



Title	Procurement & Community Benefits Policy
Purpose	<p>The purpose of this policy is to provide a framework for how MHA will purchase, or 'procure', works, goods and services in a way which helps the achievement of strategic objectives and delivers value for money.</p> <p>This is designed to ensure that all such procurement will be done in accordance with all legal requirements, including Scottish Government legislation, in particular the Procurement Reform (Scotland) Act 2014.</p>
Scope	<p>The Board is responsible for approving, reviewing and monitoring the outcomes of the policy.</p> <p>The Director of Resources holds the lead responsibility for this policy and accompanying Strategy, Annual Report, Procedures and Procurement Toolkit.</p> <p>This policy applies to all Board and Committee members, members of staff whether employees of MHA, freelance, casual, or temporary agency staff irrespective of grade, position or length of service responsible for the management of properties within the Association.</p> <p>This policy applies to procurement carried out by MHA staff directly, by agents working on behalf of MHA and also to any joint procurements undertaken.</p> <p>This Policy and accompanying Procedures replace the following policy documents:</p> <ul style="list-style-type: none"> • Sustainable Policy for the Procurement of Goods and Services – approved May 2016 • Community Benefit Requirements Policy – approved August 2016
Definitions	<p>Apprentice – a person defined as a New Entrant to the industry, both youth and adult, who is undertaking a recognised skill qualification and will operate under the Terms of the Scottish Building Apprenticeship and Training Council (SBATC) or an equivalent apprenticeship scheme.</p> <p>Contract – for the purpose of this policy 'contract' means the agreement with the supplier or contractor to deliver the goods, services or works. Depending on the contract value this can range from an exchange of emails through to detailed and formal contract award. The appropriate contract form for each category is set out in MHA procurement toolkit and procedures.</p>

Contract award – for the purpose of this policy ‘contract award’ means the point at the end of the procurement process when the decision is made on which supplier or contractor is to be deemed the successful tenderer and from whom MHA will purchase the goods, services or works.

Contract value – for procurement assessment purposes the contract value is the total estimated value, excluding VAT, over the full lifetime of the contract including any potential extension periods, e.g. an annual spend of £10k on a 3 year contract with a 1 year extension clause = £40k contract value

EU Thresholds – Scottish Government published contract values above which specific types of organisations must advertise the tendering opportunity in OJEU

Full Tender – publicly advertised tendering opportunity carried out in accordance with MHA Category 4 & 5 procurement procedures

FOI – Freedom of Information legislation and requirements, which will apply to MHA from November 2019

GDPR – data protection legislation and requirements, which will apply to MHA

New Entrant – is a person who is trained or employed to do a specific job and is leaving an educational establishment or a training provider, or a person that has been non-employed with no experience or a person with construction experience who has been unemployed for at least 6 months and is seeking employment. This may include on-site training and assessment, or offsite training, or offsite training or a mix of these.

OJEU – Official Journal of the European Union, which is an EU wide electronic tendering system, advertising tender opportunities daily across the EU

Procurement – the process of purchasing the full range of goods, services and works required to deliver MHA’s activities. These range from small items purchased from the petty cash float to large housing development and planned maintenance works contracts awarded following a full tendering process.

Public Contract Scotland (PCS) – an electronic tendering system, advertising tendering opportunities within Scotland

Quick Quote – tendering process via the PCS website which is not openly advertised, but instead where MHA issue the opportunity to the selection of suppliers/contractors that MHA has assessed as most appropriate to potentially deliver the goods, services or works

Regulated procurement – procurement where the contract value is above the level set by the Procurement Reform (Scotland) Act 2014 and which therefore must be advertised openly on PCS and also which must be reported on in the Contract Register and Annual Procurement Report. Currently £50,000 or above for goods & services, and £2m and above for works

Small and medium size businesses – businesses with up to 500 employees and an annual turnover of up to £100m

Supported business – a business whose primary aim must be for the social and professional integration of disabled or disadvantaged persons, and also where at least 30 per cent of the employees are ‘disabled or disadvantaged’.

Policy Statement

1) Introduction

This policy describes how MHA will purchase, or ‘procure’, goods, services and works.

This policy sets out how MHA will manage procurement and establishes an overall framework for the procurement process that consists of the following:

Document	Purpose
Procurement & Community Benefits Policy	Establishes how MHA’s Board expects procurement related activity to be undertaken by the organisation.
Procurement Strategy	The strategy sets out how the Board’s policy will be implemented, how it will comply with legislation and how it will contribute to MHA’s overall vision.
Annual Procurement Report	A report detailing the procurement activity undertaken and assessing compliance with the procurement strategy during the preceding financial year.
Procurement Toolkit	This is an interactive tool that is completed by MHA staff for all relevant procurement and captures information for inclusion in the Contracts Register. It also includes detailed guidance on procurement and community benefits and links to template documents as appropriate to each category of procurement.

2) Legal & Regulatory Requirements

This policy has been developed with reference to:

- Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014
- Scottish Housing Regulator – Regulatory Framework – Standards of Governance & Financial Management for RSLs April 2019

MHA staff will also ensure any Scottish Procurement Policy Notes issued by the Scottish Government are taken into account as required.

3) Our Procurement Approach

MHA will adopt an open, transparent, fair, inclusive and proportionate procurement approach as set out in the following principles.

MHA will ensure that its procurement processes:

- are fair and comply with legal requirements, including FOI and GDPR

- are carried out in an economically, environmentally and socially responsible manner which contributes to MHA's organisational strategic objectives
- aim to achieve the best 'value for money' in a sustainable manner by appropriately assessing the best balance of cost, quality and sustainability in each procurement decision.
- treat all suppliers and contractors equally and without discrimination
- are operated in an open, transparent and inclusive way.
- are proportionate to the item being procured, with the specific procurement approach adopted in each case being based on the nature, scale and value of the contract being awarded.
- are as simple, clear and proportionate as possible to help facilitate the participation of small and medium size businesses, third sector organisations and supported businesses.
- operate in a manner that improves the economic, social and environmental well-being within the communities in which we operate, with a particular focus on reducing inequality
- maximise the inclusion of appropriate community benefits requirements
- enable MHA to work creatively and collaboratively with partners to support the local economy in Maryhill and North Glasgow and identify opportunities for joint procurement initiatives
- include relevant and proportionate consultation with our customers and other stakeholders, to enable the views of those affected to be expressed and taken into account.
- encourage contractors and suppliers to pay the Scottish Living Wage and for relevant contracts require contractors and suppliers to pay the Scottish Living Wage; promote compliance with the Health & Safety at Work etc. Act 1974; and contain commitments that MHA will ensure prompt payment of invoices to contractors and suppliers
- ensure, where possible, that the goods and services purchased are fairly and ethically traded. For regulated procurement, MHA contract terms and conditions will enable MHA to end a contract if the contractor or subcontractor fails to keep to their legal duties in the areas of environmental, social or employment law when carrying out the MHA contract.

4) Procurement Strategy

MHA's Procurement Strategy is reviewed annually and published on the association's website <https://www.maryhill.org.uk/about-us/procurement/>

The Procurement Strategy underpins this policy and sets out in greater detail how MHA will address the procurement principles listed above.

5) Procurement Categories

To ensure a proportionate approach to procurement, this policy splits the procurement of goods, services and works into 5 categories of procurement method. Where repeat and predictable purchases are made from a specific supplier, these should be amalgamated to arrive at the relevant contract value:

Category	Contract Value Goods & Services	Contract Value Works	Preferred Procurement Method	Secondary Procurement Method
Category 1	< £3,000	< £3,000	Suppliers Rates/Price List or Existing Framework	Single supplier, confirm price in advance in writing
Category 2	£3,000 to <£10,000	£3,000 to £10,000	Existing Framework	Three written quotations in advance
Category 3	£10,000 to <£50,000	£10,000 to <£100,000	Existing Framework	Tender via PCS Quick Quote
Category 4	£50,000 up to EU Threshold	£100,000 up to EU Threshold	Existing Framework	Full Tender via PCS
Category 5	EU Threshold and above	EU Threshold and above	Existing Framework	Full Tender via PCS plus OJEU

Category 3 – use of the Quick Quote process means that the tenders are processed through PCS but are not advertised openly. Instead MHA selects the suppliers/contractors that are being asked to tender. The Quick Quote process has been designed for use with lower value contracts. Whilst theoretically the Quick Quote process could be used for works up to £2m, MHA has restricted this to <£100,000 to ensure we openly advertise any works above that level.

Category 4 – complies with the Procurement Reform (Scotland) Act which requires that Regulated Procurement opportunities be advertised on Public Contracts Scotland (PCS) website when their estimated total contract value is equal to or greater than the following thresholds;

- **£50,000** for supplies/services
- **£2,000,000** for works

Category 5 – complies with the requirement that any procurement with an estimated contract value above EU thresholds must be published in the Official Journal of the European Union (OJEU) and EU procurement rules followed. The opportunity must also be advertised on Public Contracts Scotland (PCS) website.

The EU Thresholds currently in place and expected to apply for remainder of 2019 are:

- **€221,000** (£181,302) for supplies/services
- **€5,548,000** (£4,551,413) for works

It should be noted that EU Public Contract Regulations were passed into UK law in 2015 and will remain in place unless or until they are repealed and replaced. Brexit therefore does not change the above.

6) Authority to Procure

The procurement process, up to but not including contract award, can be undertaken by any member of staff within MHA as long as they have been given an instruction to do so by a staff member who holds the appropriate level of delegated authority to award the contract (as this is the point MHA is committed to the expenditure).

a) Budgeted Expenditure

The decision to award the contract at the end of the procurement process, where the proposed expenditure is already included in the approved annual budget, requires approval in line with the delegated authority in the table below. For investment, cyclical or development works the relevant budget is set at specific project level:

Contract Value Goods & Services	Contract Value Works	Delegated Authority
Within budget AND < £3,000	Within budget AND < £3,000	Staff Grade 6
Within budget AND < £5,000	Within budget AND < £5,000	Staff Grade 7
Within budget AND < £100,000	Within budget AND < £100,000	Staff Grade 8
Within budget AND < £250,000	Within budget AND < £250,000	Staff Grade 9
Within budget AND < £500,000	Within budget AND < £500,000	Director
Within budget AND < £1,000,000	Within budget AND < £1,000,000	Chief Executive
Within budget AND £1,000,000 or more	Within budget AND £1,000,000 or more	Board

b) Unbudgeted Expenditure

Where the proposed expenditure is not included in the approved annual budget because; it was not considered when the budget was drawn up, could not reasonably have been foreseen, or because the expenditure will result in an approved budget becoming overspent including overspent at project level for investment, cyclical or development costs, the decision to award the contract must be approved in line with the following levels of delegated authority:

- Contract Value <£25,000 – Director
- Contract Value <£100,000 – Chief Executive
- Contract Value £100,000 or above – Board

7) Exceptions

The normal procurement processes may be bypassed in the following exceptional circumstances:

- a) **Emergency situations** – where, for emergency reason such as public safety, it is necessary to ensure works are carried out quickly, the most senior member of staff available may instruct works without going through the normal procurement processes. Any such emergency exceptions will be reported to the Chair as soon as possible and reported to the next Board meeting.
- b) **Specialist works, goods or services** – where the nature of the item being procured requires use of a specialist supplier or contractor, MHA 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 and there must be clear justification for doing so. MHA staff should consider in all cases taking advice from a professional/technical adviser or procurement specialist in relation to the negotiation, and must do so for procurements in excess of £50,000. Approval to procure specialist works, goods or services with a contract value up to £50,000 must be obtained from the appropriate Director or the Chief Executive. Approval to procure for contract values above £50,000 must be obtained from the Board.

8) Procurement Toolkit

MHA has developed a Procurement Toolkit, which is to be used by all MHA staff who are undertaking a procurement exercise for Categories 2 up to Category 5. Due to the lower value of Category 1 procurements, these do not need to be recorded in the toolkit.

The Procurement Toolkit captures key information and provides procedural guidance to staff as they progress through the relevant procurement stages of the process.

The Procurement Toolkit will also capture the information necessary for the Contracts Register.

9) Contracts Register

MHA will keep and maintain a Contracts Register recording contracts that have been awarded as a result of regulated procurement. As a minimum the Register will be made available on the website and include the following;

- Contract name
- Date of award
- Name of Contractor
- Type of contract
- Estimated value of the contract
- Start date
- End date and details of any extension

10) Community Benefits

Community Benefit Clauses can be used to build a range of economic, social or environmental conditions into the delivery of contracts. This provides added value

and contributes to the achievement of outcomes which benefit local communities and deliver wider social benefit.

One of MHA's strategic objectives is to address poverty and enable customers to make their lives better. MHA believes that we should lead by example by employing trainees, offering apprenticeships and providing work placements and we therefore expect that our contractors will provide this kind of community benefit when they work with us. Projects and initiatives that stimulate the local economy will assist in the strengthening of the Maryhill Community and long term sustainability.

MHA will comply with the legal duty for explicit Community Benefits clauses required on all contracts above £4m that commence on or after 1 June 2016.

Additionally, MHA will consider including Community Benefits requirements for all procurement when purchases are over £50k for goods and services, and over £100k for works.

The community benefit provisions within the procurement process will focus on:

- Employment & Training
- Community Initiatives

The Association recognises that Community Benefits must be proportionate to the value of the contracts being procured and that a one size fits all approach is not possible.

A number of benefits are highlighted as 'Essential' and the contractor will be expected to address these as a minimum. The contractor can then indicate, subject to final discussion and agreement with MHA, how they propose to fulfil the remaining community benefit points requirement by selecting additional items from the essential or negotiable categories.

The actual level of community benefits to be delivered under the contract will be dependent upon the contract award value. The contractor's community benefit proposal should reflect their contract bid value rather than the Association's budget estimate. The actual community benefits provision will be discussed and agreed with the contractor in advance of the contract being awarded.

The contract will contain a clause that enables MHA to invoice at commencement of contract for the total value of the Community Benefits on the basis of 0.1% of contract value per 5 points, e.g. £10m contract with a community benefits requirement of 75 points would be invoiced £150,000. MHA would not seek payment for this invoice until the end of the contract, and would deduct the value of the community benefits that have been satisfactorily demonstrated as having been delivered, e.g. in this example if 60 of the 75 points were delivered during the contract, then the invoice would be reduced to £30,000.

The delivery of Community Benefits will be monitored regularly as part of effective contract management and reviewed by Senior Management Team.

MHA Community Benefits Table

			Contract Value	<£100k	£100 to <£500k	£500k to <£2m	£2m to <£4m	£4m to <£10m	£10m to £15m	£15m +
contracts up to 12 months		TOTAL POINTS		5	10	15	20	30	35	70
contracts 12 to 24 months		TOTAL POINTS		10	20	30	40	60	75	150
contracts 25 to 60 months		TOTAL POINTS		20	40	60	80	120	150	300
Category	Measurement details		Points per role or event or 0.1%value							
Employment & Training										
apprenticeships started or sustained	ongoing measurement in apprenticeship hours per week throughout the contract	Essential	4	n/a	n/a	min 1	min 1	min 2	min 2	min 4
apprenticeships started or sustained - local resident living in or returning to G20 postcode area	ongoing measurement in apprenticeship hours per week throughout the contract	Negotiable	6							
apprenticeships started or sustained - to individuals from BME or who is female	ongoing measurement in apprenticeship hours per week throughout the contract	Negotiable	6							
jobs created taken up by new entrants		Essential	4	n/a	n/a	n/a	n/a	min 1	min 2	min 3
graduate internships		Negotiable	3							

work placement (4 week)		Essential	2	n/a	n/a	min 1	min 2	min 3	min 4	min 5
short term school placement		Essential	1	n/a	n/a	min 1	min 1	min 1	min 1	min 2
holding or participating in a careers event locally - within G20 area		Negotiable	1							
Community Initiatives										
educational visit to local school - within G20 area		Negotiable	1							
annual participation in MHA volunteer days		Negotiable	1							
Cash or in kind support to MHA Community Fund (0.1% contract value per 5 points)		Essential	5	n/a	n/a	min 1				

Example calculations are shown in Appendix 1

	<p>11) Opening Tenders</p> <p>Procurements undertaken of Category 3 and above are carried out using the Public Contract Scotland (PCS) website and electronic postbox facility. The Postbox is an online submission facility which allows buyers to receive responses from suppliers electronically in a secure environment. A full audit trail is kept of all access to the Postbox and a complete record of all supplier submissions is stored. This means that MHA no longer retain a tender register, as the PCS records perform this function.</p> <p>Tenders submitted to the PCS postbox are locked until the submission deadline and can only be accessed by staff designated by MHA as the tender postbox openers.</p> <p>Procurements at Category 1 and 2 do not require full tender and therefore tender opening rules are not applicable. However, MHA will require email submissions of quotations to enable retention as appropriate of quotation details.</p> <p>12) Fraud, Theft & Anti-Bribery</p> <p>MHA’s commitment to preventing fraud, theft and bribery from occurring and to developing an anti-fraud and theft culture is set out in our Fraud, Theft & Anti-Bribery Policy.</p> <p>This includes developing a culture where whistleblowing is encouraged and whistleblowers are supported – in line with the Association’s Whistleblowing Policy</p> <p>Procurement is recognised as an area where fraud, theft, bribery and corruption can occur.</p> <p>All procurement must be undertaken in accordance with this policy and also with reference to the Scheme of Delegation in respect of payment approvals.</p> <p>All staff will receive training on the Procurement & Community Benefits Policy; Fraud, Theft & Anti-Bribery Policy and Scheme of Delegation.</p>
Approval	<p>Board – 23 May 2019</p> <p>Adoption – following approval</p>
Policy Owner	Director of Resources
Review	May 2022

Appendix 1

Example Community Benefit Calculations

Example 1 – £150k services contract lasting 36 months

Points total = 40

Essential Items:

none

Selection from remaining items:

1 x graduate internship = 1 x 3 points = 3

2 x work placements = 2 x 2 = 4

1 x short term school placement = 1 x 1 = 1

1 x educational visit to local school - within G20 area = 1 x 1 = 1

1 x annual participation in MHA volunteer days = 1 x 1 = 1

6 x Cash or in kind support to MHA Community Fund (0.1% contract value per 5 points) = 6 x 5 points = 30 points

Total Points value selected = 40

Total cash value £150,000 x 0.1% = £150 x (40/5) = £1,200

Example 2 – £11m newbuild development contract lasting 15 months

Points total = 75

Essential Items:

2 x apprenticeships started or sustained = 2 x 4 points = 8

2 x jobs created taken up by new entrants = 2 x 4 = 8

4 x work placement (4 week) = 4 x 2 = 8

1 x short term school placement = 1 x 1 = 1

1 x Cash or in kind support to MHA Community Fund (0.1% contract value per 5 points) = 1 x 5 = 5

Total essential points = 30

Selection from remaining items for balance of 45 points:

2 x apprenticeships started or sustained = 2 x 4 points = 8

2 x apprenticeships started or sustained – local area = 2 x 6 = 12

1 x apprenticeships started or sustained – BME or female = 1 x 6 = 6

1 x graduate internship = 1 x 3 = 3

3 x work placements = 3 x 2 = 6

2 x short term school placement = 2 x 1 = 2

1 x holding or participating in a careers event locally - within G20 area = 1x1 = 1

1 x educational visit to local school - within G20 area = 1x 1 = 1

1 x annual participation in MHA volunteer days = 1 x 1 = 1

1 x Cash or in kind support to MHA Community Fund (0.1% contract value per 5 points) = 1 x 5 = 5

Total remaining points selected = 45

Total Points value selected = 75

Total cash value £11,000,000 x 0.1% = £11,000 x (75/5) = £165,000