

### 1.0 BACKGROUND

- 1.1 The Association's Rules define the aims and set out the power and authority of the Association, which is vested in the Board, and amongst other things lays down the overall financial framework for SBHA. SBHA's Standing Orders set out the extent to which the Board's powers are delegated and to whom.
- 1.2 This Policy forms part of a suite of policies which define the financial rules and regulations operating within SBHA which collectively comprise the financial framework referred to in paragraph 1.1.
- 1.3 Application of this Policy is mandatory for all Association staff and any Agents or Consultants working on behalf of SBHA and should be included in their Terms and Conditions of appointment.
- 1.4 The Association's detailed Financial Procedures give guidance on the application of this Policy and are listed in **Appendix 1**. Procurement procedures give guidance on the application of this Policy and are accessible on SBHA's Share Point Info Centre.
- 1.5 The aims of this Policy are to ensure value for money, accountability and proper financial control, to prevent fraud and comply with procurement legislation. In all dealings with suppliers, Association staff must abide by the principles of equal treatment, non-discrimination and transparency.
- 1.6 Collaboration, development of the local economy, and innovation are essential to create a resilient economy, to support our people's wellbeing and transition towards a greener, net zero country. Public Procurement opportunities must be considered and developed to create support for the communities we serve and increase the community wealth.
- 1.7 The Association is under a statutory duty to comply with the Public Contracts (Scotland) Regulations 2015 (the "Regulations") and the Procurement Reform (Scotland) Act 2014 (the "Act") in order to ensure that it can demonstrate best value in relation to its purchases.
- 1.8 The relevant thresholds which trigger the application of the full procurement regime under the Regulations are set out in **Appendix 3**. This Appendix also contains the relevant thresholds for application of the Act.
- 1.9 Under the Act, as a Contracting Authority procuring in excess of £5,000,000 in any one financial year, Scottish Ministers require SBHA to prepare an annual procurement report and a reviewed and updated procurement strategy.. Reporting requirements are set out in the regulations and guidance is provided annually detailing any new qualitative **and** quantitative data requirements.
- 1.10 (i) Prior to the beginning of each financial year, in line with the annual timetable, budget holders are requested to inform their Department Head of proposed requirements. In addition, proposed expenditure must be reviewed on a regular basis and any revisions notified to the relevant Department Head as soon as reasonably possible.  
(ii) Once budgets are approved and the Business Plan updated, details of proposed budgets and resultant procurement projects should be submitted to the Senior Procurement Adviser for inclusion in the Projected Pipeline to be published in the Annual Procurement Report.

## **2.0 AUTHORITIES**

- 2.1 Each Director is responsible for purchases within his/her area of responsibility. Purchasing authority may be delegated to Budget Holders and Administrators and is subject to the limits defined in **Appendix 2**.
- 2.2 The Director of Finance will maintain a Register of Authorised Signatories for all Budget Holders and Budget Administrators. Any changes to signatories must be notified to the Director of Finance immediately. Directors must supply the Director of Finance with specimen signatures of those authorised to certify Purchase Orders or Invoices for payment. Systems with in-built workflow automation will be maintained accordingly, such as Financials Live and Connect.
- 2.3 Directors and Budget Administrators are not authorised to commit the Association to expenditure without first reserving sufficient funds to meet the purchase cost. Expenditure over and above Budget available requires Board of Management approval.

## **3.0 CASH FLOATS**

- 3.1 The Association will maintain Petty Cash floats to meet cash expenditure and to control the banking of any payments received in cash.
- 3.2 Petty Cash will be controlled through the Imprest system. Detailed guidance will be issued by the Director of Finance and is contained in the Association's Financial Procedures.
- 3.3 At the end of the financial year, a certificate detailing each balance held should be completed, signed and dated by the member of staff responsible for the Petty Cash and countersigned and dated by the appropriate Director.
- 3.4 Petty Cash will be held in a locked safe or as otherwise approved by the Director of Finance.

## **4.0 PURCHASE ORDERS**

- 4.1 The ordering of goods and services shall be in accordance with the Association's detailed Financial Procedures and must not be artificially split to avoid authorisations.
- 4.2 Through Financials Live a Purchase Order must be raised and approved for the purchase of all goods or services from organisations outwith SBHA, exceptions are those subject to an ongoing contractual agreement as a result of a tender process; those made using Petty Cash; those for Rates, Council Tax, Utilities or internal recharges.
- 4.3 Only Budget Holders or Budget Administrators may approve Purchase Orders and only for values within their authorisation limits and agreed budgets. Purchase Orders in excess of the limit must ordinarily be counter-authorised by the Budget Holder's or Budget Administrator's immediate Budget Manager.
- 4.4 Orders of £12,000 and over require authorisation by two Directors. Requirements for goods and services must not be artificially split in order to avoid this, or other thresholds being achieved, e.g. a single requirement with a value of £8,000 cannot be the subject of two separate £4,000 Purchase Order forms.
- 4.5 Before entering a Contract or Lease Agreements, appropriate supplier due diligence must be carried out, this may include references..
- 4.6 If a requirement has a value of £50,000 or less, this can be actioned by a Purchase Order, all evidence of the quotes received should be kept on the appropriate file.

## **5.0 APPROVED SUB-CONTRACTOR REGISTER**

- 5.1 A register of approved Sub-Contractors will be maintained and reviewed annually for the procurement of building works/contracts which are not represented on the Reactive Maintenance framework and not subject to a competitive tendering process. Any exceptions to this must be authorised in advance by two Directors.

## **6.0 TENDERING OF GOODS AND SERVICES**

- 6.1 All tender processes must comply with the tender procedures listed in **Appendix 1**. Any exception to this can be considered and approved in accordance with delegations.
- 6.2 The Association's competitive tendering procedures apply to all proposed contracts for goods and services where the value exceeds £50,000 exc VAT and also where proposed contracts with a total value of £50,000 are to be awarded to a single supplier in any particular financial year. In both cases, the proposed contracts must also form part of the approved annual expenditure for the financial year and for longer term contracts be included in the 30 year Business Plan.
- 6.3 To evidence competitive tendering, value brackets are detailed in the above mentioned procedures, as well as detailing minimum number of tenders relative to the value. Authorisation levels for Quotations/Tenders are detailed in **Appendix 3**.
- 6.4 All the proposed contracts/requirements referred to in paragraph 6.1 above £200k must be submitted to the Board of Management for prior approval, prior to award, unless delegated authority has been provided to the Chief Executive, in which case this approval must be received.
- 6.5 Delegated authority is given to the Chief Executive to award contracts for the procurement of Planned Maintenance Materials up to the value of £750,000, where they are in line with Works programmes and the 5% budgeted tolerance.
- 6.6 Contract Notices for contract opportunities and the subsequent Award Notices must be published on Public Contracts Scotland (PCS) for tenders regulated by the Act or the Regulations. The Contract Notice may not always be required, for example where a Negotiated Procedure without competition is used.
- 6.7 Whilst local and collaborative regional contracts are the major consideration to support the Regional Economic Strategy, where necessary, SBHA will utilise national Framework Agreements set up by central purchasing bodies such as Scottish Government, Procurement for Housing (Scotland) Ltd (PfH) and Scottish Procurement Alliance (SPA). There are many other Framework Agreement providers which SBHA are eligible to use however this should be agreed with the Senior Procurement Adviser.

## **7.0 TENDERING OF BUILDING/WORKS CONTRACTS**

- 7.1 All tender processes must comply with the tender procedures listed in **Appendix 1**. Any exception to this can be considered and approved in accordance with delegations. Authorisation levels for Quotation/Tenders are detailed in **Appendix 3**.
- 7.2 Contract Notices for contract opportunities and the subsequent Award Notices must be published on Public Contracts Scotland (PCS), for tenders regulated by the Act or the Regulations.
- 7.3 Contracts for building maintenance, improvement or construction are the responsibility of the Board of Management and are administered by the Director of Property Services and the Director of Development for New Build projects.

- 7.4 Projects will normally be initiated by the Director of Property Services in respect of planned replacements, general improvement schemes or in response to requests from Departments.
- 7.5 Consultant Services may be required to support projects, as determined by the Board of Management. Appointments will be subject to procurement procedures in line with value and risk..
- 7.6 Proposals will be presented in the form of costings or investment appraisals as appropriate for the Board of Management. Investment appraisals should comply with appropriate regulatory body guidance.
- 7.7 Following completion of a capital project, a final report should be submitted to Board of Management and/or relevant Sub-Committee recording actual expenditure against budget and reconciling funding arrangements. Documentary evidence concerning the decision-making process should be retained in relation to each contract.

## **8.0 PROPERTY SERVICES WORK PROGRAMME**

- 8.1 Allocation of work to SBHA's Property Services is the responsibility of the Director of Property Services. It is the responsibility of the Director of Property Services to ensure that the Property Services workforce is fully utilised and that costs remain within the budgeted amounts for the relevant financial year.
- 8.2 Elements of SBHA's Planned Maintenance Programme will be awarded to Property Services if the following conditions are fulfilled:
  - they have the ability to deliver the project within agreed resource levels;
  - the core project work is covered by their skill set;
  - there is evidence that Property Services costs can be benchmarked to show value for money, taking account of VAT savings.
  - All goods required for the delivery of Services by the team must follow the quotations/tendering processes and apply this Policy.

## **9.0 TENDER OPENING**

- 9.1 Tenders shall be opened in line with SBHA's approved tendering and acceptance procedures. (*Appendix 1*).
- 9.2 PCS has a fully auditable tender opening process and assurance on compliance with the opening procedures should be provided in the 6 monthly procurement update report to the Executive Team.

## **10.0 PAYMENT OF INVOICES**

- 10.1 During the procurement process and as part of the terms and conditions suppliers must be informed to provide electronic invoices, this includes emailing to [finance@sbha.org.uk](mailto:finance@sbha.org.uk).
- 10.2 In line with Best Practice SBHA aim to make payments within no more than 30 days from the date of an undisputed invoice, or the specific contractual obligation agreed. SBHA must consider how they will monitor the contract, ensuring the principal contractor pays any subcontractors engaged on the contract, within 30 days from the date of an undisputed invoice.

- 10.3 As a rule all payments are made by BACS, produced weekly, and any deviation from this, must be authorised by The Director of Finance, or in their absence another Director. In exceptional circumstances, the Director of Finance will support manual cheques/same day payments for urgent payments.
- 10.4 Payments will only be made by the Director against invoices which have been certified for payment by the appropriate Director or Budget Administrator.
- 10.5 Certification of an invoice should ensure that the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory.
- 10.6 Invoices are logged on Financials Live and automatically matched to purchase orders raised. Invoices must be passed to the Finance Section as soon as they have been certified. Care must be taken by the Budget Administrator to ensure that contracted price/value of the invoice is correct.
- 10.7 **Appendix 4** sets out the current signatory authorisation levels

## **11.0 DISCLOSURE OF INTEREST & PERSONAL USE OF SUPPLIERS**

- 11.1 Any Staff or Governance Member, who has a personal interest or potential interest with any Contractor, Consultant or supplier with whom SBHA procures goods, services and/or works, must disclose this and take steps to appropriately manage the potential conflict, in accordance with SBHA's Codes of Conduct for Staff/Governing Member and the Entitlement to Payment and Benefits Policy.
- 11.2 As detailed in the Codes of Conduct, this will be required to be disclosed on appointment, and then on an annual basis or immediately where a potential conflict may arise.
- 11.3 Any Contractor, Consultant or supplier with whom SBHA procures goods, services and/or works will be required to declare any interest or potential interest with SBHA's staff or Governance Members. A declaration will be required at Tender Stage, when first approved on SBHA's list of Sub-Contractors, and then on an annual basis or immediately where a potential conflict may arise.
- 11.4 SBHA's Entitlement to Payment and Benefits Policy sets out that SBHA's people should not use SBHA contractors or suppliers for their personal use with some exceptions and where this cannot be avoided, the steps and approvals process to be followed.

## **12.0 BREACHES OF POLICY**

- 12.1 If a member of Staff knowingly breaches the conditions of this Policy, this may be grounds for disciplinary action and should be dealt with through the Association's Disciplinary Procedures.
- 12.2 If a Governance Member knowingly breaches the conditions of this Policy, this may be grounds for removal from office. This matter will be dealt with through the Association's Code of Governance.
- 12.3 If a Contractor, Consultant or supplier knowingly breaches this requirement, this may be grounds for removing them from the Approved Suppliers List, removing their bid from a Tender process, or setting aside any existing contract due to the misrepresentation.

## **13.0 POLICY REVIEW DATE**

- 13.1 This Policy will be reviewed every 3 years, or earlier if legislative or other changes necessitate this.
- 13.2 Appendices 2 to 4 will be reviewed annually.

## RELEVANT PROCEDURES

- 1.0 Authorisation Thresholds for Expenditure
- 2.0 Tender Procedures
- 3.0 Procurement Thresholds
- 4.0 Cheque Signing Limits
- 5.0 Tender Opening Procedures
- 6.0 Authorisation of Reactive Repairs
- 7.0 Contract identification and Valuation
- 8.0 Preparing the Project Strategy
- 9.0 Procurement Route Decision Process
- 10.0 Advertising Contracts
- 11.0 Selection & Award Criteria & Assessment
- 12.0 Unregulated Procurement
- 13.0 Regulated Procurement
- 14.0 Open Procedure
- 15.0 Restricted Procedure
- 16.0 Further Competition
- 17.0 Reporting Requirements
- 18.0 Procedure for Cancelling a Quick Quote

**OPERATIONAL AUTHORISATIONS 2026-2027** (Subject to Annual Review)**Payment Authorisations**

Limits will be set above which Budget Holders and Budget Administrators must refer to their Line Manager, i.e. Department Head or Budget Holders respectively, for authorisation.

<b>POST</b>	<b>LIMIT £</b>
2 x Department Heads required	Unlimited
Department Head	12,600
Head of Programme & Delivery; Head of Neighbourhoods & Solutions; Head of Support Services; Head of IT & Business Solutions; Head of People; Asset Planning Lead	7,350
Repairs & Maintenance Manager; Programme Manager; External Contracts Manager; Asset Manager; Compliance Manager; Development Manager	3,150
Budget Holders *	2,500
Neighbourhood Property Officers , Asset Safety Officer & Supervisors	1,050
Storeman	1,050
Operatives (Re: Jewsons Purchases)	315
Electricians and Plumbers	420
Budget Administrator *	370

Authorisation levels are set annually and have been set for 2026-27 at:

\* = see definitions below: For the avoidance of doubt, Directors have unlimited authority for expenditure duly approved within the Financial Regulations, which includes appropriate procurement approval thresholds and budget availability.

The following definitions apply:

- Department:** Customer Services, Property Services, Development, Finance, Business Support, Chief Executive
- Department Heads:** Directors, Chief Executive & Chief Operating Officer
- Budget Holders:** Strategic Leadership Level Posts
- Budget Administrator:** As detailed annually by Budget Holders

## PROCUREMENT THRESHOLDS

1. Tenders are required for Goods or Services over the value of £200,000 and the following table gives guidance to the number of quotes/tenders which should be requested to enable competitive tendering:

Value £ (inc VAT)	Guidance No of Quotes Tenders	Board Approval required before letting of contract
< £5,000	Min of 2 Quotes	No
£5,001-50,000	Aim for 3 (min 2) Quotes	No
£50,001-£200,000	Aim for 4 (min 3) Tenders	No
> £200,001	Aim for 5 (min 3) Tenders	Yes

\*Tenders for goods and services up to a value of £200,000 are delegated to the Chief Executive or Chief Operating Officer for acceptance, provided that the contract is within a tolerance level of up to 5% of the budget and the Board of Management homologate the decision at its next meeting.

The exception is for Tenders up to a value of £750,000 for Planned Maintenance Contract Materials, which are delegated to the Chief Executive for acceptance where they are in line with Board or delegated approved works programmes.

The Chief Executive & Chief Operating Officer are authorised to sign all leases and contracts, the tender/cost report must be approved and signed by either when delegation is sought, before any Supplier is notified of the outcome. Similarly the Directors of Development and Property Services are authorised to sign consultant appointment letters/contracts, the tender/cost report must be approved and signed by the Chief Executive or Chief Operating Officer in advance of any signing. Services below £50,000 may be authorised in line with delegated authorisations in **Appendix 2**.

2. Tenders are required for Maintenance, Repairs or Building Works over the value of £250,000 and the following table provides guidance for the number of quotes/tenders which should be requested for competitive tendering:

Value (Exc VAT) £	Number of Quotes/Tenders	Board Approval required before letting of contract
< £5,000	Min of 2 Quotes	No
£5,001-50,000	Aim for 3 (min 2) Quotes	No
£50,001-£100,000	Aim for 4 (min 3) Quotes	No
£100,001-£250,000	Aim for 5 (min 4) Quotes	No
>£250,001	Aim for 6 (min 4) Tenders	No

Tenders for Works up to a value of £1,500,000 ex VAT are delegated to the Chief Executive (£750,000 Chief Operating Officer) for acceptance and should be reported to the Executive Team on a six-monthly basis.

A tolerance level of up to 5% is included within the Chief Executive's delegated authority, for tenders received which are in excess of the project estimated value, provided the overall annual Planned Maintenance Programme is within budget. Where costs are above the tolerance level, this should be reported to the next Board of Management meeting for approval. As only the Chief Executive & Chief Operating Officer are authorised to sign leases and contracts, a tender/quick quote cost/benchmarking report for works over £50,000 must be approved and signed by either the Chief Executive or Chief Operating Officer before any Contractor is notified of the outcome. Works below £50,000 may be authorised in line with delegated authorisations in **Appendix 2**.

- 3 Please discuss proposed procurement projects for good, services & works with the Senior Procurement Adviser where the estimated contract sum is above the thresholds of the Procurement Act and Regulations:

<b>The Procurement Reform (Scotland) Act 2014</b>	
Goods and Services	£50,000 (ex VAT)
Works	£2,000,000 (ex VAT)
<b>The Public Contracts (Scotland) Regulations 2015</b>	
Good and Services	£214,904 (inc VAT)
Works	£5,372,609 (inc VAT)

Public bodies are reminded that:

- when calculating the total value of the contract, all lots and contractual options should be included in that calculation
- when completing relevant forms on PCS which require an estimated contract value to be quoted, you must continue to exclude VAT from the value
- continue to exclude VAT when calculating the estimated value of a contract for procurements which fall under the Procurement Reform (Scotland) Act 2014

Further guidance on [how to calculate the estimated value of the contract can be found on the Procurement Journey](#).

- 4 When conducting any tender exercise:-

1. Any selection criteria which are to be used should be clearly specified in the Contract Notice and the Invitation to Tender (ITT). This is achieved by using the Single Procurement Document (SPD) which details Suitability, Economic & Financial Standing and Technical & Professional Ability, Quality Assurance and Environmental Management Standards to now include Net Zero Plans
2. Any award criteria which are to be used should be clearly specified in the Contract Notice and the ITT. High level Award Criteria is split into Quality and Price. E.g., Economic and Environmental impacts, Tenants Journey, Service Delivery, Technical Delivery and Community Benefits.
3. The publicity requirements e.g. must contracts be advertised in newspapers / trade magazines / on the Public Contracts Scotland website and what is the relevant procedure for this?

4. Before carrying out a procurement exercise which is regulated by the Act, SBHA staff must comply with the sustainable procurement duty using the Sustainable Procurement Tools to consider and identify areas of influence in the procurement activity such as Fair Work First, Climate & Circular Economy and Just Transition to net zero. Community Benefits/Wealth Building and Employability should also be considered at the outset of the activity, engaging with Internal and External stakeholders to develop Supply Chain Resilience and Diversity, as well as identifying Social Impact opportunities and establishing mechanisms with Suppliers to track this.
5. All SBHA staff must focus on ethical and resilient supply chains reducing the risk of Human Trafficking and Exploitation in the performance of their contracts, and ensure Suppliers and their Supply Chain are being paid promptly, including tackling performance issues through contract management. Project bank accounts may be considered in Construction contracts.
6. All SBHA staff must comply with the Bribery Act 2010 as well as SBHA's anti-bribery policy, Fraud and Theft Policy, Staff Code of Conduct and the SFHA Model Payments and Benefits Policy.
7. All tender documentation must be retained on the appropriate file for a period of 6 months after conclusion of the tender exercise, all Contract Documentation must be retained for at least 1 year after the conclusion of its term.
8. Appropriate SBHA terms and conditions must be used and these must be properly incorporated into the contract with the successful contractor (to the exclusion of the contractor's terms and conditions)
9. The contract must be concluded with the correct legal entity and that legal entity must be properly formed.
10. Any complaint about, or challenge to, an SBHA tender process or any situation which could reasonably be expected to lead to a complaint or challenge must be notified to the appropriate Department Head immediately on becoming aware of it.
11. There are exceptional circumstances, the use of the negotiated procedure without prior publication, in which SBHA may award a contract for goods, services or works which include:
  - a) Where no tenders, no suitable tenders, no requests to participate or no suitable requests to participate have been submitted in response to an open or restricted procedure, provided that the initial conditions of the contract are not substantially altered and that a report is sent to the GPA where it so requests.
  - b) Where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons—
    - I. the aim of the procurement is the creation or acquisition of a unique work of art or artistic performance;
    - II. competition is absent for technical reasons;
    - III. the protection of exclusive rights, including intellectual property rights, but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement; or
    - IV. where (but only if it is strictly necessary) for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for open procedure, restricted procedure or competitive procedure with negotiation cannot be complied with.
  - c) Where SBHA wants a supplier with which it already has a contract, to provide new works or services which are a repetition of works or services carried out under the original contract and such new works or services were provided for in the original contract notice.

- d) The above exceptions may only be relied upon in limited circumstances and are subject to a range of specific conditions. You must obtain the approval of the Senior Procurement Adviser and 2 Department Heads before relying on any such exception.

## Payment and Document Signatories

Cheques will be signed by any TWO authorised cheque signatories and BACS by ONE signatory. Salary payments are authorised on PCO Pay by one authorised signatory.

	<i>Chair</i>	<i>C.Ex</i>	<i>C.Op Officer</i>	<i>D.of .F (secretary)</i>	<i>D.of.CS</i>	<i>D. of P.S.</i>	<i>D of Development</i>	<i>Head of Services.</i>	<i>Finance Manager</i>	<i>Asset Lead</i>	<i>Management Accountant</i>
<i>Purchase Orders/Payment Authorisation - Budget Holder:</i>		√	√	√	√	√	√	√	√	√	
<i>Cheque/BACS Signatory</i>		√	√	√	√	√	√	√		√	
<i>Salary Payments ( PCO Pay)</i>				√					√		√
<i>Annual Returns</i>	√	√	√	√							
<i>SHR</i>		√	√	√	√	√	√				
<i>Goods, Services &amp; Works Contracts</i>	√	√	√								
<i>Management and Lease Agreements</i>		√									
<i>Employment Terms &amp; Conditions</i>	√										
<i>Appointment of Development &amp; Maintenance Consultants</i>		√	√			√	√				
<i>Grant Award Acceptance</i>		√	√				√				

## Signatories

1. The Board of Management will approve a List of Authorised Signatories each year for the purposes of authorising formal documents. A list of current specified signatories is available within the Finance Section.
2. In the absence of key staff, responsibility for signing may be delegated to other individuals not specified above, provided this is in writing and approved by the Board. If necessary approval may be homologated.
3. In the event that a member of staff is paid to act up, he/ she will automatically take on the signatory role as defined above.
4. In the extended absence of the Chief Executive Officer or where urgent, the Chief Operating Officer is authorised to sign.