



Trust Housing Association

Title of procedure:	AMP007 – Property Procurement
Date of adoption or last review:	April 2016
Lead officer:	Property Asset Manager
Date of next review:	April 2019
Housing Charter Outcomes	1: Equalities 4: Quality of housing 5: Repairs, maintenance and improvements 13: Value for money
Regulatory Standards of Governance and Financial Management:	None

Trust Housing Association AMP007 - Property Procurement Policy

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Trust Housing Association

AMP007 - Property Procurement Policy

1.0 Aims

- 1.1 This policy confirms how Trust HA will aim to comply with the procurement of goods and services in line with EU Procurement and Government guidelines, as well as internal Standing Orders and Financial Policy Framework.
- 1.2 The policy and associated procedure, applies to all purchases of goods, supplies of services, and contracts for construction and engineering work involving internal and external bodies, relating to Property.
- 1.3 This policy aims to provide a clear framework within which all property based procurement activity shall be undertaken.

2.0 Background

- 2.1 In 1997, Scottish Homes published procurement guidance which reflected changes in the procurement of social housing following the publication of Sir Michael Latham's report 'Constructing the Team' (1994). Concepts such as partnering and the value based selection of consultants and contractors were first introduced and these approaches have since been reinforced in subsequent procurement guidance.
- 2.2 'Rethinking Construction' (1998) was a further review of the UK Construction Industry by the Construction Industry Task Force chaired by Sir John Egan. The Egan and Latham Reports were catalysts for change in construction procurement and stressed the role of client leadership and a more client-driven approach to improving the procurement process and its output – high quality, sustainable homes – as well as fully integrated teams across the whole supply chain and a focus on people issues for the whole construction industry.
- 2.3 In 2006, the publication of the McClelland Report completed a wider reform of public procurement within Scotland, and along with the Procurement Reform (Scotland) Bill which was introduced to parliament on the 3rd October 2013, has guided current procurement procedure.

3.0 Value for Money

3.1 Value for money in procurement is not about achieving the lowest initial price – it is defined as the optimum combination of whole life costs and quality.

3.2 Some methods for achieving better value for money (VFM) from procurement include:

- Getting an increased level or quality of service for the same cost
- Avoiding unnecessary purchases
- Ensuring user needs are met but not exceeded
- Incentives to ensure continuous improvement
- Optimising the cost of delivering services or goods over the life of the contract rather than minimising the initial price.
- Using negotiation to improve deals
- Using service level agreements (this works well in a partnering context)

3.3 Failure to meet these requirements can seriously affect a client's ability to meet its objectives and outputs and to deliver a cost-effective service for its tenants.

4.0 Tendering

4.1 In line with good procurement practice Trust HA will advertise all major work contracts, above the value of £50,000, on an annual basis where a fixed term contract has not been awarded.

4.2 Trust has developed a pre- qualification questionnaire (PQQ) and scoring mechanism which should be used during the selection of contractors on major work contracts. Generally, contracts will be awarded on a quality: price basis so that the organisation is achieving best value and improved value for money when procuring goods and services.

The quality: price ratio matrix may vary depending upon the complexity or routine nature of the project. As a baseline we will use a ratio of:

- 60% Quality : 40% Cost

This will be considered on a project by project basis depending upon the nature of the contract.

- 4.3 To minimise the re-tendering of major work items and to generate cost savings from longer term partnering arrangements the Association will seek to procure term contracts with suppliers and contractors where opportunities to provide efficiency savings occur.
- 4.4 Where possible and to generate efficiency savings, Trust will endeavour to jointly procure contracts with partner organisations in line with good practice procurement guidelines. Trust along with Bield and Hanover Housing Associations are currently progressing a number of options in this regard, including an existing Joint Reactive Repairs Contract.
- 4.5 The procurement route will be developed on an individual project basis and will be influenced by the following
- Nature of the project – whether it is specialist or not
 - Size of the project
 - Phased project
- 4.6 Procurement will generally fall within the following routes:
- Traditional competitive Tendering / Quality : Price assessment
 - Negotiated Contracts
 - Quotations
 - Schedule of rates
- 4.7 In order to achieve cost effectiveness and ensure that contracts are awarded in a fair and equitable manner, competitive tenders must be sought for all planned works as per the guidelines set out in table 1.

Table 1:

Estimated total contract value	Procedure
Up to £5,000	3 prices from suppliers and note response
Between £5,001 to £25,000	3 written fixed price quotations and note response
Above £25,001 or above	Full tender action with at least three competitive tenders.
Above £50,000 – all contracts	Advertise and full tender action following the most suitable procurement route eg restricted / open tendering

4.8 This requirement may not apply in the case of highly specialised works where only one contractor is capable of carrying out the work i.e. warden call systems.

4.9 Competitive tendering means getting quotes or tenders from suppliers who are able to provide the work, goods or services that is needed.

4.10 All contracts must be in writing and must not be awarded without getting the associated budget approval.

5.0 European Union (EU) Public Procurement Regulations

5.1 EU public procurement regulations may apply to some of the contracts that we award. It depends on what the contract is for and its estimated value. It also involves advertising in the Official Journal of the European Union (OJEU) and following set time limits for the different stages of the procurement process.

5.2 The EU public procurement regulations only apply if the estimated or actual value of the contract is more than the financial limits set out below:

- Supplies - £172,514 (net of Vat)

- Services - £172,514 (net of Vat)
- Work - £4,322,012 (net of Vat)

5.3 The values provided above apply from 1 January 2014 and will be reviewed every two years.

5.4 All contracts which exceed these thresholds **must** follow EU procurement guidelines.

6.0 Authorisation levels

6.1 As per Financial Procurement Policy FP16 the following works ordering and invoice authorisation levels pertaining to the procurement of works and services by Trust property personnel are as follows.

Designation	Office Expenditure	Development/ Maintenance	Developments	Energy Invoices
Director of Property & Development	£250,000	£250,000	£250,000	
Property Operations/Service Manager	£5,000	£60,000	£0	
Development Manager	£0	£150,000	£0	
Property Officer	£0	£15,000	£0	
Property Admin	£0	£500	£0	£0
Development Assistant		£500	£500	£10,000

7.0 Risk Management

7.1 The procurement process must consider Risk, which is particularly important on large expenditure or in sensitive areas.

7.2 The risk assessment process must include the identification of Risks relating to that procurement and an evaluation of the chance of an occurrence and the potential severity of the impact. Where the likelihood and impact are significant to the procurement in question or to the

organisation as a whole, the procuring officer must ensure appropriate action is taken to reduce the likelihood and/or limit the impact.

- 7.3 A formal risk assessment process must be followed for all contracts with a value of more than £25,000. The process must be recorded.

8.0 Financial and Budgetary Considerations

- 8.1 The procuring officer (normally Property Officer) must ensure that projects are undertaken in accordance with Trust's procurement procedures and are kept within approved budgets.
- 8.2 Property officers must obtain authorisation for all planned works projects via the project approval procedure or by submitting a tender report.
- 8.3 Any anticipated overspend for projects must be reported at the earliest opportunity to senior management in the property team to enable this to be documented and remedial actions carried regarding any overspend.

9.0 Other Relevant Policies & Procedures

- 9.1 The Property Procurement Policy aims to be consistent with, and compliment other policies and procedures including:
- Property Procurement Procedure
 - Planned & Cyclical Maintenance Procedure
 - Reactive Repairs Procedure
 - Right to Repair Procedure
 - Financial Procurement Policy FP16

10.0 Equal Opportunities

- 10.1 Trust operates an equal opportunities Policy and this applies in all of its business. In providing staff support in the area of medication no worker or service user, family member, carer, or staff will be treated differently or less favourably on the grounds of race; colour; nationality; ethnic origin; religious belief; disability; gender; marital status; sexual orientation; or any other personal belief.

- 10.2 Upon request, the Association will make information on this Policy and related matters in alternative formats, such as large print; tape; Braille; and community languages.

11.0 Policy Review

- 11.1 This Policy will be reviewed every three years unless key changes are required in response to legislation and new learning.
- 11.2 As part of this review, consultation will take place with both staff and service users to ensure that operational issues and the opinions of service users are taken into account.

12.0 Bribery Act 2010

- 12.1 Trust Housing Association is committed to the highest standards of ethical conduct and integrity in all its activities and in order to ensure compliance with the Bribery Act 2010 has introduced Financial Policy FP25, Anti Bribery Policy and Procedures. This policy and associated procedures must be complied with by all employees, Board Members and associated persons or organisations acting for or on behalf of Trust.

13.0 Approved Lists

- 13.1 Current procurement legislation encourages the advertising of tenders, and for projects to be available for potential suppliers via various tender routes including Open, Restricted and Closed tender routes as well as other options available.
- 13.2 On this basis, Approved Lists will no longer be held for contractors, however we will seek that any contractor completing works has submitted relevant insurance details, and where works are above £25,000 that suitable credit checks have been completed.