net of VAT, as at 1 January 2024)	Procurement Procedure
Works	£2,000,000 to £4,477,174	Regulated procurement under the 2014 Act – please refer to Section 7
Supplies / Services	£50,000 to £179,087	Regulated procurement under the 2014 Act – please refer to Section 7
Works / Supplies / Services	Up to £50,000 (Supplies/Services) or £2,000,000 (Works)	Unregulated procurement – please refer to Section 8

The prescribed threshold values set out in the above table will be automatically revised in accordance with any subsequent amendment to the threshold values set by the UK for supply, services or works contracts (the next amendment being due to take effect from 1 January 2026).

All other financial limits specified in this Policy shall be subject to review from time to time.

The procedure for the award of any contract depends upon the estimated value of that contract. The relevant threshold values and the associated procurement procedure that must be applied are detailed in the procurement procedure document.

The route chosen will be clearly documented by staff and a record retained as to how the value of the contract and route selected were chosen.

Support for all procurement activities can be found via the Scottish Governments Procurement journey; <https://www.procurementjourney.scot/node>

The Procurement Journey is intended to support all levels of procurement activities and to help manage the expectations of stakeholders, customers and suppliers alike and facilitates best practice and consistency across the Scottish public sector.

Where we undertake any procurement activity in relation to the Regulations or the Act, we will bring in a procurement consultant to support this exercise, recognising that we do not have this expertise in house.

6.0 Regulated Procurements under the Public Contracts (Scotland) Regulations 2015

6.1 Overview of the Regulations

The Regulations apply to the following types of contract:

- Contracts for goods or services with an estimated value of £179,087 (excluding VAT) or more
- Contracts for works with an estimated value of £4,477,174 (excluding VAT) or more

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- Contracts for certain health, social and other services with an estimated value of £552,950 (excluding VAT) or more

The above types of contract must be advertised in the UK e-notification service / Official Journal (OJUK) and publicly procured in accordance with one of the defined procedures set out in the Regulations, which will include a formal standstill period before a contract can be entered into with the successful tenderer.

Certain categories of services are exempt from the full terms of the Regulations. In addition, certain contracting arrangements are exempt from the terms of the Regulations and such arrangements do not need to be publicly procured. Any procurement which is subject to the terms of the Regulations must comply with general principles of:

- Transparency – contract procedures must be transparent and contract opportunities should be publicised
- Equal treatment and non-discrimination – potential suppliers must be treated equally
- Proportionality – procurement procedures and decisions must be proportionate
- Mutual recognition – giving equal validity to qualifications and standards from other Member States, where appropriate.

We will award contracts under the Regulations on the basis of the *"Most Economically Advantageous Tender"* (MEAT). The MEAT means the tender offer that is most economically advantageous to us having regard to the subject matter of the contract and including matters such as:

- Quality
- Price
- Technical merit
- Aesthetic and functional characteristics
- Environmental characteristics
- Running costs
- Cost effectiveness
- After-sales service
- Technical assistance
- Delivery date
- Delivery period or period of completion

(All as may be considered appropriate in relation to any particular contract).

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We will not award contracts which are subject to the Regulations on the basis of lowest price only, they will be awarded on a mix of price and quality. We will not artificially split (de-aggregate) requirements under the Regulations to avoid the application of the Act and/or the Regulations (e.g. a single requirement for services with a value of £200,000 cannot be the subject of two separate contracts of £100,000 each).

Where a proposed contract is “mixed”, e.g. if it contains both works and services / supplies or services and supplies, we will classify it according to the main subject of the contract and then the largest subject value (i.e. supply and fit 50 new kitchens, main subject is the supply then the fit of the kitchens). If, for example, the estimated value of the kitchen supply is £1,200 and the fit (works) cost is £1,000 then the main subject and higher value is the supply then the contract is a Supply. This approach will be followed for all contracts.

If the mixed contract comprises both services and supplies, or services covered by both the main regime, the main subject of the contract is determined by reference to which part of the contract has the greater value.

6.2 Procurement of contracts under the Regulations

An overview of each of the most relevant procedures under the Regulations is set out in this Section of the Policy.

Each of these procedures is subject to certain minimum timescales.

In relation to all procedures under the Regulations:

We will place a specific tender notice in the supplement to the OJUK, via Public Contracts Scotland, and will consider whether it would be appropriate to also advertise in a suitable professional / trade journal or the press.

Following the contract award decision, we will notify the successful and unsuccessful bidders of the contract award decision. Unsuccessful bidders must be given information on the scores they obtained, the reasons why they obtained those scores and the “*characteristics and relative advantages*” of the successful bidder’s tender submission compared to their own tender submission as follows:

- A mandatory “standstill” period must be observed between the date of the notices informing tenderers of the outcome of the procedure and awarding the contract
- If Contract Award Notices are issued electronically, then the standstill period starts on the day after the date of issue of the contract award notices and ends at midnight on the tenth day from that day
- If Contract Award Notices are issued by post, then the standstill period starts on the day after the date of issue of the contract award notices and ends at midnight on the fifteenth day from that day
- If the last day of the standstill period is not a working day, then the standstill period must be extended to include the next working day, for example, if the ten or fifteen-day standstill period ends on a Saturday, then the period must be extended until the next Monday

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- Once the applicable standstill period has expired, we may enter into a contract with the successful tenderer
- Following completion of the tender procedure, we must publish a contract award notice in the OJUK, via the Public Contracts Scotland website
- Any complaint about, or challenge to a contract award we make, or any situation which could be reasonably expected to lead to such a complaint or challenge, must be notified to the member of our staff leading the procurement

6.3 Procurement Procedures under the Regulations

6.3.1 Open Procedure

The Open Procedure is a single stage procedure in terms of which all interested parties may submit a tender in response to the contract advertisement. There is no separate pre-qualification stage in the Open Procedure, although tenderers will be required to complete a document known as a Single Procurement Document (SPD) as part of their tender submission.

Use of the SPD under the Open Procedure

The SPD is a standard-form document, which will include a range of mandatory and discretionary grounds for exclusion. Bidders will need to confirm in their completed SPD that none of the mandatory and discretionary grounds for exclusion applies to them and / or their organisation.

The SPD may also include a number of “pass / fail” questions or questions in relation to which a minimum score must be achieved. Bidders will be required to achieve a “pass” or the minimum score in relation to these questions in order for their tender to be fully evaluated by us.

The SPD has replaced the requirement for suppliers to provide up-front evidence or certificates by allowing them to self-declare that they meet certain selection and exclusion criteria.

Bidders will be asked to provide proof that they meet the mandatory minimum criteria at a later stage in the tender process or they can be asked to provide the evidence at the SPD selection stage.

By law, a winning bidder has to submit all of the required certificates and documentation, before they are awarded a contract. We can ask bidders to submit their evidence at any point in the procurement process, if this is necessary to ensure that the process is carried out properly.

In an open, or one-stage, procedure, we will ask the successful bidder to provide their supporting evidence at the point of contract award but before any contract is entered into, if this has not already been requested with the SPD.

If, following review of supporting evidence submitted by a successful bidder, we find a bidder to have misrepresented itself, we will need to consider the following:

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- If we identify that a bidder is actually in one of the situations which is a mandatory ground for exclusion, or if it does not meet one of the minimum selection criteria, then we **must** exclude that bidder from the competition (depending on the nature and stage of the competition, that may mean either that we proceed without that bidder, or that competition should be re-evaluated without that bidder's tender)
- If we identify that a bidder is in one of the situations which is a discretionary ground for exclusion, then we will need to consider whether or not to exclude that bidder (the decision to exclude must be made in line with the general principles of transparency, proportionality, equality of treatment and non-discrimination)
- If the issue is more administrative in nature (for example, mistakes in providing the required documentation), then we will have the option of inviting the bidder to supplement or clarify the documentation provided

Clarification of tenders under the Open Procedure

Under the Open Procedure, we can ask tenderers to clarify aspects of their tenders following submission (SPD, Quality and Price). However, material changes to the terms of tenders are not permitted and we may not negotiate with tenderers after submission of tender responses.

6.3.2 Restricted Procedure

The Restricted Procedure is a two-stage procedure in terms of which all interested parties may submit an expression of interest in response to the contract advertisement.

We then issue an SPD to interested parties and follow a pre-qualification stage – only those candidates which meet our selection criteria (as set out in the SPD) will be short-listed and invited to the tender stage of the process.

We must invite a minimum of five suppliers to tender unless fewer suitable candidates have met the selection criteria and these are sufficient to ensure genuine competition.

Use of the SPD under the Restricted Procedure

The SPD is a standard-form document, which will include a range of mandatory and discretionary grounds for exclusion. Bidders will need to confirm in their completed SPD that none of the mandatory and discretionary grounds for exclusion applies to them and / or their organisation.

The SPD may also include a number of “pass / fail” questions or questions in relation to which a minimum score must be achieved and bidders will be required to achieve a “pass” or the minimum score in relation to these questions in order for their tender to be fully evaluated by us.

The SPD has replaced the requirement for suppliers to provide up-front evidence or certificates by allowing them to self-declare that they meet certain selection and exclusion criteria. We will ask bidders to provide proof that they meet the mandatory minimum criteria at a later stage in the tender process or to provide the evidence at the SPD selection stage.

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By law, a winning bidder must submit all of the required certificates and documentation, before they are awarded a contract. We can ask bidders to submit their evidence at any point in the procurement process, if this is necessary to ensure that the process is carried out properly.

In a restricted, or two-stage, procedure, we will ask the successful bidder to provide their supporting evidence at the point of contract award but before any contract is entered into, if this has not already been requested with the evidence in the SPD.

If, following a review of the supporting evidence submitted by a successful bidder, we found that the bidder has misrepresented itself, we will need to consider the following:

- If we identify that a bidder is in one of the situations which is a mandatory ground for exclusion, or if it does not meet one of the minimum selection criteria, then we **must** exclude that bidder from the competition (depending on the nature and stage of the competition, that may mean either that it proceeds without that bidder, or that competition should be re-evaluated without that bidder's tender)
- If we identify that a bidder is in one of the situations which is a discretionary ground for exclusion, then we will need to consider whether or not to exclude that bidder (the decision to exclude must be made in line with the general principles of transparency, proportionality, equality of treatment and non-discrimination)
- If the issue is more administrative in nature (for example, mistakes in providing the documentation), then we will have the option of inviting the bidder to supplement or clarify the documentation provided

Clarification of tenders under the Restricted Procedure

We can ask tenderers to clarify aspects of their tenders following submission (SPD, Quality and Price) similar to the Open Procedure but we cannot make, material changes to the terms of tenders and we may not negotiate with tenderers after submission of tender responses.

6.3.3 Competitive Dialogue Procedure

The Competitive Dialogue Procedure is suitable for more complex and / or high value procurements. Interested parties can submit an expression of interest in response to the Contract Notice.

We may then carry out a short-listing exercise (using an SPD) and only those meeting our selection criteria will be invited to dialogue.

We must invite a minimum of three suppliers to dialogue unless fewer candidates have met the selection criteria and these are sufficient to ensure genuine competition, that is, at least two.

We then enter into a dialogue with bidders to develop one or more suitable solutions to meet our needs. There is no set format that the dialogue must follow, it will usually consist of a series of meetings with each tenderer with each meeting focusing on different aspects of the procurement, for example: financial, technical and legal.

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However, whichever format is used, we should be careful to ensure that all tenderers are treated equally and are given the same opportunities to access relevant information.

During the course of the dialogue we are able to reduce the number of bidders provided that we confirm we intend to do so in the Contract Notice or Invitation to Participate in Dialogue. If we choose to down select, we should ensure that at least two tenderers remain in the dialogue until it concludes.

When an appropriate solution has been identified, we will conclude the dialogue phase and invite final tenders. We may require all final tenders to be based on one solution identified during the course of the dialogue or allow each tenderer to submit a bespoke final tender.

Following receipt of final tenders, we evaluate the tenders and select the best tender based on pre-specified award criteria.

Under the Regulations, Contracting Authorities may carry out further negotiations with the highest-scoring bidder, following an evaluation of the final tenders “to confirm financial commitments or other terms contained in the tender in order to finalise the terms of the contract”, as long as this does not materially change the essential aspects of the procurement or risk distorting competition or causing discrimination.

6.3.4 Competitive with Negotiation Procedure

The Competitive with Negotiation Procedure is suitable for more complex and / or high value procurements.

This procedure is a “hybrid” procedure because, as with the Restricted Procedure, it allows us to award a contract on the basis of an initial tender.

However, like the Competitive Dialogue Procedure, it also enables us to negotiate with tenderers who submitted an initial tender, and any subsequent tenders, until we decide to conclude those negotiations. There is no limit to the number of negotiation and tender stages.

Once we are satisfied that we have completed our negotiation exercise with each bidder, we must formally close the negotiation phase and invite final tender submissions. Final tenders are then submitted and evaluated, and the contract is awarded.

Unlike the Competitive Dialogue Procedure, the Regulations do not provide for any clarification or negotiation of the final tenders or the winning tender.

7.0 Regulated Procurements under the Procurement Reform (Scotland) Act 2014

7.1 Overview of the Act

We will comply with The Act as it applies to the following types of contract:

- Contracts for goods or services with an estimated value of between £50,000 and £179,087 (excluding VAT)

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- Contracts for works with an estimated value of between £2,000,000 and £4,477,174 (excluding VAT)

Such contracts must be advertised on the Public Contracts Scotland website and publicly procured in accordance with the terms of the Act, which imposes general obligations on Contracting Authorities to treat economic operators equally and without discrimination and to act in a transparent and proportionate manner.

Any procurement which is subject to the terms of the Act must comply with general principles of:

- Transparency – contract procedures must be transparent and contract opportunities should generally be publicised
- Equal treatment and non-discrimination – potential suppliers must be treated equally
- Proportionality – procurement procedures and decisions must be proportionate

Requirements under the Act cannot be artificially split (de-aggregation) to avoid the application of the Act (e.g. a single requirement for services with a value of £50,000 cannot be the subject of two separate contracts of £25,000 each).

Where a proposed contract is “mixed”, e.g. if it contains both works and services / supplies or services and supplies, it should be classified according to the main subject of the contract and then the largest subject value. For example, in the supply and fit of 50 new kitchens, the main subject is the supply then the fit of the kitchens. The estimated value of the kitchen supply is £1,200 and the fit (works) cost is £1,000 then the main subject and higher value is the supply, then the contract is a Supply. This should be followed for all contracts.

7.1.1 Specific Statutory Duties under the Act

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 or the Regulations.

The principal statutory duties under the Act are as follows:

The Sustainable Procurement Duty

We must consider, before starting a procurement competition, how, by the way in which we conduct the procurement process, we might improve the economic, social and environmental well-being of our area, how we might facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses and to consider how we can promote innovation.

Having considered and identified how these aims might be achieved, the Act requires us to conduct our procurement in a way designed to secure the improvements identified.

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Annual Procurement Strategy

The Act requires us to prepare and publish an Annual Procurement Strategy for each year in which we consider our total expenditure on Regulated Procurements will exceed £5,000,000.

Due to ambitions to develop new housing stock an Annual Procurement Strategy will be produced. This strategy follows the layout as set out in the Procurement journey and complies with all relevant legislation.

As part of producing an Annual Strategy we must also prepare an Annual Procurement Report. The report will include:

- A summary of the regulated procurements that have been completed during the year covered by the report
- A review of whether those procurements complied with the organisation's procurement strategy
- The extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply
- A summary of community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the report period
- A summary of regulated procurements expected to commence in the next two financial years

Although there is no deemed date for submission on the Annual Report, we will strive to report this as soon as practically possible after the financial year end.

The Director of Finance & Corporate Services is responsible for the Annual Procurement Strategy and Annual Procurement Report.

Contracts Register

We must keep and maintain a Contracts Register which must include details of all contracts entered into by us following a Regulated Procurement under the Act. In relation to each contract, the Contracts Register must contain the following information:

- The date of award
- The name of the successful contractor
- The subject matter of the contract
- The estimated value of the contract

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- The start date of the contract
- The end date provided for in the contract (disregarding any option to extend the contract) or, where there is no date specified, a description of the circumstances in which the contract will end
- The duration of any period for which the contract can be extended

We may delete an entry in our Contracts Register only after the contract to which it relates has expired or been terminated.

We will make the information contained in our contracts register publicly available on the internet via PCS and by such other means as we consider appropriate.

We may withhold an entry or part of an entry in the Contracts Register if we consider that making it publicly available would:

- Impede law enforcement or otherwise be contrary to the public interest
- Prejudice the commercial interests of any person
- Prejudice fair competition between economic operators

We will hold all our contracts in a designated folder - J:\Corporate\Key Information\Contracts, Licenses and Agreements

This is available for anyone in the organisation to view (unless sensitive information is contained in which case the contract will sit with the Policy Champion).

As part of the contract register regular supplier review meetings will be noted and monitored to ensure contract KPI's are being adhered to and where not, ensure action is being taken to address this.

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), we must consider whether to impose Community Benefit Requirements as part of the contract delivery before carrying out the procurement. ELHA will not seek community benefits in any contracts below the £4,000,000 threshold set out in the act.

We 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, or where applicable, the reasons for not including any such requirements.

Where we are requiring community benefits, The procedural document supporting this policy provides an example of how this will be carried out. Some of the key community benefits we seek are;

- Employment / Apprenticeship opportunities

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- Sponsorships of local events
- Mentoring opportunities
- Financial support for community properties
- Support for local projects

Other Non-Statutory Duties

Although not a requirement of the Act or the Regulations we impose other duties which must be adhered to with regards to regulated procurement;

- We must consult and engage with tenants where they will be directly or indirectly affected by the procurement being undertaken
- All contractors and sub-contractors must comply with and show evidence of compliance with Health and Safety at Work Act 1974 and any provision made under the Act. Compliance must form part of the quality assessment when assessing a tender – see Section 8 (where the contractor is for property repairs we will only accept tenders if they are CHAS registered or a similar scheme, for example, Construction Line)
- The payment of a Living Wage to persons involved in producing, providing or constructing the subject matter of the procurement
- The supplier must have the adequate level of insurance cover for the goods/services/works being procured. The expected levels for particular purchases are included in the procedure document to this policy
- Our Terms and Conditions must be issued to the supplier at the beginning of the procurement activity
- We must ask for a copy of their equal opportunities policy and complaints procedure or advise the supplier would have to accept ours
- Suppliers must sign up to our data sharing agreement (where applicable).

7.2 Procurement Procedures under the Act

There are no specific prescribed procurement procedures or timescales under the Act but we may, if appropriate, use any one of the procurement procedures under the Regulations described in Section 5 of this Policy for procuring contracts which are subject to the terms of the Act.

In relation to advertising of contract opportunities which are subject to the terms of the Act, the Contract Notice, Tender Documentation and Contract Documentation must be published on the Public Contracts Scotland website.

Tenderers should be advised to submit any clarifications through the Public Contracts Scotland website, and these clarifications and answers will be available to all bidders to ensure transparency and anonymity.

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Tenderers will be advised to only submit their tender submissions through the Public Contracts Scotland website. Any complaint about, or challenge to, our contract award procedure or any situation which could be reasonably expected to lead to such a complaint or challenge must be notified to the staff member leading the procurement.

8.0 Selection & Award Criteria – Contracts Under the Regulation & Act

In addition to the selection and award criteria noted in sections 6 & 7, all bidders should be asked for the last three years annual accounts (if available).

These should be passed to the Director of Finance and Corporate Services to ensure that all companies have sufficient financial capacity to undertake the contract. This financial assessment is not deemed necessary for unregulated spends (section 9).

The award criteria will be based on a mix of qualitative and cost criteria. This policy is unable to define the percentage mix of this as it will vary from purchase to purchase. As a rule of thumb, we would aim to score the award criteria section 60% on the quality of the tender and 40% on the price.

In selecting suppliers, mandatory exclusion grounds should be included on Health and Safety compliance. A supplier must evidence Health and Safety compliance performance over the last three years.

Included within the award criteria, we will always ensure that the supplier's methodology and approach proposal include how they will comply with H&S requirements.

The quality question in relation to the methodology and approach proposed and how these will comply with Health and Safety requirements must always include a weighting that places at least 25% of the quality marks available on this. Health and Safety is vital in tender and ensuring a sufficient amount of appropriate marks is allocated to this will ensure H&S risk is reduced.

As part of quality assessment 10% of the marks should be allocated to community benefits, when this is applicable.

A quality question around added value in terms of promoting innovations and improving the offering should be included as part of the assessment. This should be at least 10% of the marks available.

9.0 Unregulated Procurements – Contracts which are below threshold value

Contracts with an estimated value below the thresholds set out in the Regulations and the Act do not require to be procured in accordance with the terms of the Regulations or the Act but must be procured in accordance with the requirements of this Section of the Policy.

Contracts with an estimated value below the above prescribed thresholds do not need to be advertised in UK or publicly procured in terms of the Regulations but Contracting Authorities 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.

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Some of the non-statutory duties in section 7.1.1 must be adhered to when carrying out any unregulated procurement. We must still assess that the supplier complies with Health and Safety legislation, has an equal opportunities and complaints procedure, pays the real living wage on a pass/fail basis and signs up to our data sharing agreement.

Where the contractor is for property repairs, we will only accept tenders if they are CHAS registered or a similar scheme (ie Construction Line). Our staff will run this check themselves as part of the tender process.

In some unregulated procurements a formal contract may not be put in place. Depending on what is being purchased, this may be acceptable, however as a minimum we should ensure a Service Level Agreement is put in place.

9.1 Direct Awards below £25,000

This approach will not be used in relation to any partnership or other contractual document arrangement such as a loan document, approved by Management Committee, and where ELHA can only fulfil its contractual obligations using suppliers specified in the partnership or contractual document.

Where costs are below £25,000 the Chief Executive has Delegated Authority to award contracts for works / services / goods if:

- The Chief Executive considers it is appropriate to make the direct award
- The Management Committee deems there is a requirement for those services to be directly awarded and so instructs the Chief Executive accordingly

However, and in order to achieve Value for Money, due consideration will be given to using the Quick Quote (QQ) facility, where possible.

Management Committee will be asked to approve or homologate any such appointments, depending on the circumstances and timescales involved.

Estimated value of contract	Procedure to be followed
Below £5,000 works and services / supplies*	Work may be authorised within individual officer limits and contractor / supplier may be directly engaged without any form of public procurement exercise. Selection can be based on price only. Two quotes must be obtained.
Between £5,000 and £25,000 works and services / supplies*	Where possible, a minimum of three competitive quotations to be invited via Quick Quote (QQ). Selection can be based on price only.
Between £25,000 and £50,000 works services / supplies*	Where possible, a minimum of three competitive quotations to be invited via Quick Quote (QQ) using standardised documentation and processes (for example, a specification, Quality Document (if appropriate) and return date to be sent to all contractors / suppliers being asked to provide costs). Lowest priced contractor or Most Economically

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Estimated value of contract	Procedure to be followed
	Advantageous Tender (MEAT) should be used and to appoint.
Between £50,000 and £2m works*	Best Practice tender process to be followed with at least three competitive tenders invited via Scottish Contract Notice via PCS tendering procedure. Contractor evaluated as being the (MEAT) to be appointed.
Between £2m and £4,477,174 works and Between £50,000 and £179,087 services / supplies*	Formal Scottish tender process to be followed with at least three / five competitive tenders invited via Scottish Regulated Contract Notice via PCS full tendering procedure. Contractor / supplier evaluated as being the (MEAT) to be appointed.
Over £4,477,174 works and Over £179,087 services / supplies*	Formal OJUK tender process to be followed with at least three / five competitive tenders invited via UK Regulated Contract Notice via PCS full tendering procedure. Contractor / supplier evaluated as being the (MEAT) to be appointed.

** out with any existing Measured Term Contracts (MTC) values that are imbedded within a contract*

10.0 Framework Agreements

Rather than conducting a stand-alone procurement procedure in respect of a requirement, we will consider procurement through a framework agreement

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 a maximum of four years).

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. We may set up our own Framework Agreements or we could explore in relation to a particular requirement, whether there is an existing Framework Agreement put in place by another Contracting Authority under which we are entitled to draw down the required supplies, services or works.

Where we set up our own framework agreement (or partnering agreement if using our subsidiary company) the Board must approve this prior to the framework (or partnering agreement) being tendered.

Pre-procured frameworks which we may be able to access include Frameworks established by Buying Solutions, Procurement for Housing and the Scottish and UK Governments.

Framework Agreements are either concluded with a single supplier or with multiple suppliers. Often, Framework Agreements are split into lots.

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10.1 Do Framework Agreements need to be Advertised in OJUK?

A call-off is where an individual package of work is awarded to the successful tenderer under the Framework Agreement. If the value of all the potential call-offs under the Framework Agreement is estimated to exceed the UK thresholds, then the Framework Agreement should be advertised in the OJUK. However, if this is not the case, the individual call-offs do not then need to be re-advertised.

Please note that under the Act, Contract Award Notices do require to be published on Public Contracts Scotland in respect of call-off contracts with a value of more than £50,000 for goods or services, or £2 million for works.

10.2 How are call-offs awarded under a Framework Agreement?

If the Framework Agreement is awarded to one provider, then we can simply call-off the requirement from the successful supplier as and when it is needed. Where the Framework is awarded to several suppliers, there are two ways in which call-offs might be made:

- Where the terms laid out in the Framework Agreement are detailed enough for the Purchasing Authority to be able to identify the best supplier for that particular requirement, then the Authority can award the contract without re-opening competition
- If the terms laid out in the Framework Agreement are not specific enough for the Purchasing Authority to be able to identify which supplier could offer them best value for money for that particular requirement, a further mini-competition would be held between all the suppliers on the Framework Agreement who are capable of meeting the need

10.3 Advantages of Framework Agreements

If a Framework Agreement has been properly concluded further to compliant procurement procedure, we do not need to follow the full OJUK procedure in respect of each requirement which is the subject of a call-off, thus reducing costs and timescales. There are also potential benefits of economies of scale.

10.4 Potential Disadvantages of Framework Agreements

Framework Agreements may be relatively unresponsive to change – there may be new suppliers and/or new solutions within the market that were not included when the Framework Agreement was initially set up.

Framework Agreements tend to apply a "one size fits all" approach, which may make it difficult for us to satisfy our own procurement objectives through use of a Framework Agreement which has been procured by a third party and may not have been tailored to our particular requirements.

10.5 Why Would We Consider Using a Framework.

The decision to use a framework should be based on:

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- Can our subsidiary company not meet our requirements
- Timescales for requirements – the need to procure goods urgently may necessitate this route
- Where the local supply base cannot meet our demand
- Where the outcome of our own tender would lead to the appointment of a contract on a framework
- Where enough competition exists on a framework between suppliers that would deliver on quality and create a better price
- Where the requirements are specialist in nature.

11.0 Exceptions to the Requirement to Publicly Procure a Contract

There are certain exceptional circumstances in which tenders are not required for the procurement of contracts for supplies, services or works which are above the applicable threshold value under the Regulations or the Act, these are contained both within the PCS Regulations 2015 under Section 33 - *Use of the Negotiated Procedure without Prior Publication* and the for the Reform Act 2014 with the PS Regulations 2016, under Section 6 - *Circumstances in which a contract can be awarded without competition*. These sections consider the following:

- Where no tenders, no suitable tenders, no requests to participate or no suitable requests to participate have been submitted in response to an Open or a Restricted Procedure, provided that the initial conditions of the contract are not substantially altered
- Where the tender may only be awarded to a particular supplier for technical or artistic reasons or where a particular supplier has exclusive rights, including, but not limited to, intellectual property rights, which mean they are the only supplier capable of meeting our requirements
- Where we have already entered into a contract with a supplier and require additional services or works to be supplied which were not included in the original contract but which, through unforeseen circumstances, have become necessary
- Where we want to appoint a supplier with whom we already have a contract to provide new works or services which are a repetition of works or services carried out under the original contract and such new works or services were provided for in the original contract notice
- Where (but only if it is strictly necessary) for reasons of extreme urgency brought about by unforeseeable events, the time limits for one of the standard procurement procedures cannot be complied with

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The above exceptions may only be used in limited circumstances and are subject to a range of specific conditions. Our Management Committee must approve any such approach and we may require specific legal advice before proceeding with any such exception.

12.0 Renewals, extensions and changes to existing contracts

A proposed extension, renewal or amendment to an existing contract may be considered equivalent to the award of a new contract if it constitutes a material change.

If a change to an existing contract has the effect of creating a new contract, we may need to undertake a new competitive tender process in accordance with the Regulations or the Act.

Material changes to a contract are those which demonstrate the intention of the parties to renegotiate the essential terms of the original contract. Amendments to a contract may be regarded as “material” where they:

- Introduce conditions which, had they been part of the initial award procedure, would have allowed for the admission of tenders other than those initially admitted, or would have allowed for the acceptance of a tender other than the one initially accepted – in other words, the new conditions would have potentially changed the participants in and / or the outcome of the original procurement process – examples include extensions or price increases
- Extend the scope of the contract considerably to encompass services not initially covered
- Change the "economic balance" in favour of the contractor in a manner not provided for in the terms of the original contract – in other words, we make changes which improve the contractor's position or alter the balance of risk under the contract in favour of the contractor – examples include extensions or price increases or agreeing to renegotiate a contract in a way which relieves a contractor of an obligation

The Regulations restrict our ability to modify publicly procured contracts.

If we are considering modifying any terms of a publicly procured contract, then we must first get approval from our Management Committee and we may obtain appropriate legal advice.

13.0 Specifications – All Purchases

In order to achieve a successful outcome when procuring goods, services or works under any procurement route, we recognise that the key to success is in the specification it produces to meet its requirements.

Prior to any goods, services or works being procured staff will create and develop a detailed specification of what is it they require. This will be achieved by:

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- Prior engagement with the supply base where possible
- Incorporating learnings, both positive and negative, from previous and other organisational tender specifications
- Detailed understanding of the area they work in and what it is they are requiring
- If the tender will affect the customer, consult with the customer base in terms of what it is they are looking for

When developing the specification, we will always put the requirements of our tenants at the forefront of its mind.

In relation to Health and Safety the specification must provide a clear methodology that indicates how Health and Safety considerations will be managed during delivery.

Where the procurement directly impacts the tenant, being a service chargeable item, we will discuss directly with the tenants their requirements and capture this within our specification.

This policy is unable to define what customer consultation looks like as it will vary depending on what is being purchased. The overriding principal that should be followed is one on giving the customer choice to the quality and frequency of goods/services/works being procured.

Where the item being procured is service chargeable our policy is that suppliers will be asked to price on a cost per property for work undertaken with travel costs and overhead costs to be separated out.

This will allow us to split these costs equally across all properties receiving the charges to ensure outlying properties are not unfairly charged due to geographical location.

Were the goods, services or works forms part of an existing contract we will make no assessment if TUPE applies. It will be noted in the specification documents that all bidders will make themselves aware of any TUPE liabilities as a result of the contract.

The specification should be linked to the Award Criteria that is to be chosen. The award criteria relate to our specific requirements and must be relevant to the subject matter of the contract and not discriminatory.

14.0 Procurement Project Plan

The tender process should commence at least 12 months prior to any current regulated contract end date.

The Director of Finance & Corporate Services will monitor the contracts register for contracts due to expire and contact the relevant department to start the procurement process.

At the start of any regulated procurement process a project scope will be drafted and circulated to those involved and will include:

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- What are we expecting to achieve – clear set of objectives
- What the success criteria of the tender is
- Identifying things which may get in the way of the success of the tender
- Identified and assessed risks; things that may go wrong, how likely are they are to go wrong, what will be done to minimise the risk and what contingency plans will be put in place (ie suppliers in place to maintain service during transition)
- Who needs to be involved and what tasks they will complete – including if customers need involved
- The timing of issuing the tender to ensure maximum number of bids.

The above project scope will be drafted by the person managing the contract (the contract administrator) supported, reviewed and signed off by the Contract Owner.

This will then be circulated to all those involved in the project and signed off by each team member.

Once this is done project plans will be developed by the project lead. The work required will be broken down into manageable chunks and divided up into mini projects or work streams, all with clear SMART objectives.

The project plan will contain time frames and determine the critical path, which activities must be completed before other activities can start to ensure the project can be completed on time.

If consideration is being made of bringing the contract in house this should be made at the outset with the pros and cons assessed and agreed with SMT at the outset of the project.

KPI's for the contract should be agreed by the team. The contract management policy sets out example KPIs along with frequencies of review meetings.

Where the procurement is a regulated procurement activity the project scope and plan should go to the board for approval and detail the rationale behind the procurement approach.

The procedure document to this policy supports the project management of the tender.

The Director of Finance & Corporate Services will support the procurement process by ensuring compliance with this policy. They will also form part of the group assessing the tender returns for regulated procurement.

If any members of the project group change during the process it won't be assumed that new member will understand what has went previously and as such all new members should be fully briefed.

Staff involved as part of a project team are committed to the following:

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- Following this policy
- Completing tasks by agreed deadlines
- Take ownership and accountability for the project both for their individual parts and for the project as a whole

For all regulated procurement activity, a recommendation for contract award regarding the outcome of the tender is made to the next Management Committee.

A project debrief will always be undertaken at the end of the tender and best practice and areas for improvement recorded and shared with the Policy Champion.

Use of Consultants

As the organisation goes through a period of assessing the skill set of its procurement capabilities it may be necessary to engage the services of a consultant to support the procurement activity. This assessment will be made at the project scope stage.

A consultant will generally be used in one of two instances;

- Expertise on procurement process
- Expertise on specification and price assessment

Where a consultant is used in the procurement process this will be managed by the project lead.

The consultant used in the process must have procurement experience of the whole process.

Where a consultant is used for specification and price assessment purposes this will be managed by the project lead.

The use of a consultant cannot be defined in the policy but will be recorded as part of the project scope the reasons why and what their remit and the expectation of them will be. It will consider, but is not restricted to, such things as project risk, timescales, availability of internal resource, skill level of internal staff and timescales for delivery.

The selection of a consultant will be on a project by project basis and follow the procurement route depending on the estimated cost of assisting in the project.

The consultant will be given a copy of our project plan and the timescales and the content of the plan will be jointly agreed.

Customer Consultation

The project scope will consider if customer consultation is required in line with this policy.

If customer consultation is required, the project plan will define who will do this and how and when this is done.

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Prior to the consultation being carried out the approach to customer consultation should be agreed by the Director whose service line is making the purchase.

A mini project plan for customer consultation will be set up and signed off by the relevant Director.

Support for this will be required from several areas of the business and the project plan will clearly set out who is doing what and when.

15.0 Open and Evaluate Tender

When opening and evaluation a tender we will follow the key principals in maintaining transparency and impartiality throughout the process of tender evaluation.

All our staff will follow the tendering opening procedures as detailed in the procedural document.

All our staff will use our evaluation matrix tool to assess the best value for money based on both the qualitative and financial criteria.

When using a consultant to support the tender process we will expect them to deliver a tender report that provides their recommendation on the outcome of the tender. We must ensure this is specified when appointing a consultant to the tendering process.

Where we deem tenders to be abnormally high/low tenders even after the supplier has been given the opportunity to review their tendered price submission, we should not accept these tender in line with the Act or Regulations.

If tenants are involved in the evaluation process at the end of process the project lead must seek feedback from them in terms of either testimonials or ways we can improve the process going forward.

Feedback on the process and outcomes should be feed back to the Customer Engagement team by the project lead for inclusion in the next customer newsletter.

16.0 Staff Training and Development

The success of the current Procurement and Value for Money Policy and proper implementation of the procedures depend on the knowledge and skills of staff implementing them.

Our Procurement and Value for Money Strategy sets out our commitment to ensure that the skill level of our staff is commensurate with their responsibility.

Annual CPD will be provided to staff involved with the procurement process to ensure their knowledge is in line with current Scottish and EU procurement legislation.

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17.0 Invoicing

Once a contract has been agreed or we are making an Ad-Hoc purchase all staff are required to complete a purchase or works order. The purchase or works order should be raised in line with the authorisation limits set out in the Financial Regulations. The only occasion this is not acceptable is when using a credit card.

When a new contract has been agreed with a new supplier or a new supplier is used for an Ad-Hoc purchase all staff must complete a new supplier form at the outset prior to any purchase to ensure that payment of the invoice can be made by Finance once the invoice has been received.

The bank details provided to Finance for payment will be independently verified by Finance before being processed onto the system.

Where contracts provide for payments to be made by instalments, the relevant Director will be responsible for the keeping of individual accounts to show the financial transaction on each contract together with any other payments and related professional fees.

Payments to contractors on account during a contract shall only be made against a certificate, signed by or on behalf of the Contract Administrator, having regard to the authority levels in the Financial regulations. The certificate shall only be issued following the completion of a properly constituted valuation and will be endorsed by an authorised signatory in accordance with the authority levels.

Subject to the provisions of the contract, in each case every variation shall be authorised in accordance with the authority levels in the Financial Regulations.

Any such variation which causes the contract contingency to be exceeded shall be reported to the appropriate Director as soon as practicable and, where practicable, work or expenditure shall be delayed until authorised by the Chief Executive up to 5% of the contract value or £50,000; over and above this by the Management Committee.

Late payment legislation places a statutory duty on all public bodies to pay commercial debt within 30 days.

So far as reasonably practicable we will make payments no later than 30 days after the invoice relating to the payment is presented.

All tenderers, irrespective of the goods, services or works they supply/provide will be asked to provide a statement on how they support the above requirement, to, where reasonably practicable ensure timely payments to sub contractors and their sub contractors are made. Respective tender documentation will declare any specific requirements, performance measuring, reporting requirements above those which are a statutory requirement.

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18.0 Management Committee Role

Our Management Committee approves our overall Procurement Policy and, the Procurement Strategy. It does not have a role as part of any individual tender process, but may approve a project that as part of the process requires a tender to be advertised for works, goods or services, or may have a role in approving the budget for and/or acceptance of a winning tender, depending on the nature of the goods, works or services being procured.

Otherwise, the Management Committee delegates responsibility to the Senior Management Team to ensure that procurement by the Association is undertaken in compliance with this Policy.

19.0 Contracting within the Group

ELHA has a wholly owned repairs and maintenance subsidiary company, R3 Repairs Limited. Given that R3 is a subsidiary company which was set up to meet the Teckal exemption for the purpose of the procurement regulations, ELHA is able to contract directly with R3 on the procurement of repairs and maintenance services.

20.0 Policy Review

The Chief Executive will review this policy every five years or whenever there is a material change in legislation. Any changes required will be submitted to the Management Committee for approval.