



# Procurement

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|---|-------------|--|-----------------|
| <b>Policy Reference:</b>  |             | F02  |                 |
| <b>Effective date:</b>  | August 2024 | <b>Review date:</b>  | August 2027     |
| <b>Approved by P&amp;PRG:</b>   | July 2024   | <b>Approved by BoM:</b>  | August 2024     |
| <b>Owner:</b>   | Tom Leftley | <b>Job Title:</b>  | Head of Finance |
| <b>To be issued to: (check as needed)</b>   |             |  |                 |
| <input type="checkbox"/> Board of Management<br><input type="checkbox"/> All Staff<br><input checked="" type="checkbox"/> ET/SLT<br><input checked="" type="checkbox"/> Head Office Managers<br><input type="checkbox"/> Head Office Staff<br><input checked="" type="checkbox"/> Finance<br><input type="checkbox"/> Housing<br><input type="checkbox"/> Asset<br><input type="checkbox"/> ICT |             | <input type="checkbox"/> OD<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> All Care & Support<br><input checked="" type="checkbox"/> C&S Managers (RM,OM, CSM)<br><input type="checkbox"/> C&S Staff<br><input type="checkbox"/> Contractors<br><input type="checkbox"/> Agency Staff<br><input type="checkbox"/> Unite the Union<br><input type="checkbox"/> Employee Voices Group<br><input type="checkbox"/> Other: _____ |                 |
| <b>Method of Delivery: (check as needed)</b>  |             |  |                 |
| <input checked="" type="checkbox"/> Learn Pro<br><input type="checkbox"/> Board Portal<br><input type="checkbox"/> Line Manager to Share (e.g. Agencies)  |             | <input type="checkbox"/> Policy Owner to Notify (e.g. Contractors)<br><input type="checkbox"/> Other: _____  |                 |
| <b>Stakeholder Consultation Completed (check as needed)</b>   |             |  |                 |
| <input type="checkbox"/> Board of Management<br><input type="checkbox"/> All Staff<br><input type="checkbox"/> ET/SLT<br><input type="checkbox"/> Head Office Managers<br><input type="checkbox"/> Head Office Staff<br><input type="checkbox"/> Finance<br><input type="checkbox"/> Housing<br><input type="checkbox"/> Asset<br><input type="checkbox"/> ICT                                  |             | <input type="checkbox"/> OD<br><input type="checkbox"/> Compliance<br><input type="checkbox"/> All Care & Support<br><input type="checkbox"/> C&S Managers (RM,OM, CSM)<br><input type="checkbox"/> C&S Staff<br><input type="checkbox"/> Contractors<br><input type="checkbox"/> Agency Staff<br><input type="checkbox"/> Unite the Union<br><input type="checkbox"/> Employee Voices Group<br><input type="checkbox"/> Other: _____            |                 |

## Version Control

| Date     | Owner           | Version | Reason for Change                              |
|----------|-----------------|---------|--|
| Nov 2013 | Head of Finance | 1.0     |  |
| Nov 2016 | Patricia Irving | 2.1     | Three yearly review                            |
| Oct 2020 | Stuart Green    | 3.0     | Three yearly review and transfer to new format |
| Aug 2024 | Tom Leftley     | 4.0     | Three yearly review                            |

## Summary of Changes

| Section                          | Change  |
|----------------------------------|---|
| 1.0 Ark Values                   | Updated to reflect current values wording.  |
| 3.0 Policy Statement             | Removed reference to “current Risk Strategy” – section refers to Risk Management policy which is sufficient.  |
| 4.0 Scope                        | Re-worded slightly, but no change to who the policy applies to.   |
| 5.0 Legal / Regulatory Framework | Removed reference to EU law, and added in references to Scottish Procurement Policy Notes and The Procurement Journey as important sources of information.  |
| 6.0 Responsibilities             | Re-worded responsibilities across each level to make it clearer, while aligning this with other policy wording.   |
| 7.0 Procurement Process          | <p>Moved ‘Authority to Incur Expenditure’ from second to first sub-section of section 7 and changed reference to authorisation limits from appendix 1 to new ‘Scheme of Financial Delegation’ policy.</p> <p>Updated ‘Procurement Flow Chart’ to remove Route 3 to make the flow chart clearer to follow – now covered as part of Route 2 (any procurement activity over £50k).</p> <p>Moved ‘National Framework Agreements’ to third sub-section of section 7, and removed Scotland Excel from list.</p> <p>Removed ‘Business Case’ sub-section entirely as covered in separate policy.</p> <p>Removed ‘Cost Overruns on Committed Capital Projects’ section as covered in separate policy (Scheme of Financial Delegation).</p> <p>‘Public Contracts Scotland’ sub-section – removed reference to EU law.</p> <p>Removed ‘Scottish Government Procurement Journey’ sub-section entirely as now referenced within section 5.</p> <p>Removed website link noted within ‘Contract Register’ sub-section, and instead noted that our Register can be found on Public Contracts Scotland. Also removed reference to a separate approved supplier list held by Ark, as this will be the same as the contract register.</p> <p>Updated wording within ‘Non-Competitive Action’ sub-section to reflect authorisation required from Leadership Team rather than relevant Director.</p> |

|  |  |
|--|--|
|  | 'Document Retention' sub-section removed as retention of documents policy referenced in section 9.       |
| 8.0 Learning & Development Requirements  | New section added in line with updated policy format.  |
| 9.0 Related Policies & Procedures  | Scheme of Financial Delegation added. Housing and Asset procedures removed as not specifically relevant. |
| 13.0 Monitoring & Review   | Wording updated to align with other policies, but no change to principles.                               |
| Appendix 1 – Authorisation & Approval Limits   | Removed from policy as will form key part of 'Scheme of Financial Delegation' policy.                    |
| Appendix 2 – Authorisation & Approval Limits for Cost Overruns on Committed Capital Projects | Removed from policy as will form part of 'Scheme of Financial Delegation' policy.                        |
| Appendix 3 – Examples of Non-Competitive Action  | Moved to procurement procedure.  |

# Procurement Policy

## Contents

|  |    |
|--|----|
| 1.0 Arks Values.....                               | 5  |
| 2.0 Purpose .....                                  | 5  |
| 3.0 Policy Statement .....                         | 6  |
| 4.0 Scope.....                                     | 6  |
| 5.0 Legal/Regulatory Framework.....                | 6  |
| 6.0 Responsibilities .....                         | 7  |
| 6.1 Board of Management.....                       | 7  |
| 6.2 Executive Team .....                           | 7  |
| 6.3 Leadership Team.....                           | 7  |
| 6.4 Managers .....                                 | 7  |
| 6.5 All Staff.....                                 | 7  |
| 7.0 Procurement Process.....                       | 8  |
| 7.1 Authority to Incur Expenditure .....           | 8  |
| 7.2 Procurement Flow Chart.....                    | 8  |
| 7.3 National Framework Agreements.....             | 9  |
| 7.4 Public Contracts Scotland .....                | 9  |
| 7.5 Contract Register .....                        | 10 |
| 7.6 Non-Competitive Action .....                   | 10 |
| 7.7 Procurement Strategy.....                      | 10 |
| 8.0 Learning & Development Requirements .....      | 10 |
| 9.0 Related Policies & Procedures .....            | 11 |
| 10.0 Equality Impact Assessment (EIA).....         | 11 |
| 11.0 Data Protection Impact Assessment (DPIA)..... | 11 |
| 12.0 Stakeholder Consultation.....                 | 11 |
| 13.0 Monitoring & Review .....                     | 11 |
| 13.1 Monitoring .....                              | 11 |
| 13.2 Review.....                                   | 12 |

## 1.0 Arks Values

Arks values are true to the core purpose of the organisation and the services we deliver. They determine our behaviours towards one another and what we should expect in our relationships with one another. Working within the following values will guide and help us deliver our vision and mission of Ark being an organisation where everyone is equal:

### Trust

We have confidence in our people to deliver excellent services and trust in them to do so. We will develop trusting and honest relationships and our customers will feel assured that they can rely on us to deliver.

### Respect

We treat everyone fairly and we listen. We are respectful of each person with whom we come into contact and expect our people to respond professionally and treat others as they would wish to be treated.

### Understanding

We will operate with empathy and compassion and approach each situation with an open mind. We will question and challenge to ensure we achieve the right outcomes for customers and our people.

### Equality

We believe everyone is equal and expect our people to create positive experiences where everyone feels valued and included.

### Integrity

We will do the right thing and take responsibility for our actions. We will work together to uphold the highest standards of behaviour and practice.

## 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 our 'Risk Management' [G08] policy.

### 4.0 Scope

All Ark Board of Management members and employees who are budget holders, or make purchases on behalf of the organisation, are covered by this policy.

### 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 set out in Scottish Law public bodies procurement responsibilities and accountabilities.

The Procurement Reform Act introduced a 'Sustainable Procurement Duty' which sits at the heart of procurement 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.

Scottish Procurement Policy Notes ("SPPNs"), which are issued as and when required, give advice to public bodies on procurement policy.

The Procurement Journey website is an additional source of procurement guidance for Scottish public sector bodies and has the most up-to-date information on many of the subjects covered by the SPPNs.

## 6.0 Responsibilities

### 6.1 Board of Management

Ark's Board of Management is responsible for consideration and approval of this policy.

### 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.

### 6.3 Leadership Team

Ark's Leadership Team is responsible for review of the policy, and for ensuring that relevant measures are put in place in order to implement its requirements.

### 6.4 Managers

Ark Managers will be responsible for the effective implementation of this policy when supporting employees procure goods and services for the organisation.

### 6.5 All Staff

All Ark employees who are involved in procurement activity 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

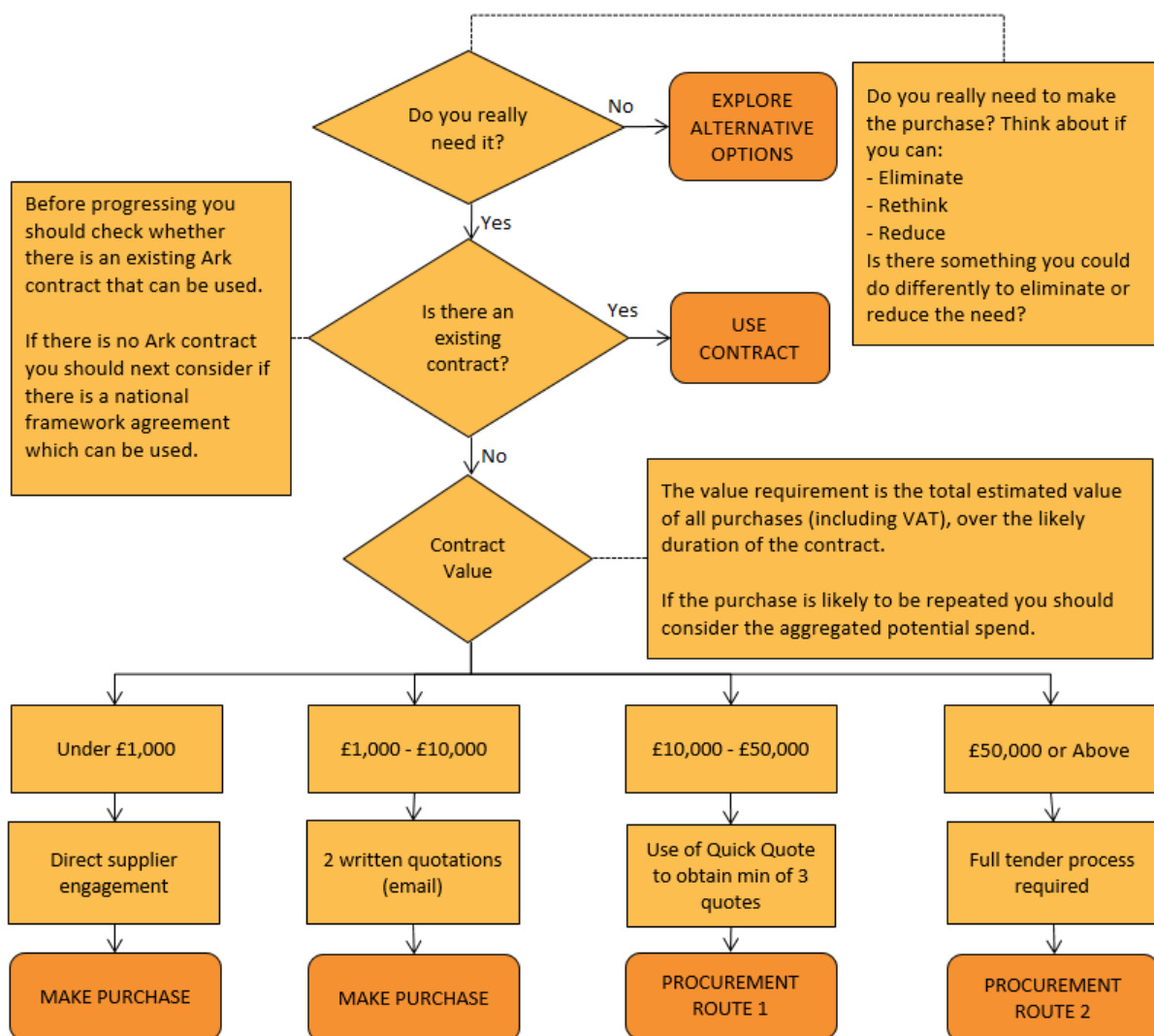
### 7.1 Authority to Incur Expenditure

Any Ark employee can obtain quotations. However, authorisation limits, set out in Ark's 'Scheme of Financial Delegation' [F04] policy, 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.

### 7.2 Procurement Flow Chart

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





Procedure 'Procuring Contracts' [F02a] documents the steps to be taken at each stage of the procurement journey.

### 7.3 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 several 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. The most common examples where Ark may be eligible to make use of framework agreements include:

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

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.

### 7.4 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 a legal requirement for all Scottish public sector bodies to use 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 or 2.

## 7.5 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 on PCS.

Ark's register will automatically be populated for all Quick Quotes and Tenders published and awarded on PCS. Any contracts awarded out with this (i.e. via a framework or non-competitive action) will have to be manually recorded on the register.

## 7.6 Non-Competitive Action

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.

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.

Where there is a genuine and justified reason for bypassing the process at 7.2 above, this should be referred to the Leadership Team for approval to carry out a non-competitive action (sometimes known as single tender action).

## 7.7 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.

## 8.0 Learning & Development Requirements

All Ark managers and Finance staff will review and sign off this procedure on LearnPro.

Procurement is a specialist activity, and the Finance department will support and guide staff in their procurement journey, including ensuring sufficient information, training, supporting documentation and guidance notes are in place.

## 9.0 Related Policies & Procedures

This policy should be read in conjunction with:

- F02a Procuring Contracts
- F02b Incurring and Authorising Expenditure

In addition, the following policies may also be relevant:

- F01 Financial Regulations
- F04 Scheme of Financial Delegation
- G06 Standing Orders
- G08 Risk Management
- G16 Signing and Witnessing of Documents
- G17 Retention of Documents

## 10.0 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.

## 11.0 Data Protection Impact Assessment (DPIA)

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

## 12.0 Stakeholder Consultation

In developing this policy the following groups were consulted:

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

## 13.0 Monitoring & Review

### 13.1 Monitoring

Ark's Head of Finance will monitor implementation of this policy and its supporting procedures on an ongoing basis through the approval of the annual Procurement Action Plan.

## 13.2 Review

This 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.