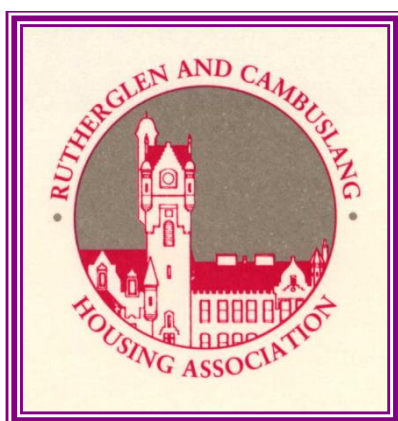


# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION

## POLICY: 24 Procurement

<b>Policy History;</b>	
First Publication	August 2016
Second Publication	March 2017
Current Version Approved	October 2019



## **Public Contracts (Scotland) Regulations 2016 - Thresholds**

The Scottish Government has adopted procurement thresholds for regulated contracts that are below those contained within EU Legislation and directives. These are as follows

Works	£2,000,000
Services	£50,000
Supplies	£50,000

### **Definitions**

**Works:** this list includes all activity that would usually be regarded as works such as:

- site preparation;
- construction of new buildings and works;
- restoration and common repairs;
- civil engineering works (for example, roads and bridges);
- building installations works such as electrical and plumbing installations; and
- building completion works (for example, plastering, joinery and painting).

**Services:** if a contract is not a public works or supplies contract, then it is a services contract

**Supplies:** a public supply contract is a contract for the purchase, hire or lease of 'goods' and for any siting or installation of these goods where this is incidental to the supply. The Scottish Regulations state that the term 'includes electricity, substances, growing crops and things attached to or forming part of the land and any ship, aircraft or vehicle'.

### **Adequate Publicity**

RCHA will ensure best practice by advertising and publication on the RCHA website &/or recognised websites created for the purpose of publicising contract opportunities such as the Public Contracts Scotland website where appropriate.

### **Methods of Procurement**

The various forms of procurement and the general circumstances under which they will be used are outlined below:

## **Planned Maintenance Contracts**

RCHA will adopt the Requirements of the Scottish Government's Legislation on Procurement using the European Single Procurement Document for their higher end value Planned Replacement Contracts. Even though these contracts fall well below the European (OJEU) levels of expenditure for procurement RCHA will adopt on best practice principles. A typical example of the Associations ESPD document that will be used for such contracts is included in appendix 1. (recent example to be attached in final draft)

RCHA and their consultants will prepare the appropriate procurement documents for their Planned Replacement contracts and advertise these contracts on the Public Contracts Scotland web site. RCHA will seek to retain the successful contractors in a Framework Agreement lasting four years.

## **Minor Reactive Repair Work Contracts Under £50,000 per annum**

Contractors employed to carry out reactive repairs below the expenditure levels of RCHA's planned replacements will be selected on Best Value Principles and Justifications. RCHA and their consultants will prepare Best Value Justification Statements for contractors who will be invited to carry out minor works and low value repair contracts. The selection criteria will be focussed on:

- Past Performance
- Economic hourly rates
- Local Initiatives

Contractors will be invited to submit hourly rates on an annual basis as part of contractor pack which also requests contractors to return copies liability insurance, health and safety policy, equal opportunities policy, Inland Revenue details, and any other relevant certificates i.e Gas Safe, asbestos training etc. A list of suitable contractors is then drawn up and taken to maintenance sub-committee for approval.

## **Below Threshold Contracts – Traditional Tendering**

Where it is anticipated that the contract sum of works identified or contract required is likely to exceed £15,000, the following tendering procedure will be followed.

1. Contractors invited to tender will be selected from the organisation's approved contractors list that requires to be approved at the start of the financial year.
2. Where works are of a specialised nature a list of no less than three suitable firms must be compiled.

3. A tender brief must be issued to contractors being invited to tender and must contain clear detail regarding work required, property address, tender expiry date/time together with other relevant or material information. This work is carried out by the external Quantity Surveyor.
4. Contractors must be advised to submit their tender documents in a sealed envelope clearly marked 'tender documents'.
5. Under no circumstances should any tender documents be opened prior to the agreed date/time by which tenders had to be received.
6. All tenders must be opened in the presence of a minimum of one staff member and one Committee member.
7. Details of the tendering company, tender cost and witnesses' signatures must be entered in a tender register which will contain the nature of the works, companies invited to tender and the closing date/time for tender submissions. The register will also highlight where a company makes no tender submission.
8. Where the lowest tender is not accepted details of the reasons for this decision must be clearly noted in the Tender Analysis Report to the appropriate Committee or Sub-Committee meeting. The Tender Analysis Report will be prepared by the external Quantity Surveyor.

In addition to the above the association will also consider the following methods of procurement where this is considered appropriate;

### **Negotiation of Contracts**

The prime considerations leading to a recommendation to approve the negotiation of a contract are outlined below:

Robust evidence in the form of an audit trail to demonstrate value for money as well as evidence of measurable continuous improvement. These are normally measured in terms of time, cost, quality, client satisfaction and customer satisfaction in the form of actual performance against agreed Key Performance Indicator's.

There must be a clear statement in the initial advert notice that the Association may wish to negotiate further years of service i.e. advert must state that further negotiations may be considered and outlined that period in terms of time say 2 single year additions based on performance.

The Association will when deemed appropriate seek to negotiate contracts: This is most likely to occur where:

- The first phase of a project is immediately followed by a future phase of similar size and nature
- The applicant has completed work of a similar nature in the past for the Association and they have proved to demonstrate value for money, good levels of customer satisfaction, continuous improvement and good quality of product/service. Confirmation of this will be drawn from Key Performance Indicator results.
- The contract is small/straightforward or where there is a large degree of repetition.

On these bases and from the information provided in a written report to the committee, the Committee will be asked for approval to negotiate further phases or contracts.

### **Balancing Quality and Price**

The prime considerations leading to a recommendation to approve procurement on the basis of balancing quality and price are outlined below:

The Association will utilise quality/price ratios for contracts where applicable. This is most likely to be appropriate for high or medium value contracts which are more complex and where the association wishes to have a high degree of quality of service. The Association's practice will reflect the recommendations contained in 'Communities Scotland Procurement Guide 2006' for RSL's. It is acknowledged that Balancing Quality & Price may result in entering into a contract where the price may not be the lowest, quality of service and value for money are deemed to be equally high priority. The committee will be asked to approve the quality assessment questionnaire and weighting for relevant criteria for each contract, all as contained in a written report and recommendations to committee.

### **Partnering**

The prime considerations leading to a recommendation to approve the development of a partnering contract are outlined below:

After selection of a contractor from a traditional tender or balancing price/quality based process the Association may wish to partner for further phases or contracts with the same contractor after assessing time, cost, performance, quality and tenants satisfaction.

There must be a clear statement in the initial advert notice that the Association may wish to Partner further years of service i.e. advertise for a 3 years contract with 2 single year additions based on performance and outline the aims and goals for the

partnership agreement i.e. community regenerations, local apprentices, share/gain clauses around costs, repair by appointments.

This is most likely to be appropriate for medium or high value contracts allowing time to ensure the aims and goals are achieved. These partnering arrangements must be capable of demonstrating various elements of the benefits of actual partnering such as:

- Improved quality
- Increased communication, trust & relationships
- Cost reductions
- Improved efficiency & service levels to the customer
- Community regenerations
- Community Benefits i.e. Local employment, stimulate local growth etc
- Share/gain clauses around costs
- Repair by appointments

The Association will when deemed appropriate seek to enter into partnering agreements/arrangements for a specific period of time, with 3 - 5 years being seen as best practice, with proven contractors who in the past and demonstrated measurable continuous improvement in time, cost, quality, client satisfaction, tenant satisfaction in the form of KPI's. The committee will consider the appropriateness of entering a partnering agreement with a contractor on the basis of a written report and recommendations from the Maintenance Manger or Director.

The Association will create a partnering charter and gain approval of it from the committee. This will form the Partnering Agreement between the two parties and will include:

- Confirmation of RCHA's commitment & Philosophy
- Contract details (type and form of contract)
- Pricing details
- Commitment from both parties to uphold the agreement
- Details of KPI measurement and any schedules

### **Services Above £50,000**

These will be advertised on the Public Contracts Scotland Website.

### **Services Below £50,000**

These will be tendered in accordance with the tendering procedures and levels of authority contained within the Associations Financial Regulations and Procedures.

### **Policy Review Period**

RCHA will review this policy annually or in the light of changes in legislation or guidance.