PROCUREMENT POLICY

If you need this policy in another format, for example larger print, audio format, Braille, Dyslexia friendly or in another language, please contact us.

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1 Introduction and Policy Statement

1.1. AHFA spends in excess of £2m each year with suppliers and contractors on goods, services and works. We must ensure that value for money is achieved which forms part of our strategic and business objectives, while delivering positive socio-economic benefits to the communities we serve.

1.2. The Procurement Policy sets out the fundamental rules for all procurement activity within AHFA. Its aim is to provide straightforward and comprehensive guidance about the procurement process to be followed.

The purpose of this Policy is to clearly demonstrate the controls and arrangements in place which enable compliance with the Scottish Procurement Regulations, Financial Governance, and the strategic corporate objectives set by the ACHA Group.

1.3. The Policy should be read in conjunction with the Procurement Strategy, Scheme of Delegation, Financial Regulations and Authorisation Levels and Approval Procedures; as well as any department specific policy and procedures.

2. Purpose of Policy

2.1. The purpose of this policy is to:

- Provide clarity on our approach and management of procurement to our customers, colleagues, and Board members;
- Inform and meet the regulatory bodies requirements; Scottish Government, Audit Scotland, and the Scottish Housing Regulator.

2.2. The Procurement Policy applies to all expenditure in relation to goods, services and works. This includes purchases for routine supplies, services as well as complex projects which require a tailored approach.

2.3. For the purposes of this Policy “Procurement” does not include contracts for the acquisition of land or buildings.

2.4. It also does not include contracts which AHFA bids for as a contractor or service provider.

3. Equality, diversity, and inclusion

3.1. When carrying out this policy we will adhere to the Group’s Equality and Diversity Policy which aims to promote diversity, fairness, social justice, and equality of opportunity.

3.2. All procurement activity will be fair, transparent and proportionate and will not allow for discrimination of any type.

3.3. In addition to the points made above, to help promote equality and inclusion, a large print and easy to read version will be made available, along with a translation and interpretation message on the back of the policy.

4. Guiding principles

4.1. All procurement activity will adhere to the following principles:

- Accountability;
- Integrity;
- Efficiency;
- Fairness;
- Transparency.
- Sustainability
- Equal treatment and non-discrimination; and
- Proportionality.

5. Scope of Procurement Activity and Staff Development

5.1. Procurement is undertaken by duly authorised and competent persons within AHFA.

5.2. The Managing Director is responsible for ensuring that activity is carried out in compliance with the Procurement Strategy and business objectives.

5.3. This includes coordination of activity in order to:

- Ensure statutory and regulatory compliance;
- Provide guidance and support to staff carrying out procurement duties;
- Promote sector best practice;
- Maximize value for money;
- Monitor and manage supply chain performance.

5.4. Overall reporting is the responsibility of the Senior Management Team, and Operational Management teams.

5.5. Provide suitable and sufficient awareness and competency training to staff carrying out procurement on a regular basis, including annual refresher where necessary.

6. Unplanned expenditure

6.1 A business case or Single Source Justification is required for all expenditure which is:

- Unplanned;
- or one-off in nature.

6.2. In all cases, a Business Case or Single Source Justification will require relevant approval from Senior Management Team before it can progress to the procurement stage.

7. Procurement routes

7.1. Details of the Procurement Routes are shown in Appendix 1-6.

8. Non-competitive action

8.1. At times there may be genuine and justified reason(s) for bypassing the procurement process outlined in Section 7. For example, low value non-recurring spend of <£20k which carries either low or no risk to the organisation is typically purchased without or with limited competition, as long as it can demonstrate value for money.

9. Authorisation and approval

9.1. Only employees who have the required level of delegated authority can authorise and approve expenditure. Thresholds and authorisation levels can be located within Appendix 6.

10. Contract register

10.1. The Procurement Reform (Scotland) Act 2014 requires organisations to publish details of all contracts above the Regulated Procurement Threshold (£50,000 for Goods and Services, and £2m for Works) in a contract register, which is to be made available online.

10.2. AHFA's Contract Register is located on the share drive, as this is a "controlled" document, it is available on request from the Central Support Manager.

This will automatically be populated with all regulated Quick Quotes and Tenders published on Public Contracts Scotland and Public Contracts Scotland Tender (PCS-T).

11. Savings and benefit reporting

11.1 The Procurement tracker will capture the realisation of:

1. Financial savings made via competitive tendering.
2. Incidents of cost avoidance through negotiation measures.

This information will be shared and published quarterly as part of the SMT and Board meetings on a quarterly basis.

12. Document handling and document retention

12.1. All tender documentation from Procurements will be kept on the system in case of any future audit and will be retained in line with retention schedule

13. Procurement policy statements

13.1. The Procurement Reform (Scotland) Act 2014 requires organisations to set out within their Procurement Strategy their general policy in relation to a number of areas as follows.

These should be considered in relation to all procurement activity.

Use of community benefit

13.2. In relation to all regulated procurement activity we will consider at the outset whether to include a community benefit clause or not. It is optional for contracts under <£4m, and mandatory for >£4m.

13.3. Specifically, when considering community benefits, we will not only look to benefit the local communities but also our tenants directly.

13.4. We will monitor and report on the use of community benefit clauses within our contracts and the outcomes achieved.

Payment of the Living Wage to persons involved in the supply of Goods, Services, or Works

13.5. AHFA recognise the value of a well-motivated and dedicated workforce both in its own organisation and in those of its suppliers and contractors, and that payment of a living wage is a significant motivator. This will be a leading indicator when carrying out all procurements for the organisation.

Implementation of Fair Work First into all procurements both regulated and non-regulated

13.6. Fair Work First will be relevant requirement in the provision of goods, services, and works contracts. This will form part of the tender evaluation criteria and will carry a proportionate percentage of the total scoring.

Promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974

13.7. AHFA is committed to contracting only with suppliers and contractors who comply with Health, Safety and Environmental legislation.

13.8. On a contract-by-contract basis, AHFA will assess a company's track record and current performance through checks and audits to verify compliance.

Procurement of fairly and ethically traded goods and services

13.9. We will always aim to procure fairly and ethically traded goods and services.

13.10. All tender activity fully complies with Modern Slavery Act 2015.

13.11. Where appropriate we will make use of appropriate standards and labels in our procurement to take account of fair and ethical trading considerations.

30-day payment target (Prompt Payment)

13.12. We will ensure that all payments to suppliers, contractors, and consultants are made within 30 days on receipt of a valid invoice.

13.13. We will introduce clauses into our contracts to ensure that our contractors pay their sub-contractors within 30 days. Checks will be carried out to verify that suppliers and contractors are paying their supply chain within the agreed 30 days.

13.14. We will monitor and report on our payment performance as part of our annual Procurement Report to the ACHA Group.

Modern slavery and exploitation

13.15. AHFA will carry out the necessary due-diligence checks as part of its procurement activities to limit these risks in accordance with The Modern Slavery Act 2015.

Sustainable procurement

13.16. We will strive to reduce our carbon footprint and support the Scottish Government's ambition to be a net-zero society by 2045.

We will do this by:

- Reducing travel and transportation by using local contractors and suppliers wherever possible;
- Requiring the use of sustainable products and materials in tender specifications wherever possible;
- Promoting a culture of reduce, re-use and recycle amongst our contractors.
- Reduce energy demand at our offices through the installation of renewable technologies and energy efficiency measures.

14. Publicising and Accessibility

14.1. This policy will be published on the ACHA website and be available on the staff circle website https://security.staffcircle.net/Account/Login

14.2. We are happy to translate any of our policies and provide an interpreter if our customers need help.

15. Training and Competence

15.1. The level of involvement from employees in terms of procurement will vary, and will depend on their role and the level of delegated authority and budget expenditure within their department.

15.2. Employees will be supported and trained in order that they are able to fulfil their role and specific responsibilities.

16. Scheme of Delegation

16.1. The Managing Director has overall accountability, with the Operational Manager's being responsible for all procurement carried out within the organisation who will provide effective leadership to ensure that the Procurement objectives are delivered. Further details can be found within the "Delegated Authorities" schedule.

16.2. Operational Managers are responsible for ensuring that value for money is delivered and that all goods, services, and works are procured in line with the conditions and commitments made above.

16.3. The AHFA Senior Management Team will ensure that the Procurement Policy is adhered to at all times, and that the relevant procedures are followed as required.

17. Performance Development (Monitoring, Reporting, and Review)

17.1. The Procurement Policy and Procedures will be reviewed in response to any specific legislative or national policy changes.

17.2. In addition, the Procurement Policy and Procedures will be fully reviewed annually as a minimum.

18. Key Legislation (Complying with the Law and Good Practice)

18.1. The legal framework associated with procurement activity includes:

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016

- Guidance under the Procurement Reform (Scotland) Act 2014 (issued 21 June 2021)

18.2. The above legislation and associated documentation sets out in Scottish Law the requirements originally arising from European Procurement Directives as well as Scotland- specific requirements as set out by the Scottish Government.

18.3. The Procurement Reform Act introduces a new ‘Sustainable Procurement Duty’ which sits at the heart of the new legislation and requires organisations to consider in relation to all regulated procurement how it can:

- improve the economic, social, and environmental wellbeing of the authority’s area (this is the area in which the organisation operates);
- facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process; and
- promote innovation.

18.4. The ACHA Group (which AHFA are part of) are a Registered Social Landlord (RSL), who are regulated by the Scottish Housing Regulator (SHR). The SHR's statutory objective is to safeguard and promote the interests of current and future tenants, homeless people, and other people who use services provided by social landlords. In developing our policy, we have taken account of good practice, including that developed by the Scottish Housing Regulator.

18.5. The SHR uses the outcomes and standards in the Charter to assess the performance of social landlords. The key outcomes that have been considered in the development of this policy are [delete as appropriate – should match those outlined at beginning of policy]

Outcome 4 Customers’ homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) and any other building quality standard in place throughout the tenancy, when they are allocated; are always clean, tidy and in a good state of repair; and also meet the Energy Efficiency Standard and Zero Emission Heat for Social Housing – EESSH2 or any new or alternative equivalent by December 2032.

All social housing meets, or can be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology, and necessary consent. The 2032 milestone will be supported by a formal review in 2025 to assess progress and confirm additional requirements of the 2032 milestone.

Outcome 5	Customers' homes are well maintained, with repairs and improvements carried out when required, and customers are given reasonable choices about when work is done.
Outcome 6	Customers' live in well-maintained neighbourhoods where they feel safe.
Outcome 13	Customers receive services that provide continually improving value for rent and other charges they pay.
Outcome 14	We strike a balance between the level of service provided the cost of services and how far current and prospective customers can afford them.

19. Date Protection (GDPR)

19.1. In all procurement activity, consideration will be given as to whether there is a requirement of the supplier or contractor to process personal data. This includes personal data relating to tenants and customers, staff, partners, or any other person where AHFA is the Data Controller under Data Protection legislation.

19.2. In planning for procurement activity, an initial Data Privacy Impact Assessment must be undertaken to consider the impact, and where applicable, risks associated with the contract or service being procured.

19.3. If a requirement exists whereby suppliers or contractors will have access to, process or manage personal information, due diligence will be undertaken as part of the procurement process to obtain assurances that the contractor or supplier can fully comply with the requirements of the UKGDP and Data Protection Act 2018, as well as any applicable AHFA Data and Information Security Policies and Procedures. This includes further assessing any impact or risks identified during the initial Data Privacy Impact Assessment. At all points in the procurement lifecycle advice can be sought from AHFA's Data Protection Officer.

19.4. Roles and responsibilities will be clearly set out within the contract; and contract management activity will include relevant checks to ensure compliance on an ongoing basis. This includes revisiting the Data Privacy Impact Assessment during contract inception and during ongoing routine contract management activities.

20. Risk management

20.1. Several risk management activities have been identified to ensure this policy is adhered to and that AHFA's customers experience the best possible service.

- AHFA’s colleagues, Board members, and volunteers are made aware of this policy on publication and during the induction of new employees.
- A Procurement Risk Register will be kept in support of the “Contracts Register”.
- Conflict of Interest checks (employees declaring relatives working for suppliers, sub-contractors, or consultants etc.)
- Supplier and contractor financial solvency/liquidity checks will be undertaken, either as part of the tender process, at award, or periodically throughout the contract duration.

21. Complaints

21.1. We value complaints and endeavour to use information from them to help us improve our services. Complaints can be made if we fail to apply this policy properly or do not meet our organisational standards. Complaints are dealt with in line with our complaint handling procedure, a copy of which is available from our website, via the following link – https://www.acha.co.uk/services-complaint-suggestion/ or alternatively a copy can be made available on request.

Appendix 1 – Procurement “Governance and Controls” Flowchart

New Procurement Requirement.

1

Initiator to complete Contract Strategy Document (Below/Above threshold) for goods, services, or works.

2

Received by person responsible for carrying out the Procurement.

3

Confirm routes and options.

4

Contract Strategy Meeting held between Initiator/Key stakeholders to review all information, agreeing route and timelines.

5

Formal Sign-off for the Contract Strategy; Persons with Delegated Authority (Manager's, Directors).

6

Generate Tender Documentation with input from Initiator / Stakeholders, including evaluation parameters.

7

Carry out review meeting with Initiator/Key Stakeholders to review and approve tender documentation and Form of Contract to be used.

8

Carry out the agreed route.

9

Evaluate tenders received and carry out or verify due diligence checks (Technical, Quality Financial, H&S, and Environmental).

10

Notify Suppliers / Contractors of results, complying with applicable regulatory requirements.

11

Award contract (if standstill is applicable and there is no challenge).

12

Record benefits (Commercial, Technical and Quality) from tender exercise on register.

13

Create Contract Award Notice and update Contract Register

14

Arrange pre-start meeting with Supplier(s) / Contractor(s), obtain signed contracts and all mandatory information (Insurances etc.)

15

Assist with the setting up of "new" Supplier(s) / Contractor(s) on system in conjunction with Finance

16

Monitor contract performance and attend KPI meetings as agreed throughout term.

17

Close out contract as per agreed plan.

Appendix 2 – Guidance on the use of Framework Agreements

The basis for the use of a Framework will be determined by the "contract strategy" document and subsequent approval from the budget holders or employees with the required level of delegated authority.

AHFA contracts

The Contract Register with details of AHFA contracts is located on the share drive, as this is a "controlled" document, it is available on request from the Central Support Manager.

National framework agreements

If there is no existing ACHA or AHFA Framework, DPS, or available contract, a national framework agreement can be used. A framework agreement is an 'umbrella agreement' that sets out the terms under which individual contracts can be made throughout the period of the agreement.

There are a number of organisations who establish framework agreements on behalf of other organisations. These are procured through a compliant procurement route, including advertising and tendering, which means that this has already been done for the organisations subsequently awarding contracts under the framework agreement.

Finding a Framework Agreement

The following organisations offer framework agreements which can be used:

- Scottish Procurement
- Scotland Excel
- Scottish Procurement Alliance
- Procurement for Housing
- Crown Commercial Service

Using a Framework Agreement

There are two types of framework agreement:

- a single supplier framework
- a multi-supplier framework

Single supplier framework agreements – call-offs

Within a single supplier framework, any call-off contracts will be based on the terms laid down in the framework agreement. Buyers may on occasion consult the supplier asking them to supplement the tender as necessary, but this must not result in the inclusion of terms that are substantially amended from those laid down in the original framework agreement.

Multi-supplier framework agreements – call-offs

Call off contracts can be awarded either:

- Direct Award: by application of the terms set out in the framework agreement itself.

- Mini Competition: where not all the terms are set out in the framework agreement, the public body must run a mini competition between the suppliers. Under a mini-competition, the call-off contract must be placed with the supplier / contractor who has submitted the best tender in accordance with the award criteria.

Filing and Document Retention

A file should be kept in case of any future audit and should be retained in line with retention schedule.

This is particularly important if a framework agreement is considered but we then decide to proceed with our own process.

Appendix 3 – Route 1 Quick Quote

If the following criteria apply, Route 1 of the Scottish Government's Procurement Journey is to be followed unless otherwise stated:

- The expected spend is less than the 'regulated' threshold (i.e., £50,000 for goods and services.
- <£2m for works, over the duration of the contract, including any extension options.
- The purchase is considered to be Low or Medium Risk, if "High Risk" then Open, Restricted or other Tender route must be undertaken.
- The purchase is non-repetitive.

Quick Quote - additional information

Use of Quick Quote

The Procurement Journey indicates that use of Quick Quote is optional; however it is AHFA policy that this will be used where it has been agreed by the Operational Manager / Managing Director. A step by step 'quick quote' guide can be found here.

Evaluation/Scoring

In the Procurement Journey there are some example scoring methodologies provided, for evaluating supplier/contractor bids. AHFA's policy is to use a set scoring methodology for consistency, which is saved on the share drive. As this is a "controlled" document, access is available by contacting the Central Support Manager.

Templates

The Procurement Journey contains a number of templates; AHFA has its own templates which are available. These should be used in place of those contained within the Procurement Journey.

CLICK HERE FOR PROCUREMENT JOURNEY ROUTE 1

Appendix 4 – Route 2 Tender Guidance

For all procurement exceeding £50,000 for Goods and Services, and £2m for works (unless High Risk) Route 2 of the Scottish Government's Procurement Journey is to be followed.

For any planned or reactive procurement activity within this value range, advice must be sought from competent and authorised persons within AHFA, or the ACHA Group who will:

- Give advice and guidance in relation to the process
- Provide relevant documentation and templates as required
- Ensure that relevant information is captured and reported
- Once awarded, ensure the contract is included in the Contract Register

Additional Information

Use of Public Contracts Scotland

The Procurement Journey indicates that use of Public Contracts Scotland (PCS) and Public Contracts Scotland – Tender (PCS-T) is optional, however it is AHFA policy that this must be used.

Evaluation/Scoring

In the Procurement Journey there are some example scoring methodologies provided, for evaluating supplier/contractor bids. AHFA's policy is to use a set scoring methodology for consistency, which is saved on the share drive. As this is a "controlled" document, access is available by contacting the Central Support Manager.

Templates

The Procurement Journey contains a number of templates; AHFA's specific templates are available. These should be used in place of those contained within the Procurement Journey.

CLICK HERE FOR PROCUREMENT JOURNEY ROUTE 2

Appendix 5 – Route 3 Tender Guidance

For all remaining Procurements Route 3 of the Scottish Government's Procurement Journey is to be followed. A member of the Senior Management Team is to lead on all activity above the regulatory thresholds. The only exceptions to this would be where there is no capacity within the organisation; or where there is a requirement for more specialist expertise. In such cases, use of external consultants will be considered, this must be approved by the Senior Management Team and services procured in line with the requirements of this Policy and Procedures.

A member of the Senior Management Team will:

- Include the procurement in the "Forward Delivery Plan"
- Coordinate the Procurement Process
- Establish a Working Group/Evaluation Panel
- Publish all contract notices and documentation
- Collate scoring information from Evaluation Panel
- Carry out cost analysis
- Issue all Intention to Award, Contract Award and Regret Letters
- Ensure that relevant information is captured and reported
- Once awarded, ensure the contract is included in the Contract Register

Additional Information

Use of Public Contracts Scotland

The Procurement Journey indicates that use of Public Contracts Scotland (PCS) and Public Contracts Scotland – Tender (PCS-T) is optional, however it is AHFA policy that this must be used.

Evaluation/Scoring

In the Procurement Journey there are some example scoring methodologies provided for evaluating supplier/contractor bids. AHFA's policy is to use a set scoring methodology for consistency, which is located on the share drive. As this is a "controlled" document, access is available by contacting the Central Support Manager.

Templates

The Procurement Journey contains a number of templates; AHFA's specific templates are available. These should be used in place of those contained within the Procurement Journey.

CLICK HERE FOR PROCUREMENT JOURNEY ROUTE 3

Appendix 6 – Procurement Route Matrix

Procurement Thresholds and Procedures for Goods/Services

Total Value of Contract (Exc. VAT)	Procurement activity	Typical timescales	Tender Report Required	Scottish Government's Procurement Journey
Under £3000	Direct instruction but seeking value for money and considering current market prices.	N/A	No	
£3,001 - £20,000	Seek three quotations from competent suppliers/contractors. Must be able to demonstrate value for money. If only one returned quote, consider requesting at least one further quote.	N/A	No	
£20,001 - £50,000	Seek three quotations from competent suppliers/contractors or competitive tender through the PCS Quick Quote function. In some circumstances direct award up to £50k may be made by using single tender justification form where appropriate and advice sought from Procurement Manager. Manually add contract award to contracts register.	7 – 30 days	Yes	Detailed guidance and template documents can be found in Route 1 of the Procurement Journey. https://www.procurementjourney.scot/route-1
>£50,001	Competitive tender through the PCS portal inviting suppliers to tender. Award criteria and weightings decided by Contract Manager in liaison with Procurement Manager. Contract award must be added to contracts register. Full tender using Public Contract Scotland for issuing contract notice/SPD/ITT/ clarifications/contract award notices.	1 - 3 months	Yes	Detailed guidance and template documents can be found in Route 2 of the Procurement Journey.

2 Procurement Thresholds and Procedures for Works

Total Value of Contract (Exc. VAT)	Procurement activity	Typical timescales	Tender Report Required	Scottish Government's Procurement Journey
Under £50,000	Request two quotes to insure value for money and consideration for market conditions. In some circumstances direct award up to £50k may be made by using single tender justification form where appropriate and advice sought.	N/A	No	Detailed guidance and template documents can be found in Route 1 of the Procurement Journey. https://www.procurementjourney.scot/route-1
£50,001 - £2m	Competitive tender via Public Contracts Scotland Quick Quote or Open/Restricted Procedure can be used	7 – 30 days	Yes	Detailed guidance and template documents can be found in Route 2 of the Procurement Journey. https://www.procurementjourney.scot/route-2
£>2m	Full tender using Public Contract Scotland for issuing contract notice/SPD/ITT/ clarifications/contract award notices. The contract award must be added to contracts register.	3 – 6 months	Yes	Detailed guidance and template documents can be found in Route 3 of the Procurement Journey. https://www.procurementjourney.scot/route-3

[Document control to be appended to end of policy as follows:]

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Policy Name – Procurement Policy (AHFA)		
Approving body - AHFA Board	**Next Review Date**	**12/05/2027**
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