

1. AIM

- 1.1 Lister Housing Co-operative will implement effective, efficient and proportionate procurement activities to ensure it complies with the appropriate legislation whilst also maximising value for money. In all its procurement activity it will seek to procure sustainably and give support where possible to the local economy.

2. INTRODUCTION

- 2.1 This policy describes how the Co-operative will purchase, or 'procure', goods, services and works. Detailed procedures regarding purchasing are contained within the Co-operative's Procedures Manual.
- 2.2 The term 'procurement' as used in this policy covers the process of purchasing the full range of goods, services and works we require, ranging from small items (e.g. office stationery) to large repair and planned maintenance contracts awarded following a tendering process.
- 2.3 Under the system of delegated authority, staff members will be responsible for committing Co-operative funds to the purchase of goods, services and works in the legitimate operation of the Co-operative's business.
- 2.4 It is the Co-operative's policy that all activities, which involve procurement, will be undertaken with honesty, integrity and with appropriate internal controls in place, both to safeguard the staff involved and maintain the reputation of the Co-operative.
- 2.5 All the Co-operative's procurement activities will aim to achieve optimum 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.
- 2.6 We also recognise the importance of sustainable procurement and will balance price, quality and the positive impact on our community whilst always being proportionate to the size of each individual procurement exercise.
- 2.7 To help achieve a sustainable procurement approach, we will aim to secure community benefits from larger procurement purchases. A key driver in this will be having an impact on the local economy. We realise the distinct benefits we can create as a small business working with other small businesses in helping local employment, recirculating wealth within the local economy and strengthening community cohesiveness.
- 2.8 We will ensure that our procurement processes are fair and comply with legal requirements, including European Union procurement rules and Scottish Government legislation, particularly the changes required by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.
- 2.9 The specific procurement approach adopted for individual procurement exercises will be based on the nature, scale and value of the contract being

awarded (Ref: Appendix 1). Where it is appropriate 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 what is being procured with the weighting of the different factors (e.g. 70% quality, 30% price) considered and determined in advance: scoring criteria will be included in tender packs.

- 2.10 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 whenever possible provided they provide value for money and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.

### 3. ACCOUNTABILITY IN PROCUREMENT

- 3.1 With the adoption of this policy, the Co-operative will ensure compliance with the following:

- (a) Current law and statutory regulations.
- (b) Codes of practice, in particular those produced by professional bodies.
- (c) Accounting standards, in particular compliance with external and internal audit requirements.
- (d) Delegated powers to Office Bearers and staff., and associated procedures.
- (f) SHR and SFHA guidance, e.g. Regulatory Standards, Code of Conduct for Committee Members/staff.

- 3.2 The Co-operative will ensure that any Committee Member or member of staff who has an interest in the item being procured takes no part in the procurement process and that any such interest is declared and recorded in the required manner.

### 4. PRINCIPLES OF PROCUREMENT

- 4.1 In respect of all transactions that involve committing Co-operative funds to the purchase of goods and services the following principles should be applied:

- (a) The appropriateness of the goods/service for the purpose of the procurement, e.g. what level of quality/standard is required and why.
- (b) Our strategic aim, in all our procurement activities will be to achieve the best 'value for money' by ensuring that, whenever appropriate, we assess quality, cost and sustainability. Where competing quotes are not being obtained on 'best value for money', reasons should be specified.
- (c) In considering value for money and appropriateness, staff should identify additional requirements such as sustainability, timing (e.g. speed of delivery), back up/implementation requirements, community benefits, and special discounts.

## 5. OUR COMMITMENT TO EQUALITY & DIVERSITY

- 5.1 Lister Housing Co-operative is committed to promoting fair and equal treatment for all and is opposed to any form of unlawful discrimination. We operate an Equal opportunities policy which informs all aspects of our business and ensures we adhere to the Equality Act 2010.

## 6. AUTHORITY TO INCUR EXPENDITURE

- 6.1 All procurement activities will be conducted in accordance with the Co-operative's financial regulations and in line with the financial limits detailed within Section 7 of this policy. The Committee will review these financial limits regularly to ensure that they remain appropriate for effective governance.

- 6.2 As per the Financial regulations, staff members have delegated authority to procure works and services up to the following limits:

All Staff for general repairs and maintenance - up to £ 4,000  
Management Committee / Office Bearers Sub Group (OBSG) - higher

## 7. FINANCIAL LIMITS FOR TENDERS

- 7.1 The Management Committee/ Office Bearers Sub Group, in conjunction with the Director, will consider when tendering to the Co-operative is appropriate or when receipt of quotations or estimates is acceptable.

- 7.2 In view of 7.1 and 6.2 above, the following cost guidelines will be adhered to. In the event of any incident where these guidelines are not adhered to, the reasons for this will be recorded in writing.

- (a) Expenditure between £4,000 and £15,000 will require at least two quotations or estimates. For sums £15,000 + then three contractors should be sought for quote. The Director has delegated authority for authorisation of projects up to £4,000.
- (b) If the Co-operative anticipates that an estimated value of a contract will be equal to or above £50,000 (excluding VAT) for goods and services, then it will publicise its intention to seek offers as part of a regulated procurement on the Public Contracts Scotland website.
- (c) If the Co-operative anticipates that an estimated value of a contract will be equal to or above £2,000,000 (excluding VAT) for works, then it will publicise its intention to seek offers as part of a regulated procurement on the Public Contracts Scotland website.

## 8. REPAIRS WORK

- 8.1 It is acknowledged that the largest procurement activity the Co-operative regularly faces is in relation to our repairs and maintenance activities. The Co-operative will maintain a list of approved Contractors upon which to call to tender and execute our repairs and maintenance activities.

## 9 SERVICE AGREEMENTS AND CONTRACTS

9.1 We will procure certain services through contracts or service agreements for periods of one year or longer, in accordance with current procedures. Examples are contracts for the provision of planned maintenance, repairs and maintenance services or agreements for the servicing of office equipment, fire and security alarms or IT systems.

## 10.0 OBTAINING PRICES, QUOTATIONS AND TENDERS

10.1 The summary table in Appendix 2 sets out the different methods of obtaining prices, quotations and tenders that must be followed when procuring goods, services and works.

10.2 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.

10.3 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.

10.4 Tenders: Suppliers will be invited to tender. Where the value of the contract sum is above the appropriate threshold, reports on tenders and recommendations will, dependent on their value, be presented to the OBSG.

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

## 11.0 SPECIALIST SUPPLIERS/ CONTRACTORS/ CONSULTANTS

11.1 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.

11.2 Appointment of consultants can be made on the basis of:

- (a) Previous performance on behalf of the Co-operative.
- (b) Recommendation by another approved consultant, contractor or RSL.
- (c) Allocating workload according to experience, size of practice, value of contract and workload commitments.

## 12. OTHER METHODS OF PROCUREMENT

12.1 We will continually review our methods of procurement We will seek to develop mutually beneficial customer/supplier relationships, particularly with those local contractors, consultants and suppliers with which we wish to develop medium to long-term arrangements for the benefit of the Co-operative.

## 13. SUPPLY CHAIN

13.1 The Procurement (Scotland) Regulations 2016 sets out a variety of situations in which the Co-operative must exclude a potential member of its supply chain.

13.2 These situations include: conviction of an offence; bribery; corruption or theft; failure to comply with payment of tax or another statutory duty; misconduct or collusion to distort competition; lack of a necessary license; non membership of a regulatory body required to perform the contract; insolvency or appointment of a receiver; or, deficient performance in another regulated procurement.

13.3 In addition to the situations listed in 13.2, further guidance can be published by the Scottish Government, and this may include additional assessment of potential suppliers relating to recruitment, remuneration (including payment of a living wage) and other terms and conditions, as well as Trades Union recognition.

## 14. MONITORING AND REVIEWING

14.1 The Director will ensure that this this policy is reviewed regularly.

Alistair Cant  
DIRECTOR  
15 January 2019  
Ref: p/p.policy

## GUIDANCE ON APPROACH TO PROCUREMENT

1. Contract thresholds under the Procurement Reform (Scotland) Act 2014, are as follows:

Threshold	Type of Contract	
	Goods and Services	Works
Non Regulated Procurement (Route 1)	£0 - £49,999	£0 - £1,999,999
Regulated Procurement	>= £50,000	>= £2,000,000

The EU thresholds listed in the 2015 regulations are:  
 Supplies and Services - 221,000 Euros (approx. £181,000)  
 Works - 5,548,000 Euros (approx. £4,550,000)  
 It is unlikely that Lister will be seeking tenders at these levels of expenditure.

2. Procurement Approach

- 2.1 Non Regulated Procurement: The approach to be taken during such procurement activities is outlined below. Before you proceed please:
  - ensure that you have authority to procure goods and/or services
  - consider if the purchase is essential
  - consider if alternative options been considered
  - consider if there is a robust and approved business case / budget.

Prepare a brief - as a minimum, identify the key requirements, outputs, consider how the responses will be objectively evaluated and include estimated timescales for the requirement. Also consider how the contract will be managed in terms of quality, service, cost and delivery at this point.

Identify suppliers – seek the appropriate number of quotations / estimates who have the experience and expertise to meet your requirements.

Prepare quotation documents – your completed brief and the Co-operative’s terms and conditions of contract for the purchase of goods and/or services should be attached. Any other information that may affect a supplier’s quote should also be included in the ‘Invitation to Quotation’ document.

Receive and evaluate responses –If PCS is not used, then quotation responses may be received in hard copy or by email.

Quotation response should be opened in lined with procedures.

Consideration should be made to using an evaluation process to determine which response best meets the Co-operative’s requirements

Notify suppliers of outcome – the chosen successful supplier should be notified of their success in writing using a Contract Award Letter as appropriate. At the same time, unsuccessful suppliers should be notified. A supplier is entitled to ask for the reasons why their quotation was unsuccessful. It is essential all

feedback is documented for audit purposes and based on the objective criteria used to evaluate the quotation.

Retention of documentation – all documents relating to the quotation process must be retained to ensure a full audit trail.

Contract management – the supplier's performance should be managed throughout the lifetime of the contract and the Co-operative should ensure that the goods / services are delivered in line with the performance or service level expectations identified in the original quotation.

- 2.2 Regulated Procurement: For detailed guidance and best practice on the approach for regulated procurement, refer and follow the Scottish Government's Procurement Journey - <https://www.procurementjourney.scot/>.

It should be noted that all regulated procurements must be advertised on the Public Contracts Scotland website <http://www.publiccontractsscotland.gov.uk>

**METHODS OF OBTAINING PRICES, QUOTATIONS, AND TENDERS**

<i>Maintenance work - one-off work</i>	<i>Approval level</i>	<i>Method</i>
Up to £4,000	Staff	Works order
> £4,000	Management Committee /Office Bearer Sub Group (OBSG)	Works order
<i>Programme work</i>	<i>Approval level</i>	<i>Method</i>
Under £4,000	Staff	1 or more contractors
£4,000 - £15,000*	Director	2 tenderers
£15,000 +	Management Committee/OBSG	3 tenderers
> £2,000,000	Management Committee/OBSG	Public Contracts Scotland (PCS) website
> £4,550,000	Management Committee	PCS website - OJEU process
<i>Goods, services</i>	<i>Approval Level</i>	<i>Method</i>
Under £50,000	See above	Option of using PCS website
> £50,000	Management Committee/OBSG	PCS website
> £181,000	Management Committee	PCS website - OJEU process
<i>Other procurement</i>		
Lease of equipment	OBSG	Photocopier - Scottish Government framework
Consultancy service / agency service	Management Committee/OBSG	Check value ~ £50,000 level

\* Availability of known suitable contractor may be an issue in assessing number of contractors to seek prices from.