



Procurement Policy

Board Approved:

13 November 2024

Next Review:

December 2025

1.0 INTRODUCTION

HfL Housing Partnership (HfL) seeks to procure services in a manner that not only complies with current legislation and best practise but also works creatively and collaboratively to support the local economy in East Lothian.

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

2.0 PURPOSE

This Policy establishes how HfL's Board of Directors expects procurement related activity to be undertaken by the organisation.

3.0 LEGISLATION, REGULATION AND GOOD PRACTICE

This policy supports HfL in meeting particular aspects of the Scottish Housing Regulator's Regulatory Framework including the Standards of Governance and Financial Management.

<https://www.housingregulator.gov.scot/for-landlords/regulatory-framework/#section-3>

3.1 **Standard 3 The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.**

Guidance 3.1

The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes, and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times.

Guidance 3.2

The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks.

3.2 **Standard 4 The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.**

Guidance 4.4

The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.

3.3 **Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016.**

This policy supports HfL in meeting its statutory obligations under the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016.

4.0 **BRIBERY ACT 2010**

HfL acknowledges the provisions of the Bribery Act 2010 and aims to maintain compliance with this Act as part of its everyday business. This is particularly relevant when procuring larger scale works and services.

HfL will always carry out its business transparently and fairly and will operate a zero-tolerance policy towards bribery by its employees, board members, contractors, agents and other related persons.

5.0 **PROCUREMENT ACTIVITIES**

The main goods and services that will require to be procured by HfL are as follows:

- Small items of office supplies or other consumable products.
- Printing, stationery, postage and other materials.
- Office furniture and equipment.
- IT equipment and 'back-up' services.
- Maintenance contracts related to office-based equipment or services such as IT equipment, fire and security alarm systems.
- Professional services including internal auditors, external auditors, solicitors, bankers, insurance brokers, architects, design consultants, surveyors, management consultants and other individual specialists or companies employed on specific projects.
- Contractors covering the full range of trades and professions including new build housing.

6.0 **RESPONSIBILITIES**

In all our procurement activities we will aim to achieve the best 'value for money' in a sustainable manner by ensuring that, whenever appropriate, we assess quality, cost and sustainability. We recognise that the lowest cost will not necessarily be the best value in the longer term, particularly when the contract being procured has a high degree of service delivery.

We recognise the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that improves the economic, social and environmental wellbeing (this includes reduction of inequality) of the communities in which we operate.

Sustainable procurement should be balanced with value for money and quality and needs to be proportionate to the risk involved in each individual procurement.

We will ensure that our procurement processes are fair and comply with Scottish Government legislation, particularly the changes required by the Procurement Reform (Scotland) Act 2014 and any supplementary guidance issued by the Scottish Government.

The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded and whether there are any specific requirements set out by external funders or partners.

Where it is appropriate or mandatory to consider tenders on a basis other than purely price, a scoring matrix will be developed. The factors scored will vary depending on the nature of the goods or service being procured, with the weighting of the different factors considered and determined in advance. To ensure transparency, the scoring criteria will be provided to all companies as part of the tender packs being issued.

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

7.0 FINANCIAL LIMITS

Legislative thresholds exist in relation to the methods of procuring goods and services of different values.

HfL has set its own thresholds that ensure they operate well within those set by current legislation. These are detailed in the summary table in Appendix One.

The Board of Directors will review these financial limits annually or earlier if the business requires it, to ensure that they remain appropriate for effective governance.

8.0 OBTAINING PRICES, QUOTATIONS AND TENDERS

8.1 Prices

For items under the current cost limit which do not require quotations or tenders, the authorised member of staff will, where appropriate and/or possible, seek to check at least two alternative prices either by telephone, by accessing a current catalogue or price list, or by requesting details by e-mail.

8.2 **Quotations**

Quotations may be requested either verbally or in writing. In either case, the authorised member of staff will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received.

8.3 **Tenders**

Following the development of the appropriate tender documentation, suppliers will be invited to tender.

8.4 **Tenders Reports**

Reports on tenders and recommendations will be presented to the CEO for approval prior to contracts being awarded.

8.5 **Urgent Decisions**

If there are time constraints, the Board of Directors delegate authority to the CEO to seek approval from the Office Bearers to approve contracts up to pre-approved levels noted in Appendix 1. with a retrospective report presented to the full Board at the next available meeting.

8.6 **Other basis**

As outlined above some goods and services may be procured on a basis other than purely price e.g., price, quality and/or sustainability. Where this is the case, appropriate criteria and ratios will be agreed in advance and be clearly set out for tenderers in advance. 'Regulated contracts' i.e., those that fall within the scope of the EU procurement regulations specifically cannot be awarded purely on the basis of price alone. Most Economically Advantageous Tender ('MEAT') must be the basis for any award. The criteria used to determine MEAT will be disclosed as part of the Association's transparent approach to procurement.

8.7 **Negotiation**

Where it is proposed that contracts are procured through negotiation, there must be clear justification for doing so and the decision to enter into contracts based on negotiation must be approved at the appropriate level of authority.

8.8 **Contracts and Service Agreements**

We will procure certain services through contracts or service agreements for periods of one year or longer, where appropriate. Examples are contracts for the provision of equipment maintenance, agreements for the servicing of office equipment, fire and security alarms.

Threshold levels for the life of the contract as per Appendix 1 will apply.

8.9 Reporting to the Board

The results of tendering exercises for service contracts or agreements will be reported to the next meeting of the Board of Directors.

8.10 Specialist Suppliers or Contractors

Where there is only one specialist supplier or contractor for a particular item or service, we will seek to negotiate the most advantageous price and terms prior to placing an order or signing an agreement. Details of the discussions held and the reasons for the final recommendation will be fully recorded and reported to the Board for approval should financial limits dictate that Board approval is required.

8.11 Use of Frameworks

HfL will consider the use of approved Frameworks, previously tendered via OJEU/PCS, where appropriate and where HfL is entitled to make direct call offs/ carry out mini-competitions.

8.12 Other Methods of Procurement

Home for Life will continually review the methods of procurement in order to achieve best value for money, meet our duty of sustainable procurement and to comply with current statutory regulations, Scottish Housing Regulator guidance and 'good practice'.

8.13 Longer Term Agreements

We will seek to develop mutually beneficial customer/supplier relationships, particularly with those local contractors and suppliers with which we wish to develop medium to long-term arrangements for the benefit of HfL.

9.0 FAIR WORK PRACTICES

Before undertaking a procurement exercise HfL will consider whether it is relevant and proportionate to include a question on fair work practices as part of the competition.

10.0 COMMUNITY BENEFITS

HfL will include consideration of contractual clauses relating to community benefits as appropriate to ensure our community in east Lothian can benefit through training and work opportunities as a result of the expenditure that we undertake.

11.0 PAYMENT OF CONTRACTORS

HfL will ensure not only timely payment to contractors but will also make it a contractual requirement that main contractors who sub-contract any elements of their work also provide evidence of timely payment to their subcontractors, where possible.

12.0 REPEAT AND EXTENDED CONTRACTS

HfL is conscious of the time and cost that is involved in the procurement process, both from the Association's point of view and that of prospective tenderers. As a result, it seeks where feasible and within the boundaries of current procurement legislation and good practice, to develop a partnership approach with contractors and consultants. In this respect, successful completion of specific pieces of work may lead to the offer of further negotiated packages of work in the coming years.

The possibility, and maximum duration, of any such extension should be indicated in the original procurement process.

In general, contract extensions should only be proposed where the cost lift is at or below sector inflation.

13.0 REGISTER OF CONTRACTS

A register of HfL advertised contracts is maintained on the Public Contracts Scotland portal.

14.0 MONITORING AND REVIEW

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

The CEO is responsible for ensuring that staff implement this policy and the relevant procedures, when procuring goods and services.

On an annual basis, HfL will review the anticipated value of contracts that will be placed in the coming year to establish if an Annual Procurement Strategy and a Procurement Report are required. This will also be an opportunity to establish if there is scope and benefit to developing a framework for suppliers and to ensure compliance with our sustainable procurement duty.

This policy will be reviewed annually. The appendices will be reviewed depending on the review cycle and will be revised if required.

APPENDIX 1

Procurement Levels

VALUE ex VAT	Primary Procurement Method	Secondary Procurement Method	Approval
Up to £1,500	Suppliers - schedule of rates/price lists	Direct Appointment Quote from relevant suppliers	Maintenance Officer/Budget Holder
£1,501 - £5,000	Suppliers schedule of rates/price lists	Direct Appointment Quote from at least 2 comparable suppliers or Quick Quote function on PCS	Maintenance Officer/Budget Holder/ Management Team
£5,001 - £10,000	3 quotes from approved or relevant comparable suppliers or Quick Quote function on PCS	Tender via Public Contracts Scotland advert Direct Appointment from an Approved Housing Framework	Budget Holder/Management Team
£10,001 - £50,000	Minimum of 3 quotes from approved/specialists' suppliers or Quick Quote function on PCS	Tender via Public Contracts Scotland advert Direct Appointment from an Approved Housing Framework	CEO
>£50,000 but <£179,087* Services or £2,000,000* Works	Tender via Public Contracts Scotland advert	Direct Appointment from an Approved Housing Framework	CEO
Services >£ 179,087*	Tender via Public Contracts Scotland advert		Board of Directors
Works > £2,000,000*	Tender via Public Contracts Scotland advert		Board of Directors

*Source: [Procurement threshold values from 1 January 2024 to 31 December 2025 - Procurement threshold values - gov.scot \(www.gov.scot\)](#) - all values listed are exclusive of VAT

The United Kingdom is an independent member of the World Trade Organisation Agreement on Government Procurement. Procurement thresholds were changed and became effective from 1 January 2022.

These thresholds will change every two years, and the next change is due on 1 January 2026.

The Scottish Policy Note (SPPN 8/2021) communicating these threshold changes is set out in **Appendix A** for information.

Threshold values of The Procurement Reform (Scotland) legislation remain at £50,000 for goods and services, and £2 million for works contracts.