

## PRICES, QUOTATIONS & TENDERS - PROCEDURE

### 1.0 INTRODUCTION

- 1.1 These procedures apply to the obtaining of prices and to the issue, receipt and acceptance of quotations and tenders by all departments and services throughout ARK. Where another form of procurement is to be used, e.g. partnering, these procedures will not apply.
- 1.2 To ensure fair competition, value for money and financial probity, these procedures will be followed each time prices, formal quotations or tenders are required for the supply of goods or services.
- 1.3 To ensure that we provide a high standard of service at all times the Board of Management, Chief Executive, Directors and any Managers involved will take the following factors into account during the decision-making process - from the initial invitations to the formal acceptance of a quote or tender:
- Value for money
  - References (where appropriate)
  - Performance standards/track record (where appropriate)
  - Previous working relationships (where appropriate)
- 1.4 The term ‘manager’ in this procedure refers to the person authorised to issue quotations or tenders, i.e. authorised to incur expenditure, as detailed in the procedure entitled Incurring and Authorising Expenditure. Normally this will be the relevant budget holder.
- 1.5 This procedure supports our policy entitled: [Procurement of Goods & Services](#). It represents one of the measures by which ARK will ensure compliance with the Bribery Act 2010.

### 2.0 FINANCIAL LIMITS FOR SEEKING PRICES, QUOTES OR TENDERS

#### Summary

#### Value of goods or services

Up to £5,000

From £5,000 to £15,000

From £15,001 to £25,000

From £25,001 to £250,000

Above £250,000

#### Quotes or tenders

Minimum of two prices, where appropriate

At least 2 written quotations invited

At least 3 written quotations invited

At least 3 tenders invited

At least 4 tenders invited

#### **Items costing up to £5,000 (excluding VAT)**

- 2.1 For goods or services costing up to £5,000 formal quotations or tenders will not be required. The

manager may however choose to obtain formal quotations and if they do so, will follow the relevant procedures below.

- 2.2 With the exception of property repairs to be carried out by one of our approved contractors (see also para. 2.5 below), for all purchases costing over £500 the manager will where possible check at least two, and preferably three prices either by telephone, by the internet, by accessing catalogues, or by requesting details by letter, fax or email.

The exception to this general rule will be where we have a contract in place for the supply of goods or services and we are purchasing based on the agreed price(s) in that contract.

- 2.3 Where alternative prices are obtained the details will be noted in the relevant file containing the final order.
- 2.4 Where catalogues are used, the manager will seek to obtain a discount from the published price.
- 2.5 For repairs works costing up to £5,000 that cannot be carried out by the appropriate local maintenance contractor, the Asset Manager may approach another contractor for a quotation based on the required details.

#### **Items costing from £5,001 to £25,000 (excluding VAT)**

- 2.6 For goods or services costing between £5,001 and £15,000 at least two written quotations will be invited (but see also para. 2.14 below regarding Stage III adaptations).
- 2.7 For goods or services costing between £15,001 and £25,000 at least 3 written quotations will be invited.
- 2.8 Where there are Approved Lists of suppliers of goods or services, those invited to quote will be selected from the appropriate list.
- 2.9 The issue, receipt, opening and recording of quotations will be dealt with in the same way as the issue etc. of tenders (see Sections 3 - 6).

#### **Items costing over £25,000 (excluding VAT)**

- 2.10 For goods or services costing over £25,000 written tenders will be invited, as follows:
- estimated cost between £25,001 and £250,000 - minimum of 3 tenders
  - estimated cost over £250,000 - minimum of 4 tenders
- 2.11 Where there are Approved Lists of suppliers of goods or services, those invited to tender will be selected from the appropriate list.

#### **Specialist suppliers or contractors**

- 2.12 The only exception to paragraphs. 2.6, 2.7 and 2.10 above will be where there are only one or two specialised suppliers or contractors available.

Where there are at least two, we will seek to obtain two quotes or tenders. Where there is only one, we will seek to negotiate a price that can be justified as 'best value'.

#### **ONLY ONE SPECIALIST CONTRACTOR OR SUPPLIER [COSTS WITHIN BUDGET]**

- Up to £100,000 - may be approved by the Director of Finance
- Up to £250,000 - may be approved by the Chief Executive\*
- Above £250,000 delegated authority - approved by the Board, or by the Chair/Depute Chair under depending on the urgency of the situation

\* In the absence of the Chief Executive and where the need for a decision is urgent, approval is delegated to the Director of Finance (failing whom the Director of HR or Director of Care & support) with retrospective approval required by the Chief Executive.

2.13 The reasons for any deviation from the normal procedures will be fully recorded and added to the appropriate file, to provide an audit trail if required.

### **Stage III adaptations**

2.14 In accordance with current Scottish Government guidance, Stage III adaptations costing up to £15,000 (excluding VAT) may be accepted on the basis of one quotation only.

### **EU procurement rules**

2.15 Where the value of the works or services is higher than the relevant current EU threshold, the minimum number of invitations to tender that should be issued is:

- Negotiated procedure with publication of a contract notice and the competitive dialogue procedure – at least 3 invitations to tender;
- Restricted procedure – at least 5 invitations to tender.

## **3.0 ISSUING QUOTATIONS & TENDERS**

3.1 In this section, as the arrangements are identical the term ‘tender’ will refer to both quotations and tenders.

3.2 The manager will prepare a specification of the project works with associated drawings (if appropriate) and any other relevant information. The Manager will then produce and issue written invitations to tender unless a Consultant is employed and part of their role is to prepare and issue tender documents. We will provide a Consultant with the required items to be issued with the documents – see paras. 3.5 and 3.6 below.

3.3 All invitations to submit a tender will include an appropriate version of our confidentiality clause and a declaration of interest statement (see Appendix 1 for samples).

3.4 Tender documents will contain full details of the project or service, together with any quality criteria to be applied, so that those invited to tender are able to submit accurate, comparable tenders.

3.5 The manager or nominated deputy will arrange a thorough check through the documents with a member of the finance department who will prepare a fresh tender log page in the tender log held in the Finance safe by entering the project title, names of the contractors to whom the documents are issued, date issued and date/time due for return.

3.6 The manager will ensure that reception staff are advised regarding the anticipated return of tenders and are aware of procedures.

3.7 Tender documents will be accompanied by an envelope with a pre-printed label (see Appendix 2 for a sample), containing:

- the phrase 'Quotation/Tender – Do not open'
- the return address
- the latest time and date the tender is to be returned by
- an 'Office Use Only' section covering:
  - date & time received
  - description of the goods, services or project
  - unique identifying reference number.

3.7 The instructions enclosed with the tender documents will specify how and when tenders are to be submitted and that tenders must be returned in the envelope provided, or they will be sent back and not considered.

In the case of works contracts, if the priced bills of quantities are too large for the envelope, the instructions will state that the tender summary and the tenderer's formal letter must be returned in the envelope provided, with the priced bills sealed in other envelopes.

#### **4.0 RECEIPT OF QUOTATIONS OR TENDERS**

4.1 In this section as the arrangements are identical the term 'tender' will refer to both quotations and tenders.

4.2 Where Consultants have prepared and issued the documents, they will provide the manager with the information required to complete the Tender Log and Tender Register pages.

##### **Receipt of tenders**

4.3 Immediately an envelope is recognised as a tender, the member of staff at Reception will:

- hand deliver the envelope to a member of the finance department.

4.4 Upon receipt of a tender, the member of staff in finance will:

- date stamp the envelope, write on the time of receipt and initial the entry;
- enter the reference number from the label, plus the date and time of receipt in the relevant page of the Tender Log, and sign opposite the entry;
- place the envelope in the safe within Finance.

##### **Envelopes opened in error**

4.5 If a tender envelope is opened in error before the closing date, the member of staff who opens it will **immediately** take the envelope to a Director **not** involved in the tender, or to the Chief Executive.

If neither the Chief Executive nor any appropriate Directors are available, the envelope may be taken to a Manager who is **not** involved in the tender.

4.6 The Director or Manager will verify that the envelope's contents are a tender then, in the presence of the member of staff, will reseal the envelope and write 'Opened in error on (date)' on the front and

initial the entry. The Director/Manager and the member of staff will then sign across the flap and date their signatures, following which the member of staff will immediately take the envelope to Finance to place in the safe and enter the required details in the Tender Log.

### **Late tenders**

- 4.7 If a tender is received **after** the specified time they are due, the member of staff who receives it will:
- enter the date and time of receipt on the envelope and initial the entry, as in para. 4.3 above;
  - take the envelope immediately to a member of finance staff who will verify the details, write 'Late Tender' on the envelope and sign below their entry;
  - pass the envelope to the Manager responsible for the tender, for returning unopened to the sender following the opening of the other tenders (see para. 5.5 below).
- 4.8 If a member of staff is in any doubt about whether an envelope is late or not, e.g. because it is received just a few minutes after the closing time and the envelopes already received have not yet been removed from the tender box, he/she should contact a Director or Manager **not** involved in the tender for advice.

### **Amending the tender details**

- 4.9 A request to amend any of the details of the tender such as to extend the closing date and/or time for receipt of tenders may be received from one of those on the list. Where such a request is approved or where the manager needs to correct any errors in the issued documents, the manager will:
- ensure that all the remaining suppliers or contractors on the list are advised promptly in writing;
  - ensure that the details are amended on the Tender Log.

## **5.0 OPENING OF QUOTATIONS OR TENDERS**

- 5.1 On the closing date for receipt of quotes or tenders, the manager or nominated deputy will:
- collect the Tenders from the Finance safe and initial each tender receipt entry in the tender log for each envelope removed;
  - log the tenders on a new tenders register sheet (appendix 3)

### **Staff etc. to be present**

- 5.2 Quotations and tenders will be opened by two members of staff, namely:
- the responsible manager, or in their absence a nominated deputy;
  - a member of staff from another department not directly involved with the service or project.
- 5.3 For capital projects with an estimated cost of at least £250,000 (excluding VAT), the relevant Director or the Chief Executive will attend the opening, either as the responsible manager or in addition to the manager. Where a Project Consultant is involved, they will normally also attend.

## **Opening procedure**

5.4 The manager and staff member will:

- on opening each envelope, initial and date the quotation, or form of tender page;
- complete the remaining columns of the Tender Register with the reference number, quote/tender value, and their initials opposite each entry;
- enter the opening date and time;
- once all envelopes have been opened, except for any late arrivals (see 5.6 below), complete the sections at the foot of the register with their names and signatures, together with the names and signatures of any others present.

The manager will ensure that the Tender Register is completed fully and accurately.

## **Late arrivals**

5.5 Late quotations or tenders will not be opened. In the Tender Register 'Late Quotation' or 'Late Tender' will be entered opposite the name and both staff will initial opposite the entry.

5.6 After the other envelopes have been opened, any late arrivals will be returned with a covering letter signed by the relevant Director or Chief Executive stating why the quote/tender has not been considered.

## **Non-receipt**

5.7 Where a supplier or contractor does not respond to the invitation, the words 'No quote received' or 'No tender received' will be entered in the Tender Register opposite their name, and both staff will initial opposite the entry.

## **Action following opening**

5.8 The quotes or tenders received will be taken by the manager, or by the Project Consultant (or delivered to the Consultant if not present). The manager will;

- carry out an assessment of the returned tenders;
- carry out a financial assessment of each of the suppliers or contractors;
- prepare a report on the findings;
- make a recommendation to the Director of Finance;
- give the Tender Register to a member of the finance department who will attach it to the relevant page in the tender log.

## **6.0 ACCEPTANCE OF QUOTATIONS OR TENDERS**

6.1 Tenders for major Development capital projects will be accepted as detailed in the Development Procedures.

6.2 All other quotations or tenders will be accepted either by the appropriate Director, the Chief Executive, the Board or Sub-Committee in accordance with the current limits as detailed below. Normally, the lowest quotation or tender will be successful, unless the provisions of paras. 6.4 to 6.6 apply.

6.3 The current limits are:

- Up to £100,000 - may be approved by the Director of Finance
- Up to £250,000 - may be approved by the Chief Executive\*
- Above £250,000 delegated authority - approved by the Board, or by the Chair/Depute Chair under depending on the urgency of the situation

\* In the absence of the Chief Executive and where the need for a decision is urgent, approval is delegated to the Director of Finance (failing whom the Director of HR or Director of Care & Support) with retrospective approval required by the Chief Executive.

6.4 For contracts with a value of up to £100,000, where there are no quality criteria and where the recommendation is to accept a quote or tender other than the lowest, the decision will be made by the Senior Leadership Team and the reasons must be fully recorded and added to the relevant file, to provide an audit trail if required.

6.5 Where quality criteria are an important element of the contract, these will be fully detailed in the documentation issued and will be taken fully into account when assessing quotations or tenders. In particular, when two or more prices are close, the quality criteria will determine the final choice, which may not be the lowest price. The assessment of quality criteria will be fully recorded and added to the relevant file, to provide an audit trail if required.

6.6 The lowest quote or tender will not automatically be accepted if:

- the offer price is more than 10% above the budget or estimated cost;
- there are serious concerns about the accuracy or viability of the offer, especially where the price is significantly lower than the others received.

In such situations the Senior Leadership Team will decide which offer, if any should be accepted or whether a re-tendering exercise should be undertaken, possibly with a revised specification. The reasons for the decision will be fully recorded and added to the relevant file to provide an audit trail, if required.

The approval of the grant provider will be required before taking such a decision on a HAG funded development project.

### **Action following acceptance**

6.7 The Chief Executive or appropriate Director will authorise the manager to write to the successful tenderer and, following their acceptance of the contract and the terms and conditions, confirm that they may write to those who were unsuccessful, giving a contact name and phone number should they wish further information on the outcome of the tendering exercise.

6.8 The recommendation from the manager to the Director of Finance shall be used to compile a report to the relevant sub committee to inform them of the tender award.

## **7.0 IMPLEMENTATION & REVIEW**

7.1 The Director of Finance is responsible for ensuring that these procedures are implemented by all staff and Board Members concerned.

7.2 The Director of Finance will ensure that these procedures are reviewed every two years by the Senior Leadership Team, and that the limits of delegated authority are reviewed by the Board of Management at the same time as the Scheme of Delegation is reviewed.

**Approved by the SLT: May 2016**

**Next review due by: May 2018**

**Complies with: Scottish Social Housing Charter, Standard 13 and SHR Regulation 3.**

## EXAMPLES OF 'NON-DISCLOSURE' CLAUSES

### 1. General Contractors & Consultants - e.g. Maintenance, Major Repairs

#### Data Protection Act 1998 Statement on Confidentiality of Information

Contract for \_\_\_\_\_

In accordance with the requirements of the Data Protection Act 1998, the Consultant/Contractor and all employees and sub-contractors undertakes that any 'personal data' (as defined in the Act) on the tenants or occupiers of ARK Housing Association Ltd. properties, which is either passed to or obtained by the Consultant/Contractor for the purposes of fulfilling the terms of this contract, shall be treated as confidential and used solely for those purposes. The personal data shall not be used for any other purpose, nor on any account shall the data be passed on to any other third party.

I understand that any breach of this clause will be regarded as a breach of the Data Protection Act 1998 and may result in the termination of this contract and in action being taken to recover damages where appropriate.

Signed on behalf of the Company \_\_\_\_\_  
(Designation/Title)

### 2. Computer Systems Consultants or Maintenance Contractors

#### Data Protection Act 1998 Statement on Confidentiality of Information

Contract for \_\_\_\_\_

In accordance with the requirements of the Data Protection Act 1998, the Consultant/Contractor and all employees and sub-contractors undertake that any 'personal data' (as defined in the Act) on tenants, other occupiers, former tenants, owners, applicants or staff of ARK Housing Association Ltd., which is either passed to or obtained by the Consultant/Contractor for the purposes of fulfilling the terms of this contract, shall be treated as confidential and used solely for those purposes. The personal data shall not be used for any other purpose, nor on any account shall the data be passed on to any other third party.

I understand that any breach of this clause will be regarded as a breach of the Data Protection Act 1998 and may result in the termination of this contract and in action being taken to recover damages where appropriate.

Signed on behalf of the Company \_\_\_\_\_  
(Designation/Title)

**3. Sample Declaration of Interest Statement**

Contract for \_\_\_\_\_

Company name .....

I declare that no Director or Senior Manager who is or will be directly involved in the contract referred to above for the supply of goods and/or services, or the carrying out of the project, is related to any member of the Board of Management or to any member of the Senior Leadership Team of ARK Housing Association Ltd.

Signed .....

Name (print) .....

Title/designation .....

Date .....

SAMPLE TENDER LABEL

<p><b>For Office use only</b></p> <p>Description: .....</p> <p>.....</p> <p>Ref. No. ....</p> <p>Received on .....</p> <p>at .....</p> <p><b>Due by ..... on .....</b></p>	<p><b>Quotation/Tender - Do not open</b></p> <p><b>ARK Housing Association Ltd.</b> <b>The Priory</b> <b>Canaan Lane</b> <b>EDINBURGH</b> <b>EH10 4SG</b></p>
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**TENDER REGISTER**

TENDER/QUOTATION for: .....

Date issued: ..... Date/Time due for return: .....

Budget/Estimated Cost : £ .....

Reference No.	Name of Contractor or Supplier	Value of Tender/Quote (excluding VAT)	Opened by (Initials)

Tenders/Quotations opened on (date): ..... at (time): .....

by (Print Name): .....

(Signature): .....

(Title): .....

Witnesses and/or others present:

Name (Print): .....

(Signature): .....

(Title): .....