

Procurement Policy

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Version Control

Date	Owner	Version	Reason for Change
Oct 2020	Stuart Green	3.0	Three yearly review and transfer to new format

Summary of Changes

Section	Change
Entire policy	Transfer to new format and change policy name.
7.1	Introduction of a Procurement flow chart, which sets out a clear process for staff to follow when starting the procurement journey.
7.1	A review of the financial limits, and number of quotations required, when obtaining prices, quotations, and tenders.
7.2 & Appendix 2	Review of authorisation limits for budgeted revenue and capital expenditure across the business.
7.4	Review of authorisation limits for committed capital project cost overruns.

7.5 & 7.6	Information about Public Contracts Scotland and the Scottish Government's Procurement Journey.
7.7	Additional information about how and where the contract register is maintained, in line with best practice.
7.8	Additional information about National Framework Agreements and when best to use them.
7.9	New section on 'non-competitive action'. Replaces current policy section on Specialist Suppliers or Contractors.
7.10	Reference to when a procurement strategy, and annual procurement report, should be prepared.

Procurement Policy

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1.0 ARKs Values

Our organisational values are the basis for everything that we do, from providing housing, care and support to tenants and service users to ensuring that staff have clear standards of performance set. Ark believes that everyone should have the opportunity to lead a happy, healthy and safe life. We value:

- The worth of each person
- Trusting relationships
- Understanding difference
- Challenging oppression
- Personal and organisational accountability
- Caring for our physical environment
- Enjoyment

2.0 Purpose

The Procurement Policy sets out the fundamental rules applicable to procurement activity within Ark. It seeks to provide straightforward and comprehensive guidance about the procurement process for staff to follow.

The Procurement Policy applies to all third party expenditure in relation to goods, services and works. This includes purchases for routine supplies and services through to more complex projects for buildings and refurbishments.

It does not cover the setting of the staffing establishment or the incurring of staff costs through the approval to appoint permanent or temporary staff. These are covered by our Financial Regulations [F01] and our policy and procedures on Recruitment and Selection [HR01].

3.0 Policy Statement

In all our procurement activities we will aim to achieve value for money by ensuring that whenever appropriate we assess both quality and cost. We recognise that the lowest cost does not necessarily represent best value.

In making procurement decisions, especially those of significant value requiring a tendering process, we will assess and seek to minimise any risks involved, in accordance with the guidance in our 'Risk Management' [G08] policy and our current Risk Strategy.

4.0 Scope

This policy, and the procedure which supports it, applies to:

- Members of our Board of Management and of the Board of Management of any of our subsidiaries; and
- All staff, who make purchases on behalf of the organisation.

5.0 Legal/Regulatory Framework

This policy and the supporting procedures comply with the Scottish Housing Regulator Regulatory Standards, Scottish Social Housing Charter, Standard 13 'Value for Money' and Scottish Housing Regulator (SHR) regulation 3.

The legislation surrounding procurement includes the following:

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016
- Guidance under the Procurement Reform (Scotland) Act 2014 (issued 17 March 2016)

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

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.

6.0 Responsibilities

6.1 Board of Management

Ark's Board of Management is responsible for consideration and approval of this policy, and for ensuring that its decisions are taken in accordance with relevant legislation, regulatory expectations, training and guidance.

6.2 Executive Team

Ark's Executive Team is responsible for ensuring that this policy is reviewed in accordance with Ark's schedule for review of policies, or sooner if required. The Executive Team is responsible for ensuring that its decisions, and the decisions of officers, are taken in accordance with relevant regulatory expectations, best practice, training and guidance.

6.3 Senior Leadership Team

The Senior Leadership Team will be responsible for approval of this policy and the effective implementation of this policy within their area of responsibility, as required. They must also ensure that each member of their staff, through induction, and team meetings, is made aware of this policy and participates in relevant training.

6.4 Managers

Ark Managers will be responsible for the effective implementation of this policy within their area of responsibility. They must also ensure that relevant members of their staff (i.e. staff with procurement decision making ability), through induction, and team meetings, are made aware of this policy and that they comply with its terms, and make all relevant declarations.

6.5 All Staff

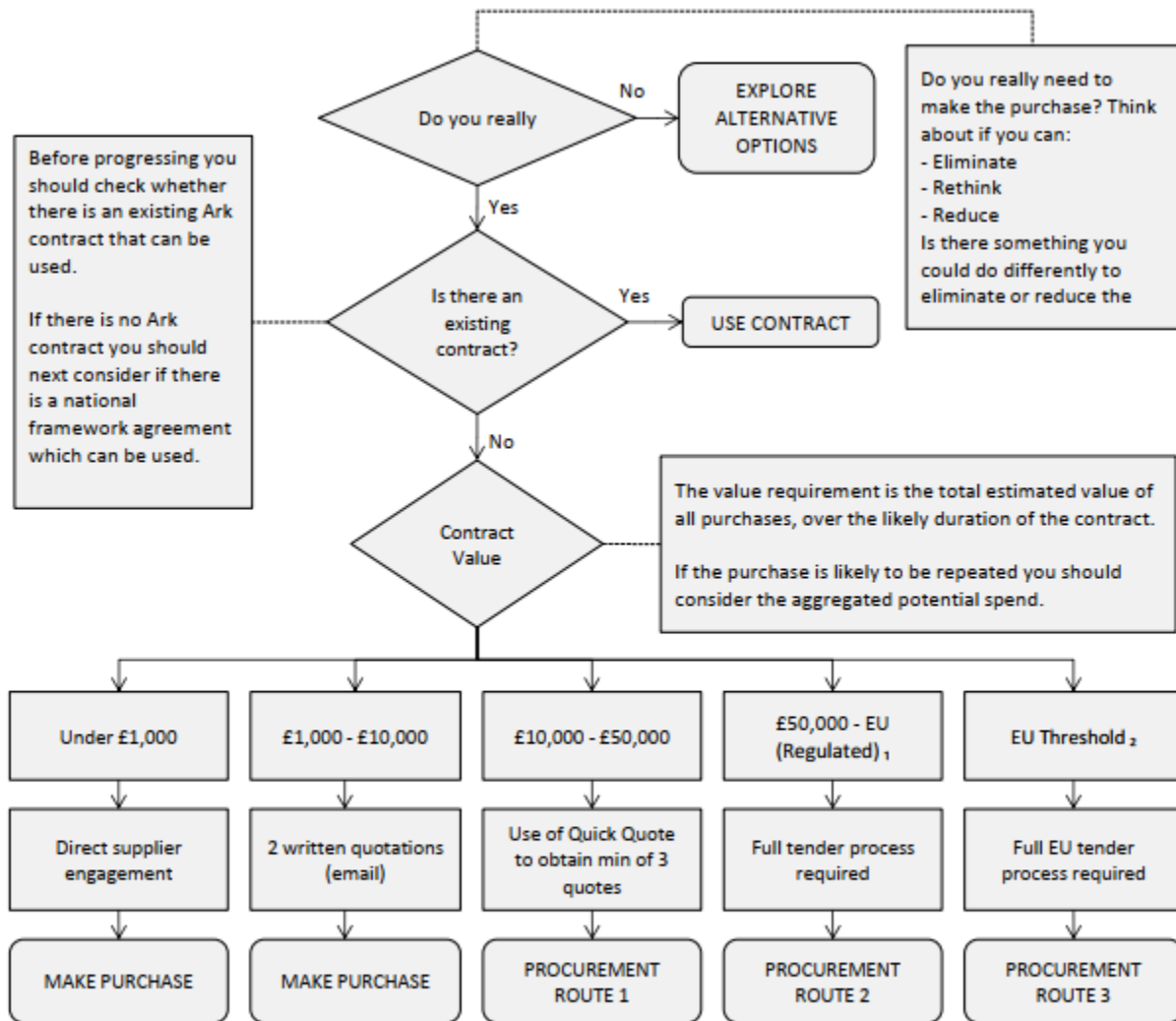
All Ark employees are responsible for ensuring that value for money is delivered and that all goods, services and works are procured in line with this policy. Staff are responsible for ensuring that the Procurement Policy is adhered to and that the relevant procedures are followed as required.

The level of involvement required from staff in terms of procurement will vary, depending on the nature of their role and the level of expenditure within their department. Staff will be supported and appropriately trained in order that they are able to fulfil their own responsibilities.

7.0 Procurement Process

7.1 Procurement Flow Chart

The flow chart below sets out the steps to be followed in order to determine the most appropriate procurement route:



1. The regulated procurement threshold for Works is £2m, however it is Ark's policy to apply the same threshold for that of Goods and Services, in relation to Works.
2. Current EU Procurement Thresholds can be found at: <https://www.gov.scot/collections/scottish-procurement-policy-notes-sppns/>

Procedure 'Prices, Quotations, and Tenders' [F02a], documents the steps to be taken at each stage of the procurement journey.

7.2 Authority to Incur Expenditure

Any Ark employee can obtain quotations. However, authorisation limits, noted within Appendix 1, must be adhered to before any commitment to spend is made. Departmental expenditure should be within approved budget levels.

When authorising any expenditure, it is the responsibility of the individual signing any order or invoice to be accountable for that expenditure by confirming that the expenditure is legitimate, justified, and conforms to existing policies and procedures.

7.3 Business Case

Where expenditure is unbudgeted, one-off in nature or relates to a capital project (whether for development or otherwise) it will require preparation of a business case. See procedure [G52] for further details. Appendix 1 sets out authorisation limits for unbudgeted expenditure.

7.4 Cost Overruns on Committed Capital Projects

Cost overruns, although unwelcome, are an inherent risk associated with large scale capital projects. Acknowledging this risk, Appendix 2 sets out approval limits for authorisation of these additional costs.

7.5 Public Contracts Scotland

Public Contracts Scotland (PCS) is a national advertising website where suppliers can access essential information on opportunities to offer services and bid for contracts for the supply of goods, works and services to the whole Public Sector in Scotland.

It is also a national advertising website for Scottish public bodies to post Official Journal of the European Union (OJEU) notices (contracts over the European directive threshold), lower-value notices, and subsequent contract awards.

It is a legal requirement for all Scottish public sector bodies to use Public Contracts Scotland (PCS) to advertise all regulated procurements and their subsequent awards, in addition, many organisations use PCS for direct requests for quotations (Quick Quotes) for lower value, non-regulated procurements.

It is Ark's policy to use PCS for all procurement that falls under the category of Route 1, 2, or 3.

7.6 Scottish Government Procurement Journey

The Scottish Government's Procurement Journey provides guidance for public and third sector organisations who procure goods and services. Additional information can be found at <https://www.procurementjourney.scot/>

7.7 Contract Register

The Procurement Reform (Scotland) Act 2014 requires organisations to publish details of all contracts above the Regulated Procurement Threshold (£50,000) in a corporate contract register, which is to be made available online. Ark's Contract Register can be found [here](#). This will automatically be populated for all Quick Quotes and Tenders published on Public Contracts Scotland. Any contracts awarded out with this (i.e. non-competitive action) will have to be manually recorded.

Contracts and Services will be performed by an approved supplier from Ark's approved contractors and suppliers list. The approved list of contractors and suppliers is reviewed annually by Ark. The completion of this review is part of the Organisational Checklist. The results of this review are available to the Board of Management on request.

7.8 National Framework Agreements

Before carrying out any procurement activity, staff should consider whether there is an existing contract or framework agreement that can meet their needs. This should always be explored in the first instance.

National Framework Agreements are 'umbrella agreements' that allow organisations to order goods and services under the terms and conditions specified in that framework agreement. By utilising framework agreements, organisations can save time and money and ensure that the terms of individual contracts are robust.

There are a number of organisations that 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. Ark is eligible to make use of the following framework agreements:

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

Where there is no appropriate framework agreement, staff should consider whether there is an opportunity to collaborate with another organisation[s]. Where an opportunity does exist, staff should pursue it if it will bring benefit to Ark.

7.9 Non-Competitive Action

Where there is a genuine and justified reason for bypassing the process at 7.1 above, this should be referred to the relevant Director for approval to carry out a non-competitive action (sometimes known as single tender action). This should subsequently be reported to the Director of Finance who will record such instances and report to the Executive Team on a regular basis.

Non-competitive action is an exceptional procedure and should be strictly limited to certain situations. It may also be necessary to publish a contract award notice (without competition) and to include information within Ark's Contract Register, depending on the contract value. See Appendix 3 for examples of non-competitive action.

It remains essential to achieve best value for money and to demonstrate the fair and equal treatment of suppliers, so the procurement process selected must always be fully defensible.

7.10 Procurement Strategy

The Procurement Reform (Scotland) Act 2014 requires Ark to prepare and publish an annual procurement strategy for each year in which it considers its total expenditure on regulated procurements will exceed £5,000,000.

If it is obliged to prepare an annual procurement strategy, Ark must also prepare an annual procurement report.

7.11 Document Retention

Since all procurement will be undertaken electronically, there is no need for opening of quotations/tender responses to be witnessed.

In case of any future audit, all tender return documentation should be retained in line with Ark's retention schedules, as noted in the 'Retention of Documents' policy [G17]. This complies with Procurement Scotland 2016 guidelines.

8.0 Related Policies & Procedures

This policy is supported by the following policies and procedures detailing the processes for specific activities:

Policies

[F01]	Financial Regulations
[G06]	Standing Orders
[G08]	Risk Management
[G18]	Insurances
[G16]	Signing and Witnessing of Documents
[G17]	Retention of Documents

Procedures

[F02a]	Prices, Quotations, and Tenders
[F02b]	Incurring and Authorising Expenditure
[F02c]	Expenditure by Cash, Cheques, and Credit Cards
[G52]	Business Case Approval
[HM36]	Service Charges
[M11]	Reactive Repairs
[M15]	Cyclical Painting
[M23]	Planned Maintenance, Improvements, and Major Repairs
[M26]	Landscape Maintenance

9.0 Equality Impact Assessment (EIA)

No potential equalities issues have been identified in relation to the development of this policy, and consequently an EIA has not been completed.

10.0 Data Protection Impact Assessment (DPIA)

No data protection implications have been identified in relation to the development of this policy, and consequently a DPIA has not been completed.

11.0 Stakeholder Consultation

In developing this policy the following groups were consulted:

- Ark Board of Management;
- Ark Executive Team; and
- Ark Senior Leadership Team.

12.0 Monitoring and Review

12.1 Monitoring

Our Rules require the Board of Management to set our policy on Procurement and keep it under review. This policy has been approved by our Board of Management and is consistent with the requirements of our Codes of Conduct for Board of Management Members and for Staff. These Codes have been confirmed by the Scottish Housing Regulator as meeting their regulatory requirements.

Ark's Executive and Senior Leadership Teams will monitor implementation of this policy, and its supporting procedure on an ongoing basis.

12.2 Review

This policy will be reviewed as required, in response to any specific legislative or national policy changes. In addition, the policy will be reviewed within 3 years from the date of approval by our Board of Management, in accordance with Ark's policy review framework.

Appendix 1 – Authorisation and Approval Limits

Expenditure Included in the Annual Budget:

Approver*	Revenue				Capital
	Care & Support Services	Central Overhead Departments	Housing	Maintenance	All
	£	£	£	£	£
Board of Management	Over 500,000	Over 500,000	Over 500,000	Over 500,000	Over 1,000,000
Chief Executive	500,000	500,000	500,000	500,000	Over 500,000
Director	100,000	100,000	100,000	100,000	500,000
Assistant Director or Head of Department	10,000	10,000	10,000	10,000	50,000
Area Manager ₁	5,000	n/a	n/a	n/a	n/a
Regional Operations Manager ₁	2,000	n/a	n/a	n/a	n/a
Care & Support Manager ₁	1,000	n/a	n/a	n/a	n/a
Business Partner or Senior Officer	n/a	5,000	5,000	5,000	20,000
Officer or Other Approver	n/a	1,000	1,000	1,000	5,000

₁ Finance Business Partners may approve expenditure on behalf of Care & Support service staff up to the value of £5,000, and Finance Officers up to the value of £1,000 – this would generally cover expenditure that may be centrally incurred and recharged across services.

* For operational requirements, or due to size, individual departments made decide not to have approvers at every level.

Expenditure Not Included in the Annual Budget:

Approver	Revenue	Capital
	£	£
Executive Committee or by the Chair/Depute Chair under delegated authority, depending on the urgency of the situation	Over 50,000 per item	
Finance Director and/or Chief Executive	Up to 50,000 per item, and up to a cumulative total 250,000 per annum	

Appendix 2 – Authorisation and Approval Limits for Cost Overruns on Committed Capital Projects

	% / £
Finance Sub-Committee (or the Executive Committee under delegated authority, depending on the urgency of the situation)	Over 15% of project value or £100,000
Chief Executive	Up to 15% of project value or a maximum of £100,000
Director	Up to 5% of project value or a maximum of £50,000

Appendix 3 – Examples of Non-Competitive Action

- For work of exceptional urgency caused by unforeseeable circumstances where competitive tendering would cause unacceptable delay (e.g. after critical equipment breakdown, storm, fire, etc.). Insufficient organisational planning (e.g. requirement to spend funds within a particular financial year) cannot be considered as acceptable justification.
- The proposed supplier has, by recent experience (normally, within the last 12 months, but this will depend on relevant market conditions), proved to offer best value for money as the result of a fully compliant, competitive procurement exercise. Further competition would be highly likely to produce the same outcome. However, EU procurement rules must be taken into account, dependent on the value of the additional requirement.
- The proposed supplier is the only one known to provide the goods and/or services required (adequate research must have been carried out to demonstrate that this is the case) and there are no satisfactory alternatives.