

KNOWES HOUSING ASSOCIATION LTD	
Policy Name	Development & Procurement
Policy Category	Property Management
Policy Number	MDS04
Management Committee	February 2023
Previous Review	July 2021
Next Review Date	February 2027
Links to other Policies	Schedule of Controls.
Consultation	Staff and Committee

1. POLICY AIMS & OBJECTIVES

The purpose of this document is to provide guidelines for development staff for the procurement of Capital projects. It reflects the changes in Government procurement and contractual arrangements in the Construction Industry and best practice notes published by Communities Scotland (now the Scottish Government Affordable Housing Investment Department) Where this document refers to Communities Scotland, it does so as various documents which are still current were produced by them.

[This procedural note has been compiled with the use of Communities Scotland's procurement guide, Raising Standards, Development, subsequent guidance notes and current internal policy documents.]

2. LEGAL FRAMEWORK

This policy seeks to address the Public Procurement etc. (EU Exit) (Scotland) (Amendment) Regulations 2020 and The Scottish Housing Regulator's procurement guidance.

3. RISK ASSESSMENT/MANAGEMENT SECTION

The main risks associated with this policy are that the Association does not comply with procurement legislation and could become liable to prosecution. Other risks are that non-adherence to the Scottish Housing Regulators, and Governments guidance could result in withdrawal of funding offers, and damage to the Association's reputation should the Association be seen to award contracts unfairly. This policy also looks to minimize the risk to the Association of contractors going into liquidation.

4. POLICY REPORTING

The committee will receive reports on a monthly basis detailing performance and progress against each development project.

Reports will include details of progress in relation to contract programme, expenditure in relation to budget, details of any likelihood of variance between budget and estimated final outturn and any other relevant matters.

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RESPONSIBILITIES

It is the responsibility of the Director and staff delegated to assist in development projects to keep abreast of developments in procurement arrangements and to inform and advise the Committee of any changes. Under the Current structure the staff member responsible for managing the development function is the Director. The Director will assume the role of project sponsor for each construction project and will have the responsibility for managing each development project through from inception to completion. The Director will manage the Committees input into projects, including setting objectives and specifying requirements, formulating briefs and monitoring performance. The Director will also assess, procure, monitor and control the external resources needed to implement the project.

PROCUREMENT STRATEGY

Choosing the appropriate procurement strategy is a key strategic decision of the Committee under the terms of the remits and delegated powers conferred upon them.

SELECTING THE PROCUREMENT STRATEGY

The Association will firstly appraise potential schemes. The project sponsor will consider the critical elements of acquisition, programme, outline scheme and outline costs, (including funding of scheme). On completion of initial viability, which highlights developability of the scheme, the Association will consider discussing potential procurement options with prospective consultants. The Association will thereafter prepare to appoint professional consultants in line with Government guidance on procurement so that a more detailed feasibility study can be undertaken. The method of procurement selected will be the most appropriate to the project, with consideration being given to traditional competitive tendering, negotiation based on existing projects, competitive design and build, government approved frameworks and partnering arrangements. The method selected will require to be approved by Government where HAG funding is required.

SELECTION OF CONSULTANTS

The Association will prepare an appropriate list of Consultants for each project. This list will be drawn up based on reputation and feedback from existing clients. It will be from this list that the Committee will draw the short list upon completion of a pre-selection process. For Development projects consultants will be selected on the basis of balancing quality with price. The lead consultant will be appointed on the basis described in "CITB" Balancing Quality Price selecting consultants for the Team, and be appointed to the project. Where partnering agreements are being used a continuation of previously agreed appointments can be used.

Prior to inviting tenders, the project sponsor will formulate the initial design brief for each project outlining the project objectives, and design brief and submit this to the Committee for approval prior to issuing to the short listed consultants.

Consultants will be invited to provide information regarding the practice and the personnel and their experience, which will be assessed for quality. Tenders will be invited which will be assessed along with the quality assessment. Each consultant will be issued with a tender package to enable the tenderers to price their services accurately. This package will include the undernoted information:

- Initial Design Brief
- Schedule of services required
- Conditions of appointment
- Basis of fee and arrangement for expenses
- Insurance requirements

Under the terms of the Housing Grants, Construction and Regeneration Act 1996, it is illegal to withhold payment of fees until grant funding becomes available. In this respect, the Association, as the client, must pay for all services received whether grant funding is available or not.

CDM REGULATIONS — Health and Safety Co-ordinator

Under the terms of the Construction (Design and Management) regulations 2015 the Association must appoint a Principal Designer for all demolition and construction projects. These regulations (CDM) place duties on the Association to plan, co-ordinate and manage health and safety throughout all styles of construction. It is the responsibility of the Management Committee to ensure that the Consultants and the Contractor allocate adequate resources for health and safety. The Committee should therefore be satisfied that only competent people are appointed as Principal Designer. As with all Consultants, the Association will select a list of competent firms for each project.

The Principal Designer will be appointed in accordance with the Association's procedure for compliance with C.D.M. regulations.

CONTROL OF CONSULTANTS

The project sponsor will prepare a pre-contract programme for each project. Progress meetings will be held prior to and during building works. Consultants are asked to prepare progress reports for each of these meetings and reports will be incorporated in the Director's report to the Committee. In the event of Consultants performing badly or negligently this will be referred to the Committee to allow the situation to be considered. In instances of poor service this would lead to the deletion of a firm from the Association's future list of Consultants.

The key date being the anticipated site start and from that point critical dates are worked back. This acts as a trigger chart and provides a useful focus when appraising gaps in tasks achieved or information required.

Development projects will be controlled in accordance with the Association's procedure for Controlling Variations and Costs on Development Projects.

SELECTION OF CONTRACTORS (CAPITAL PROJECTS)

Contractors will be selected using the principles of balancing quality and price unless competitive tendering is selected as the procurement method. In this case the Code of Practice for Single Stage Selective Tendering will be adopted.

Before the Contractor goes on site, the project sponsor will ensure all statutory approvals are in place and that the contractor has a health and safety plan and the appropriate Contract Insurance in place. If it is a rehabilitation project the project sponsor will be responsible for ensuring the Association has Clause 22c Contract Insurance.

The project sponsor will ensure tenants are advised of project site start and decanting arrangements finalised (if appropriate) and all adjoining tenants/owners have been informed of site start date.

Prior to works commencing on site, a pre contract meeting will be convened to discuss employer's requirements in terms of security; local labour, handover and defects procedures are highlighted.

Throughout the works programme site meetings will be held with the contractor, consultants, clerk of works and project sponsor in attendance.

Monthly progress reports will be prepared by Architect/Employers Agent and cost reports will be prepared by the Quantity Surveyor and incorporated in the Director's report to the Committee. Any variation to specification and costs must also be reported to the Committee.

COST CONTROL

The project sponsor will monitor progress of works against works programme and anticipated final account and report performance to the Committee. Where claims or cost overruns are identified the project sponsor will inform Government (if applicable) and the Committee immediately. The project sponsor will ensure that claims for HAG are made timeously and certificates and fees are paid timeously in terms of the Associations contractual obligations and that the Head of Finance is kept abreast of resource requirements.

Where a contractor does not finish on time and no extension of time has been granted, the project sponsor will write advising that L&A Damages may be claimed if there is a contractual opportunity to do so.

The project sponsor will endeavor to settle the final account as soon after practical completion as practicable and thereafter liaise with the Surveyor to enable the final reconciliation be undertaken and submitted to Government (if applicable).

DEALING WITH CONTRACTOR LIQUIDATION

In the event of a contractor going into Liquidation the following will take place:

- The project sponsor will ensure that no payments due on Certificates are made, or put a stop on cheques and bank transfers as soon as it becomes known a contractor has become insolvent.
- Arrange immediately for the site to be sealed off and locked to ensure the Contractor has no access to the site to remove materials, plants and machinery etc.
- Advise the Management Committee and Government (if applicable).

- Call design team meeting to discuss situation and agree course of action appropriate to the stage the Contract is at. This will include an assessment of what work is outstanding, the value of any materials or plant on site and an accurate costing of work completed against work carried out.
- Contact the Liquidators to advise them of the Associations interest.
- If appropriate, obtain Government approval to enter into negotiations with the second lowest contractor on the tender list to enable the project to continue. If this is not possible, arrange to re-tender for the work.
- Advise tenants of the situation and that it will result in a delay to the contract.
- If the liquidation happens during the defect liability period carry out any outstanding defects and deduct the costs from the retention.

TENDERING REQUIREMENT

The method of procurement will determine the requirement to tender. Projects carried out under traditional competitive tendering will adopt the Code of Procedure for Single Stage Selective Tendering (NJCC)

PARTNERING

Where partnering is being adopted a minimum of three contractors will be assessed on their ability, quality and attitude to work as a partner organisation. The Association's surveyor will make an assessment of value for money and contract rates will be compared to recent projects won in competitive tender of a similar nature.

DELEGATED AUTHORITY FOR SIGNING CONTRACTS

Consultant Appointments for Development Projects:

Director and member of sub committee

Works contracts: Director, member of committee executive (Chair, Vice Chair, Treasurer, Secretary)

ITEMS REQUIRING COMMITTEE APPROVAL

Lists of consultants and contractors

Design Brief

Specification

House layouts
Site layout
Elevations

EQUALITIES COMMITMENT

- Knowes Housing Association Ltd is committed to tackling discrimination on the grounds of sex or marital status, racial grounds, or grounds of disability, age, sexual orientation, language, social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.
- Knowes' seek to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.