



FINANCE
PROCUREMENT POLICY
June 2021 (updated Feb 24)
June 2024

Policy on :	Procurement
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Compliant with Charter :	13: Value for Money 14 and 15: Rents and Service Charges
Compliant with New Regulatory Framework:	<p>5. Regulatory Standards of Governance and Financial Management</p> <p>Standard 2: The RSL is open 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 priorities.</p> <p>Standard 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness.</p> <p>Standard 5 : The RSL conducts its affairs with honesty and integrity.</p>
Compliant with Tenant Participation Strategy:	N/A
Compliant with Equal Opportunities:	YES
Compliant with Budget/Business Plan :	YES : Viability

Date of Approval :	June 2021
Date for next review :	June 2024

Responsible Officer :	Head of Finance & IT, Lorna Colville
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1. What is Procurement?

Procurement is an integral part of resource, financial and budgetary management.

Procurement is the process of acquiring goods, services and works from third parties that are procured at the best possible cost to meet the needs of the Association in terms of quality and quantity and time. The Association intends to promote fair and open competition for our business while minimising exposure to fraud and collusion.

2. What does this Procurement Policy do?

This Policy sets out the principles that should be applied to all procurement by the Association, in particular:

- How and when we chose a particular procurement route
- Roles and responsibilities of staff and committee

It is supported by the [Procurement Journey |](#) website , as published by the Scottish Government

The key elements of this policy reflect the essential requirements for internal controls and rigorous processes. There requires to be fundamentally a recognition and implementation of good governance and accountability by the staff and Board of the Association & PSPS, as they apply to procurement activities.

Whilst there are pre-determined timescales and processes expressed when procuring above GPA & Procurement Reform (Scotland) Act 2014 procurement thresholds, the association will also promote transparency, fairness and competition for procurement below these thresholds, where practical to do so.

Competition avoids any suggestion of favouritism and the encouragement of monopoly: it also helps to promote efficiency and economy.

This Policy is a Group Policy and the content and documentation is equally relevant to our Subsidiary, PSPS. If there are specific documents relating to PSPS these will be identified separately.

3. Policy Aim

This policy aims to ensure value for money (VFM) in the procurement of services, goods and works by the Association. We will aim to ensure that the services, goods and works we procure are, where practical, sustainable, of high quality and best meet the needs of the Association, its key customers and the community as a whole.

4. Policy Objective

4.1 The key policy objectives are:

- ❖ To ensure Best Value for Money
 - To make purchases and to award contracts that achieve best value for money(VFM). Best VFM is the optimum combination costs and quality (or fit for purpose) to meet the Association’s requirements. Depending on the nature of the contract, the cost may include implementation costs, ongoing operating costs and end of life disposal.

- ❖ To promote throughout the procurement process
 - openness,
 - equality, diversity and non-discrimination
 - competition
 - transparency
 - proportionality

- ❖ To promote and encourage collaborative/partnership working with others e.g. FLAIR, Renfrewshire Council etc., where sensible to do so. The objectives being to better utilise procurement skills and resources and gain greater purchase leverage.

- ❖ To ensure, Separation of Duties to ensure more than one person is required to complete the purchase.

- ❖ To ensure procurement decisions are aligned against business objectives.

5. Procurement Principles

5.1 Best Value for money

When procuring goods and services we must ensure we obtain value for money. To do this we must choose the bid that offers the “optimum combination of cost and quality”. To do this we will award contracts on the basis of Most Economically Advantageous Tender (MEAT), evaluating both the price and quality of the tenders submitted.

5.2 Competitive Process

Goods, services and works should be acquired by effective competition, including adequate publication of contract opportunity, unless there are convincing and justifiable reasons to the contrary.

Competition avoids any suggestion of favouritism and the encouragement of monopoly: it also helps to promote efficiency and economy.

Subject to any relevant legal obligations, for example under the EU procurement rules or the Procurement Reform (Scotland) Act 2014, the form of competition should be appropriate to the value and complexity of the goods, services or works to be acquired. The Association objective is to keep bidding costs to the minimum necessary for effective competition and should remove barriers to participation by, for example, small firms, the self-employed and the third sector, without discriminating against others. Consistent with legal obligations, during competition any minimum standards required should be proportionate to the contract in question.

We have set out clear guidelines and methods by which the Association will procure services, goods and works. See Appendix 1

The selection and award criteria for purchase of services, goods and works by the association will be specific to the purchase. The general process will follow the Procurement Journey.

5.3 Access to grants and conditions attached to the grants.

Where considered value for money to do so, the association will, where possible, apply for grants to assist with the payment of expenditure, for us or for others, such as owners participating in common works.

These grants may restrict our ability to ensure open competition.

Where the grants available fund a significant proportion of the costs and it is considered in the best interest of our customer and the most efficient use of our resources, the Board can approve the restriction to a particular contractor/supplier, if required to obtain the grant.

5.4 Appropriate forms of competition

Subject to legal requirements and restrictions noted in this document, the Budget Holder has the authority to agree the most appropriate form of competition for each purchase. This will be dependent on what the objective of the purchase is. e.g. costs certainty, high quality, balancing price and quality, high standards of customer care, high specification's standards etc.

The needs of the Association (in particular value for money) and our customers will also be the primary consideration in the choice of procurement method.

5.4.1 Use of Named Contractors/Suppliers Lists

- The Association will have named contractors lists for easy of referral for day-to-day repairs which can be used for purchases below £10,000.
- This list must be reviewed every 2 years. As part of this review we will advertised on PHA's website and the local papers.- generally used for very small contracts where local availability is considered important.

5.4.2 Use of Quotations

- Where we have no suitable contractors/ frameworks and quotations are required consideration should be given to:
 - Using the Public Contract Scotland Portal: Quick Quotes. Note local suppliers should be asked to register on Quick Quotes.

- advertisement in the SFHA's Housing Scotland Today.- generally used for RSL specialist consultants.

5.4.3 Use of Traditional Competitive Tender

- Tenders should always be assessed on the Most Economically Advantageous Tender (MEAT) basis, using the Best Quality Price Ratio to evaluate tenders submitted.
 - The Budget Holder will establish all tender documentation (including PQQ documentation) the Tender Evaluation Criteria (including sub criteria), prior to going out to advertising the tender.

5.4.4 There are 3 different Procurement Routes:

- **Route 1 provides guidance and templates for procurements that are:**
 - low value (a total estimated value of under £50k excluding VAT)
 - low risk and
 - non-repetitive.
- **Route 2 provides guidance and templates for procurements that are:**
 - Regulated procurements
 - Between £50k and the threshold
- **Route 3 provides guidance and templates for procurements that are:**
 - Regulated procurements
 - Threshold and above

The 3 different Procurement Journey Routes are designed to give PHA options that are proportionate to the risk and value of the procurement exercise that you are conducting.

5.4.5 Route 3 Procurement Procedures

There are 6 different procedures as noted below:

- Open Procedure (only use when the number of expected tenders is known to be limited)
- Restricted Procedure (Most commonly used procedure)
 - It is a 2 stage process:-

i. Selection of a number of suitably experienced, qualified companies ('shortlisting'), and

ii. Inviting those selected companies to submit proposals.

- Competitive Procedure with Negotiation (use in specific situations)
- Competitive Dialogue Procedure (use in specific situations)
- Negotiated Procedure without Prior Publication (use in exceptional situations)
- Innovation Partnership (use in specific situations)

5.5 Procurement Process Threshold

5.5.1 The chart in Appendix 1 gives an overview of Threshold and Approval levels and advertising requirements.

5.5.2 Procurement Reform (Scotland) Act 2014

This Act only applies to all procurement above certain financial threshold values. Appendix 2 sets out in more detail the definition of Supplies/Services and Works and at what thresholds the Procurement Reform (Scotland) Act 2014 apply

Any contract valued on or above these threshold values are considered 'Regulated Contract'

5.5.3 GPA procurement levels

The GPA procurement thresholds only apply to contracts above certain financial threshold values. Appendix 2 sets out in more detail the definition of Supplies/Services and Works and at what thresholds apply and when.

5.6 Advertising

To ensure competition, the Association will advertise as widely as is considered efficient to do so.

Expenditure below £5000 does not require to be advertised as it is considered cost prohibitive and not best uses of resources to do so.

The Budget Holder will ensure adequate publicity is undertaken given the level of the expenditure. However below Procurement Reform (Scotland) Act

2014 levels , suggested methods of advertising to be used for the different purchasing levels are noted in the Procurement Process Threshold table (Appendix 1). Where staff are advertising for any procurement, they can email appropriate contractors/ suppliers to advise them of the advert.

5.7 Tendering Process

The tendering processes are detailed in the Procurement Journey and adhere to the Statutory Guidance on the selection of tenderers and award of contracts, as published by the Scottish Government.

Following the Procurement Journey, staff will decide:

- exclusion grounds that can/should be used
- selection criteria
- use of technical specifications
- Debriefing of contractors

There is a separate process to selecting a contractor/supplier from a Framework.

5.8 Most Economically Advantageous Tender (MEAT)

When tendering, the Association will use a cost effective approach. This will incorporate the use of best price-quality ratio. The ratio should include sub criteria including qualitative, environmental and/or social aspects linked to the subject matter of the contract.

Determination of the Criteria and the ratings used of the ratio will be delegated will be determined by the Head of Department.

It is important all tender requirements shall be related and proportionate to the subject matter of the tender and how the tender will be assessed must also be clearly set out in the “Invitation to tender” documentation.

5.9 In the event that Scotland’s changes currency any sums of money referred to in Sterling in this Policy shall be redenominated into the new currency at the rate of exchange applying as at the date of change of currency.

6. Partnering

6.1 The Association, where practical, will consider partnering with its other IFLAIR partners to purchase goods, services and works where it is considered best use of procurement skills and resources and/or greater purchasing leverage can be gained from partnering. This will also include 'Wider Role' projects.

6.2 Even where it is considered necessary to tender separately, consideration will be given to the benefit of sharing procurement information, such as tender documentation, to avoid duplication of resources.

6.3 Framework Agreements

- The Association will consider using the Scottish Government 'Contract and Strategy Directory' (link below) for all purchases, unless we are aware the Framework is not relevant or have evidence that better pricing can be obtained elsewhere, particularly from small local and charitable companies.

<http://www.scotland.gov.uk/Topics/Government/Procurement/directory>

On request staff training will be provided by the Head of Finance & IT on how to access and use the Directory.

- The Association will participate in all IFLAIR frameworks, where it is beneficial to do so.
- The Association will consider the use of other frameworks available to the Association, where considered good value to do so.

Delegated Authority is given to the Heads of Department to assess which and when frameworks should be used. Board approval is only required where the framework commits us to spend above the Head of Departments approval levels.

7. Procurement Roles and Responsibilities

7.1 Role of Board

The role of the Board is to approve the overall Procurement Policy and agree the principles/levels at which various staff members have delegated authority.

The Board will also approve acceptance of larger contracts, above the Head of Departments approval levels.

7.2 Role of Chief Executive/Heads of Department

To ensure:

- a) the principles of the policy are always followed by staff,
- b) to ensure the procurement procedures fit with this policy and are clearly set out and promoted to staff.
- c) day to day implementation of the policy and associated procedures

7.3 Delegated Authority Levels

The Spend Authority Levels (Appendix 3) sets out which sets out what delegated authority staff have with regard to procurement on behalf of the Association and where Board approval is required.

This includes the making of purchases and the award of procurement contracts/frameworks.

7.4 Separation of Duties

The role of budget holder and payment authority should always be separated. Where possible the role of budget holder and purchaser should also be separated

The Board approve the overall budgets for the Association, although the detailed split of these budgets is delegated to the Senior Management Team.

The budget holder (normally the Head of Department) has the overall responsibility for spending within their budget headings and they have the authority to financially commit the Association to making payments from their

budgets including the authority to approve a procurement strategy or to commit the organisation to a contract for the purchase of goods, services or works.

The purchaser (normally staff) has the authority to:

- issue the invitation to tender document or requests for quotations;
- place a purchase order; and
- approve invoices for payment.

The payment authority (Payment Signatories) have the authority to make payments for goods, services or works. (Per PPFDFIN02 Approved List of Banking Signatories)

Separation of roles within a procurement process provides necessary safeguards against impropriety or unethical practice. Procedures exist that allow only those staff with appropriate purchasing authority to commit the association to a new contractual relationship or purchase.

7.5 Procurement Arrangements

Procurement arrangements will be reviewed periodically to consider whether ordering and payment procedures could be streamlined and value for money improved through implementation of relevant technology solutions, including e-procurement.

7.6 Payment Arrangements

The payment of invoices that do not have a pre-requisite contract or order for the goods, services or works provided tends to facilitate unofficial buying by allowing the procurement function to be bypassed. It also means that authority to procure is retrospectively given rather than pre-approved. Therefore, suppliers should be given notice that goods, services and works should only be provided on receipt of appropriate contract, written order (including emails) or works order from the Association, invoices received without contract or authorised order will require special approval within the Association if they are to be paid.

Payments will be made in line with the Purchase Ledger Procedure (PPKD Fin 28) and Banking Procedure (PPKD Fin 32).

The Association's policy will be to aim to pay all suppliers (where there is no dispute) within 30 days of receiving the invoice for payment.

8. Training

There is an acknowledgement that this is a changing and complex area of knowledge that cannot be completely covered in all detail in this policy and associated procedures.

Therefore, Heads of Dept should ensure they attend training to ensure they keep up to date with the relevant legislation regarding procurement to ensure they have a working knowledge of procurement.

Training for other staff should also be considered, particular as part of the appraisal process, where this would be considered necessary.

More detailed training and guidance is provided by the Scottish Government through the Procurement Journey, published on their website.

For more complex procurement, in particular larger, new procurement to the Association, it may be necessary to appoint a procurement expert to assist with the process.

9. Risk Management

The Association recognizes that ineffective procurement presents a risk to the Association. This is rated as a high risk and so risk management action plan is in place and early warning indicators have been identified to monitor this risk.

Another key risk is failure to operate within Procurement legislation resulting in contract awards being cancelled with costs or other remedies being sought through the courts by third parties. This is rated as a low risk as we aim to follow the government's published procedures.

The Association will ensure any training on procurement required by staff, is identified through performance review or otherwise, and that these needs are met to provide an efficient and effective procurement service.

The Association will undertake both internal and external audit of procurement as required and will take account of any recommendations contained therein.

10. Compliance with Standards & Legislation

The Association will conduct its affairs to ensure that it complies with all the legislation and standards, in particular:

10.1 SHR Charter Standards

i. 13. Value for money

Tenants, owners and other customers receive services that provide continually improving value for rent and other charges they pay.

ii. 14. Rents and Services

A balance is struck between the level of service provided, the cost of the service and how far current and prospective tenants and other customers can afford them

10.2 SHR Regulatory Standards of Governance and Financial Management

i. Standard 2

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 priorities.

ii. Standard 3

The RSL manages its resources to ensure its financial well-being and economic effectiveness.

iii. Standard 5

The RSL conducts its affairs with honesty and integrity.

10.3 Compliance with the legislation covering Procurement

Public sector procurement in Scotland takes place within the framework of International, UK and Scottish legislation.

It is mandatory that the procurement process complies fully with the Procurement Legislation:

1) Public Contracts (Scotland) Regulations 2015.

In particular they set out the thresholds above which the formal procurement procedures must be followed.

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

Under the rules of the GPA, the procurement thresholds must include VAT.

2) Procurement Reform (Scotland) Act 2014

This Act regulates procurement above the 'regulated contracts' threshold (Appendix 2) but below the GPA Procurement Thresholds.

In particular it sets out:

- General Duties:
 - To treat economic operators equally and without discrimination
 - To act in a transparent and proportionate manner
 - To comply with the Sustainable Procurement Duty
- A Sustainment Procurement Duty
- Reporting Requirements.

11. Sustainable Procurement Duty

The Association recognises it has a sustainable procurement duty. It will conduct its procurement and act with a view to securing improvement in the economic, social and environment well-being of those in its area of operation.

The Sustainment Procurement Duty is to:

- Improve the economic, social and environmental wellbeing of the area;
- Facilitate involvement of small and medium-sized enterprises, third sector bodies and supported businesses; and
- Promote innovation

This duty specifically applies to all 'regulated contract' (with a value above the Procurement Reform threshold)

Where practical, we will consider how to facilitate the involvement of small to medium businesses, third sector organisations and Supported Business (as defined in the legislation) and aim to promote innovation.

All Social and environment considerations must relate to the subject matter of the contract.

The use of social and environmental considerations must adhere to the principles of procurement and legal requirements.

The scoring of any social and environmental criteria within a tender must be capable of objective assessment

Community Benefits are contractual requirements relating to training and recruitment or the availability of sub-contracting opportunities or which are otherwise intended to improve the economic, social and environmental wellbeing of the public body's area, in a way which is additional to the main purpose of the contract in question

Community Benefits must be considered where contracts are valued above £4m.

The Association will follow the Scottish Government Guidance on how best to achieve these requirements.

12. Performance Management

12.1 Contract Management General

It is the Association's policy that all significant (over £50,000) contracts for good, works or services must incorporate a contract specific Service Level Agreement. Throughout the duration of the contract a Supplier Management Plan should be established and monitored that includes Supplier Performance Measurements and Reporting Mechanism in terms of service delivery, contract management and customer satisfaction. Poor performance by the contractor against the Plan may reduce the supplier's opportunity to express an interest in any future similar contracts.

The method and frequency together with roles and responsibilities will vary from contract to contract and it is delegated to the Head of Department as to how this should be set out. However, for guidance on Contract and Supplier Management, Heads of Department should refer to the Procurement Journey <https://www.procurementjourney.scot/route-3/contract-and-supplier-management>

12.2 Performance of technical contractors will be dealt with through the Maintenance Policy. (PPKD M07)

12.3 Performance Monitoring

- Overall financial performance of procurement will be monitored through the management accounts and KPIs reported to the Committee quarterly.
- IFLAIR KPI will be monitored
- Contractor Meetings

13. Procurement Reporting

- The Association will publish its Contract Register of all its regulated contracts on the PHA website quarterly.

- Annually a Procurement Report will be presented to the Board for information and any required approval.
- The association will annually review the total estimated value of its regulated contracts spend for the coming year and if above the level specified by the Procurement Reform (Scotland) Act 2014 (currently £5m), the Association will:
 - Publish a Procurement Strategy on our website
 - Board will also receive an Annual Procurement Report
 - The Association will also prepare a summary a report for each regulated contract, in the form specified by the Scottish Government.

All tendering documentation will be held for 6 years after tendering for this purpose.

14. Customer Involvement

In consultation with the Tenant Participation Working Group it was previously agreed Tenants will be informed of our levels of spend in the following ways.

- Annually the Association will publish a pie-chart showing what the main areas of expenditure were the previous year.
- Annually the Association will publish a table of the value of purchases for the year split into companies from within:
 - Renfrewshire, or
 - Scotland, or
 - UK
- Large construction projects and component replacement contracts will be publicised, along with the associated costs, to tenants in the newsletter.

15. Ethics

In all dealings with suppliers and potential suppliers, the Association must preserve the highest standards of honesty, integrity, impartiality and objectivity, in line our various 'Ethics' Policies and in particular the Code of Conduct of Staff.

Staff engaged in commissioning of tenders/contracts must:

- be fair, efficient, firm and courteous.
- maintain the highest possible standard of integrity in all business relationships.
- where relevant, acquire and maintain current technical knowledge.
- comply with the law, guidance on professional practice and contractual obligations.
- declare any personal interest which may affect or be seen by others to affect impartiality.
- respect the confidentiality of information received in the course of duty and ensure that information given in the course of duty is honest and clear; and
- respond promptly, courteously, and efficiently to suggestions or enquiries.

Technical Contractors will be expected to follow the Code of Conduct for Contractors as per the Maintenance Policy.

Staff and Committee must declare any conflict of interest (potential or actual) with contractors/suppliers/consultants in the normal manner through the Declaration of Interests procedure. (PPKD HR03)

The Association will promote to and encourage its approved contractors/suppliers to providing fair pay for worker (for example the payment of the 'real Living Wage (Scotland)).

16. Data Protection

Where possible and practical to do so the Association will aim to be open in its request for tendering information.

However, when implementing the policies and procedures of Paisley Housing Association all staff and board members must adhere to and be aware of the requirements of the Association's approved Confidentiality Policy and Data Protection Policy and be mindful of commercial sensitivity, particularly of third party information.

In situations where there may be any doubt about the requirements of the Data Protection Policy and commercial sensitivity verses the rights to

information, it is recommended that the Association seeks the views of its legal advisors.

All tendering documentation will be held for 6 years after tendering

17. Equal Opportunities

Paisley HA is committed to providing fair and equal treatment to all our customers and to comply with the Equality Act 2010. The Act established 9 protected characteristics (the grounds on which discrimination is unlawful). These cover age, race, sex, religion/belief, sexual orientation, pregnancy/maternity, gender reassignment, disability, and marriage/civil partnerships. You should refer to **Equalities and Diversity Policy** (PPKD GOV01)

18. Complaints procedure

The Association aims to ensure that the service provided to residents is of the highest quality. If this is not the case, the Complaints Policy and Procedure is in place to allow all residents or affected parties to state their grievance.

19. Review Process

- This Policy will be formally reviewed five years from the date of approval.
- Consideration will be given to any changes in legislation, good practice or operational changes which may affect the content. In particular the review of GPA Procurement Thresholds which takes place every 2 years.
- The Procurement Process Thresholds and Spend Authority Levels will also be reviewed every 2 years.

Appendix 1 Procurement Process Threshold

Value (excluding VAT)	Activity	Suggested Form of Advertisement if no Framework to use.	Approval to Purchase.
£0-£500	Low value procurement. No quotation required	None	Staff per Spend Authority Levels
£501-£5,000	Low value procurement. One quotation required	None	Staff per Spend Authority Levels
£5,001-£10,000	Low value procurement. Minimum of 3 quotations required.	Advertise via: * Quick Quotes or * Scottish Housing News or * Paisley Daily Express or * Evening Times and/or the PSHA website as appropriate	Staff per Spend Authority Levels
£10,001-£50,000	Medium value procurement. Minimum of 3 written tenders	Scottish Housing News or Public Contracts Scotland 'Quick Quotes' Portal	Staff per Spend Authority Levels or Approval required by Board
Above £50,000 but below GPA Procurement Levels	High value procurement. Minimum of 3 written tenders	Advertised & tender through the Public Contracts Scotland Portal	Approval required by Board
Above GPA Procurement Levels	High value procurement. Tender under EU procurement Rules	Procurement is required to be formally advertised & tendered through the Public Contracts Scotland Portal	Approval required by Board

Appendix 2: Procurement Levels

GPA Procurement Threshold

The GPA procurement thresholds changed (to the values listed in the table below) from 1 January 2024.

VAT (if applicable) will be included when calculating the estimated contract value.

More information can be found at [Public procurement - updates to procurement thresholds](#)

Public Contracts (Scotland) Regulations 2015	Supplies	Services	Works
Other public sector contracting authorities	£214,904 (Indicative value excluding 20% VAT)	£214,904 (Indicative value excluding 20% VAT £179,087)	£5,372,609 (Indicative value excluding 20% VAT £4,477,174)

This Appendix will be updated in January 2026.

Regulated Contracts Threshold

Threshold applicable (excluding VAT) to the Procurement Reform (Scotland) Act 2014:

Procurement Reform (Scotland) Act 2014	Supplies	Services	Works
Other public sector contracting authorities	£50,000	£50,000	£ 2,000,000

Appendix 3: Spend Authority Levels (Excluding VAT)

An individual member of staff may authorise expenditure on items provided for in the annual budget, without first seeking the approval of the Board, subject to the following limits: -

Chief Exec	£25,000
Head of Finance & IT	£25,000
Head of Housing	£10,000
Head of Technical	£10,000
Housing Manager	£ 5,000
Technical/Senior Housing Officer / SCOW	£ 3,000
Customer Services Officer	£ 2,000
Housing Officers/Receptionist/Technical Assistants/ Housing Assistants/ Estate Assistant	£ 500