

*at home with...*



# Procurement and Contracting Policy

|                       |                  |              |
|-----------------------|------------------|--------------|
| Reference / Issue No: | A3               | 7            |
| Date of this version: | May 2021         |              |
| Next review due:      | May 2024         |              |
| Lead responsibility:  | Asset Management |              |
| Contents:             | 45 pages         | 2 appendices |

---

## Contents

|   |    |
|---|----|
| 1. Introduction - Procurement Statement .....   | 3  |
| 2. Our approach to procurement .....            | 3  |
| 3. What this means in practice .....            | 5  |
| 4. Types of procurement.....                    | 8  |
| 5. Approval and authorisation.....              | 11 |
| 6. Code of Conduct.....                         | 13 |
| 7. Risk.....                                    | 13 |
| 8. Other relevant policies and procedures.....  | 14 |
| 10. Performance management.....                 | 15 |
| 11. Review.....                                 | 15 |
| Appendix 1: Procurement flowchart.....          | 16 |
| Appendix 2: Contract Management Framework ..... | 17 |

## 1. Introduction - Procurement Statement

- 1.1 Fife Housing Group's (Group) vision as set out in the Business Plan is 'Your home... our priority' to ensure that we can provide an excellent service to our tenants and other customers. We will operate as a professional and commercially-focused business and ensure that we put the priorities of tenants and customers first. Clear procurement policies and good practices enable Group to obtain supplies, works and services that are value for money. This in turn facilitates the delivery of best value services to our tenants and supports this vision.
- 1.2 Our aim is to establish a cost-effective purchasing service which provides best value, choice and value for money whilst ensuring an adequate supply of goods and services is available to the Group.
- 1.3 The Board is responsible and accountable for achieving value for money which reflects the efficient and effective use of resources. The Group's Business Leadership Team (BLT) is responsible for ensuring that the policy and procedures are understood by all colleagues and members of the Board.
- 1.4 This Procurement and Contracting Policy will guide all of our procurement. The definition of procurement for this policy is the overall process of acquiring goods, works and services from suppliers and third parties and includes the whole cycle from identification of needs through to the end of a services contract or the useful life of an asset. Procurement strategies will be developed or reviewed, particularly through value for money reviews, for specific areas of spend e.g. development, maintenance, repairs, ICT, commodities, consultancy etc.
- 1.5 At Fife Housing Group it is recognised that good procurement can play a critical role in the delivery of our strategic objectives. The savings achieved can be re-invested in service provision, whereas poor procurement can lead to a loss of money, service quality and confidence by residents and stakeholders in our ability to deliver excellent, customer-focused services. We are currently spending over £4.7 million annually on the procurement of works (excluding new housing development) and services and the supply of goods in support of our operations and activities. As a body governed by public law, we have a duty to the general public and to tenants to spend this money efficiently and effectively and to secure the best possible quality and value for money in return. This approach to procurement also, therefore, needs to be read alongside other relevant strategies, for example, risk management and value for money.

## 2. Our approach to procurement

Set out below are our aims which govern all of our procurement:

- 2.1 **Partnerships internal and external** - procurement is not just about cost and quality, it encompasses the wider elements of sustainability, economic, social and environmental measures to generate savings and identify efficiencies that can be reinvested in other areas of FHG. As a growing business with substantial development and maintenance

programmes and significant colleague numbers it is essential that this Policy is implemented as part of a joined-up approach that complements and is aligned with our FHG objectives. Externally too we will be open to working in partnerships to deliver improvements in service through new and existing partnerships and consortia arrangements, such as the Fife Housing Association Alliance, to ensure that best value for money is achieved.

2.2 **Competition** – Whenever possible we will use competitive forces to achieve best value through direct competition and continual review. Contracts will normally be awarded to the provider offering the Most Economically Advantageous Terms/Tenders (MEAT) balancing quality and cost. Occasionally non-competitive actions to secure works, services and/or supplies may be appropriate. Examples of such situations could be as follows:

- Where a contractor/consultant/supplier is uniquely placed to deliver a service or product because of their detailed knowledge of a subject, ownership of a particular product or patent and their ability to respond immediately;
- Where a contractor/consultant/supplier is the only known source for all the supply or information requested;
- Where the Group wishes to procure the continuing use of proven specialist services from a contractor/consultant/supplier; and
- In cases of exceptional urgency where business continuity is at risk.

Any such non-competitive actions (and the reasons for invoking them) are required to be evidenced in writing, be reviewed and approved by the Business Leadership Team and reported within the Chief Executive's Report to the Board of Management at the next Board meeting.

2.3 **Learning and development** - we will ensure that all colleagues and Board members who carry out procurement activities are trained to a level suitable to their level of involvement in procurement activities. We will also utilise the services of professional procurement consultancies for any complex tenders where considered appropriate and to minimise risk.

2.4 **Procurement management information** - we will set up information systems to store procurement management data, analyse and then use the information provided to inform our procurement decisions.

2.5 **Value for money** - all procurement will be based on obtaining the best value for money taking into account both quality and cost, including the social benefits which may be obtained. The MEAT will be followed.

2.6 **Performance management** - we will develop our performance management systems to ensure continuous improvement in the procurement function and in contract management.

- 2.7 **Regeneration** - we shall use our procurement activities as far as legally possible to contribute to the regeneration of the communities in which we work.
- 2.8 **Community benefits** - will be identified and where appropriate included within our procurement processes in cases where we expect our expenditure to exceed a £4 million threshold over the life of the contract. Where, appropriate and feasible, Community Benefits will be considered on an individual basis for contracts below this threshold level.
- 2.9 **Sustainability** - effective procurement will help to support the raising of awareness of sustainability issues amongst colleagues and customers, meeting environmental standards, increasing energy efficiency, reducing emissions and aiming to tackle fuel poverty. For suppliers, requirements will vary according to the commodity being procured but we expect demonstrations of compliance with good sustainability practice throughout the supply chain.
- 2.10 **Technology** - innovation and industry advances will change what we may be able to offer to tenants and other customers over the coming years. Our ICT strategy will be the key to ensuring that: our technology systems are fit for purpose; that we develop more integrated service delivery options, we are open to advances in technology solutions within the home and within our administration as part of our procurement and that FHG keeps pace with advancing technology.

### 3. **What this means in practice**

- 3.1 All procurement will be required to demonstrate:
- A commitment to users of the services and supplies;
  - A commitment to improving tenant satisfaction;
  - A commitment to the Group's vision, values, aims and strategic objectives;
  - Value for money;
  - Compliance with service aims and objectives;
  - A commitment to quality and continuous improvement;
  - A commitment to equality wherever possible within the context of our Business Plan;
  - Operational efficiency;
  - Effective management, systems and procedures;
  - Flexible working arrangement to meet user requirements;
  - Compliance with Scottish Government and UK Government legislation, guidance and best practice;
  - Best practice in purchasing through maintenance of systems and procedures;
  - Application of the segregation of duties between those obtaining quotes and the purchase order signatory for payments up to £10,000; and
  - Consideration of the environmental sustainability of the goods and services that we procure.

- 3.2 Legislatively the Group's procurement activities are guided by:
- EU-UK Trade and Co-operation Agreement obligations;
  - European Union (Future Relationship) Act 2020;
  - The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020;
  - UK Procurement Directives;
  - Procurement Reform (Scotland) Act 2014 [implemented and established the national legislative framework for sustainable public procurement]; and
  - Procurement (Scotland) Regulations 2016 [which provide alternative rules for lower value contracts].
- 3.3 All of the Group's procurement activity must comply with the UK Government principles of:
- Accountability;
  - Integrity;
  - Efficiency;
  - Openness;
  - Fairness;
  - Transparency;
  - Equality and non-discrimination; and
  - Proportionality.
- 3.4 The Procurement Reform (Scotland) Act 2014 which came into effect on the 18 April 2016, introduced lower statutory thresholds for contracts in Scotland which are termed 'Lower Value Regulated Procurements' than those previously set by EU legislation which were (pre-Withdrawal Agreement) termed 'EU Regulated Procurements'. The respective Scottish thresholds are set out in Appendix A.
- 3.5 Other contracts or purchases below the Scottish 'Lower Value Regulated Contracts' threshold will be procured in accordance with the Group's Standing Order and Financial Rules following the same overall procurement principles in terms of transparency, openness, probity and value for money and in a manner proportionate to the nature and scale of smaller contracts or purchases.
- 3.6 The following will be considered essential elements of competition:
- Performance standards and monitoring strategies will be developed;
  - Cost information will be properly identified and collected;
  - Innovation will be encouraged;
  - The Group's objectives including diversity, sustainability, regeneration and other social values will be promulgated;
  - Probity, accountability and competitive neutrality will be ensured; and
  - The responsibilities and accountabilities of all parties to a contract must be explicit.

- 3.7 We will adhere to, and prompt, the following principles of best practice procurement, which:
- Is driven by desired outputs and results;
  - Generates the most advantageous balance of quality and cost;
  - Is timely and subject to effective project management techniques following the procurement cycle;
  - Minimises the burden on administrative and monitoring resources;
  - Encourages reviewing, challenging, adapting and adopting new processes;
  - Embraces innovation and new technology (i.e. e-procurement);
  - Expedites simple or routine transactions;
  - Allows flexibility in developing alternative procurement and partnership arrangements, where best value can be demonstrated;
  - Encourages competition where appropriate;
  - Encourages the continuing participation of high quality tenderers;
  - Complies with the Group's regulatory framework and all applicable legislation; and
  - Above all, is transparent and accountable.
- 3.8 We will respond quickly to changes in procurement-related legislation and ensure that colleagues who are affected are informed.
- 3.9 We will ensure that procurement activities and decisions are undertaken by suitably skilled colleagues within the organisation. We will consult with tenants, colleagues and key stakeholders in major procurement decisions for goods/services, when appropriate.
- 3.10 We will regularly review our procurement performance in line with legislation, our financial procedures and the wider market to ensure that we continuously improve, perform and meet the tenants' needs.
- 3.11 We will aim to extend the partnership ethos from development arrangements to other areas of construction-related services such as responsive repairs where best value can be demonstrated.
- 3.12 We will build sustainability into all our procurement, taking into account the whole life costs of an asset, benefits to the community, etc. in the evaluation of any bid. We will make all procurement decisions in such a way as to minimise any detrimental effect of the procurement on the environment subject to available resources.
- 3.13 We will benchmark and review the sustainability of existing agreements for goods and services in the wider market, ensuring all purchases are made available to an appropriate degree of open competition and assessing all sourcing and selection decisions in terms of equal treatment, non-discrimination and with regard to quality and whole-life cost.

- 3.14 We will ensure that our procurement routes are considered against other housing sector procurement techniques for cost effectiveness and suitability.
- 3.15 We will ensure that our quality and service expectations are understood by the supply chain by benchmarking and conducting effective contract performance management reviews with key suppliers and contractors, seeking feedback from tenants, colleagues and other stakeholders.
- 3.16 We will work with local businesses to assist them to bid for our contracts. We will ensure that companies know when our contracts are to be tendered.
- 3.17 We will ensure that the requirements made of potential suppliers are on a scale which is consistent and fair to the size and type of the contract supply.
- 3.18 We will continue to participate, wherever appropriate, in ‘collaborative purchasing arrangements’ such as Scottish Procurement Agency (SPA formerly LHC). SPA is a leading not-for-profit public sector purchasing consortium that provides best value procurement solutions for the refurbishment, retrofit and maintenance of social housing, schools and other public sector buildings in Scotland. We will also review all approaches from other consortia such as Procurement for Housing (PfH) and participate when advantageous. Where appropriate, the Group will take advantage of consortium and other external procurement initiatives where such involvement improves value for money and/or minimises duplication of effort, allowing our resources to be released to frontline service provision.
- 3.19 We will ensure that we have in place standard templates and guidance for use by colleagues to prepare tenders to be advertised by those authorised and trained to post on Public Contracts Scotland.
- 3.20 We will explore and encourage other new and innovative partnering arrangements, including collaborating with other housing organisations and specialists to utilise and learn from one another’s skill and knowledge base.

**4. Types of procurement**

4.1 The following types of procedures should be adopted according to the amounts and nature of the procurement of works, goods and services. It should be noted that as the Group reclaims only a negligible amount of Value Added Tax (VAT) all values stated herein are **inclusive** of any likely VAT or Insurance Premium Tax (IPT). Note that all values relate to the calculation of the whole contract value irrespective of the length of the contract:

|               |  |
|---------------|--|
| Up to £10,000 | Minimum 2 quotations/evidence of pricing required, unless of a specialised and limited supply – where a business case justification is required to the Business Leadership Team [can be approved by email consensus] |
|---------------|--|



|  |  |
|--|--|
| Above £10,000 and up to £20,000  | Minimum 3 quotations, unless of a specialised and limited supply – where an evidenced business case justification is required to the Business Leadership Team [can be approved by email consensus] |
| Above £20,000 and up to £50,000  | Minimum 4 invitation to quote, submitted through Public Contract Scotland as a 'Quick Quote' selecting only from suppliers who have completed a profile  |
| Above £50,000, up to UK thresholds   | Minimum competitive single-stage tender via Public Contract Scotland using the Single Procurement Document (SPD).  |
| Above UK thresholds  | Two stage tender process using SPD   |
| <b>Note:</b> the above limits are the minimum required and, subject to the nature of the supply the Asset Manager may determine that a higher process is the best option for a lower value supply e.g. two-stage process for a £75,000 contract. |  |

#### 4.2 Works, goods or services up to £10,000

**Supplies obtained through the existing and already tendered Repairs and Maintenance Framework will continue to be awarded under that agreed process until such time as that Framework has been re-tendered (as this forms part of our commitment at tender in 2019).**

Relatively straightforward procurement methods are required for securing non-Maintenance Framework services, supplies, or other property that do not cost more than the £10,000 threshold. There is no requirement for numerous quotations to be obtained, however, to ensure that we are receiving value for money, we will obtain at least two alternative quotes. In the case of a piece of work being sub-contracted, a quotation will still be required if the Schedule of Rates or the Maintenance Framework is not used.

A requisition form, purchase order or works order must be completed and authorised by a person other than the colleague obtaining the quotes; the appropriate budget holder. Full details of authorisation limits are listed in section 5.4 below and are repeated within the Standing Orders and Financial Rules.

#### 4.3 Works, Goods or services above £10,000 and up to £20,000

Supplies obtained through the existing and already tendered Maintenance Framework will continue to be awarded under that agreed process.

For all other supplies three quotations are required prior to the purchase order / works order being authorised. A requisition form, purchase order or works order must be completed and authorised by a person other than the colleague obtaining the quotes; the appropriate budget holder.

#### 4.4 **Works, Goods or services above £20,000 and up to £50,000**

Supplies obtained through the existing and already tendered Maintenance Framework will continue to be awarded under that agreed process.

A minimum of four quotations are required prior to purchase orders or works orders being authorised. Unless there are exceptional reasons, approved by the Business Leadership Team, all quotations will be submitted via the Public Contract Scotland web portal, under the 'Quick Quote' route. Evaluations of the quotations may be carried out by the manager responsible for holding of the budget. The order will be awarded to the organisation whose proposal is most advantageous to the Group with value, price and other relevant factors taken into considered.

#### 4.5 **Works, Goods or services for items in excess of £50,000 but below UK procurement thresholds**

Supplies obtained through the existing and already tendered Maintenance Framework will continue to be awarded under that agreed process, however the incidence of this supply in this value bracket is expected to be low.

Goods or services for items in excess of £50,000 require a full tender exercise to be carried out via the Public Contract Scotland web portal using the agreed Single Procurement Document (SPD) as the basis for securing information regarding the supplier and the supply.

#### 4.6 **Works, Goods or services for items at or above UK procurement thresholds**

In accordance with regulations this process will be a two stage tender where a Single Procurement Document (SPD, this replaces the document formerly known as the Pre-Qualifying Questionnaire) is submitted as the first stage. SPD's are used to help public sector buyers/purchasers shortlist suppliers to invite to tender where a certain level of knowledge regarding:

- Suitability;
- Economic and financial standing;
- Technical and professional ability; and
- Quality assurance schemes and environmental management standards;

... is required and forms part of the restricted tendering procedure. The SPD enables purchasers to assess the organisation's commercial, technical and financial competencies and determine whether they meet the minimum criteria of the contract. Negotiated tenders are based on performance against the Group's agreed performance specification. If the performance is deemed acceptable and the tender sum represents value for money then the Director of Finance and Governance can approve the tender amount, subject to adherence to Schedule B within the Standing Orders and Financial Rules. All Contracts are formally reported to the Board of Management and registered in

the Group’s contract register. Cost analysis shall be made and documented in connection with every procurement action above £50,000 in value.

- 4.7 The Group must follow public procurement regulations as we are confirmed to be a ‘body governed by public law’ as defined in the public procurement directives. Contracts for values over the stipulated financial thresholds must be openly advertised by our use of Public Contracts Scotland. The Public Contract (Scotland) Regulations 2015 sets out procedures which must be followed before awarding a contract to suppliers (i.e. providers of works. Supplies or goods) when its value exceeds the following thresholds:

|   | Supply and service contracts   | Works contracts                  |
|---|--------------------------------|----------------------------------|
| Other public sector (i.e. non central government) contracting authorities | <b>£189,330</b><br>[excl. VAT] | <b>£4,733,252</b><br>[excl. VAT] |

FHG aims to award the contract on the basis of the ‘most economically advantageous tender’ (MEAT) and assessment, on a quality and price basis whilst ensuring compliance with UK Procurement Rules.

- 4.8 Procurement by non-competitive proposal may only be used when the awarding of the contract is not feasible due to small value of the contract or if the goods or services are only available from one source due to their specialism. In every case a justification must be made as a business case and approved by the Business Leadership Team – or if the value or subject deems it necessary the Board.
- 4.9 A procurement flow chart, Appendix 1, is attached to this policy, which outlines the steps we are required to take based on the financial thresholds highlighted in Table A.

## 5. Approval and authorisation

- 5.1 Budget holders must ensure that all goods, services and work that they procure must be in accordance with the approved annual budget.
- 5.2 Development projects may be approved by the Board on a scheme-by-scheme basis and confirmation will be provided how the scheme fits within the approved Business Plan parameters and the Scottish Government’s Strategic Housing Investment Plan (SHIP).
- 5.3 The following methods of ordering goods, services and work are used:
- Purchase order or works order via the Housing Management ICT system;
  - Letter of appointment e.g. consultants;
  - Quotation; and
  - Tender process.

5.4 Approval, authorisation and ordering should be sought, as a minimum, from the following:

| Value of goods or services                          | Purchase order or works order/PCS prep                     | Three quotations sought by                                 | Purchase order / works order approved | Tender required?       | Board approval required?   | Invoice approved by                              |
|---|--|--|---------------------------------------|------------------------|----------------------------|--|
| <b>Up to £10,000</b>                                | Advisor / Assistant / Officer / Team Supervisor / CoW / PA | Advisor / Assistant / Officer / Team Supervisor / CoW / PA | OLT member                            | No                     | No                         | OLT  |
| <b>over £10,000 and up to £20,000</b>               | Team Supervisor / Officer / CoW / PA (CEO)                 | Team Supervisor / Officer                                  | OLT member                            | No                     | No                         | OLT  |
| <b>over £20,000 and up to £50,000</b>               | OLT member   |  | OLT/BLT member                        | Yes<br>PCS Quick Quote | No                         | OLT/BLT  |
| <b>Over £50,000 up to UK procurement thresholds</b> | BLT member   |  | BLT member/CEO                        | Yes<br>PCS             | Potential, subject to SOFR | BLT [subject, where required, to Board approval] |
| <b>Values within the UK procurement thresholds</b>  | BLT member   |  | BLT member/CEO/ Board subject to SOFR | Yes<br>PCS             | Yes                        | BLT [subject to Board approval]                  |

5.5. The responsibility for the various steps involved in the purchasing of goods and services will be separated to avoid the risk of impropriety. Full details of authorisation limits and segregation of duties is defined within the Schedule of Delegated Authorities contained within the Standing Orders and Financial Rules.

## **6. Code of Conduct**

- 6.1 Our overarching aim is that all procurement activity should be ethical and safeguarded from corruption or fraudulent activity and any Group employee involved in the procurement process or in the tendering of our contracts should act at all times according to the principles of impartiality, independence and integrity. Procurement decisions made are in the best interests of the Group and not the individual. No employee shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the colleague or any member of his or her immediate family, or other closely-connected person, has a financial or other interest in the supplier selected. All dealings with suppliers, contractors must therefore be maintained on a strictly business basis in accordance with our Code of Conduct.
- 6.2 Within the Group, controls systems in the procurement and financial processes exist to promote good practice and not only help the prevention of fraud but also protect any individuals concerned (colleagues and suppliers) against allegations of fraud. Compliance with appropriate legal requirements and internal controls is essential.
- 6.3 Involvement in procurement requires commitment to the following:
- A duty to behave honestly and in a trustworthy manner maintaining standards that our residents and other customers are entitled to expect;
  - All colleagues having individual and collective responsibility for safe and proper arrangements relating to ordering and spending activities;
  - All managers having a responsibility to ensure systems and appropriate training provided are operational to promote best practice procurement and to prevent fraud.
- 6.4 Ultimately, FHG must be able to demonstrate a commitment to competition and must strive to preserve and improve value for money and integrity in all its procurement activities, providing auditable processes.
- 6.5 Whilst minimal hospitality is an accepted courtesy of a business relationship, the recipient should not allow a position to be reached whereby its acceptance might be deemed by others to have influenced a decision or lead to potential allegations of conflict of interest. Any hospitality accepted should remain minimal, such as the acceptance of refreshments during a meeting and lavish hospitality outside of normal business meetings - for example attendance at sporting events - will be politely refused outlining our stance on hospitality.

## **7. Risk**

- 7.1 The Group is aware of the risks surrounding procurement and monitors them on a monthly basis. It is essential that the risks associated with procurement continue to be properly assessed and managed. This will be particularly important when changing service providers and suppliers and will need to be considered in respect of both initial
-

and ongoing costs and service level. The key issue is not how risk should be allocated, but how it should be managed by all.

- 7.2 High value/high risk contracts will be the main focus of attention with the other lower risk and lower value and volume areas requiring proportionately less risk attention. Goods and services being procured in these categories require particularly detailed consideration of alternatives.
- 7.3 Management of risk involves having processes in place to monitor risks, access reliable current information about risks and appropriate levels of control operational within a framework of risk identification and analysis. Risks, it is recognised, must be managed in an integrated way and need to be identified, agreed and shared among respective partners and reviewed at regular intervals throughout a project. Good risk management is taking procuring advantage of what innovation has to offer, having given due consideration to what can go wrong and putting in established solutions to deal with it.
- 7.4 Good contract management once we have passed the procurement process also ensures assurance that we will achieve the aims of the process we followed to procure the service. Appendix 2 contains our process to be followed for effective contract management once awarded.
- 7.5 When assessing the level of risk involved relating to procurement, it will depend on the type and length of contract or supply and external market conditions including:
- Identification of potential problems and their causes;
  - Assessment of the probability of occurrence;
  - Assessment of the impact on Fife Housing Group and PACT;
  - Identification as to which party is best able to manage the risk;
  - Development of strategies to manage or mitigate the risk;
  - Involvement of other service area groups which may not be directly involved, such as Property and Commercial Business in scrutinising risk as part of the procurement process.

## **8. Other relevant policies and procedures**

- 8.1 This Policy needs to be read alongside other relevant documents, for example (but not limited to):
- Corporate Social Responsibility;
  - Anti-Fraud Policy;
  - Anti-Money Laundering Policy;
  - Risk Management Strategy;
  - Standing Orders and Financial Rules;
  - Value for Money Policy;
  - Code of Conduct; and
  - Colleague Handbook.

## **9. Roles and responsibilities**

- 9.1 The Director of Finance and Governance has overall responsibility and is accountable to the Business Leadership Team and Board, for ethics, probity, propriety, efficiency and value for money in terms of the procurement process and good governance generally.
- 9.2 The Group's Director of Finance and Governance, is responsible for ensuring that this policy is consulted on with colleagues and Board members and for its review.
- 9.3 The Business and Operational Leadership Team members are jointly responsible for the dissemination, implementation and proper application of this policy.

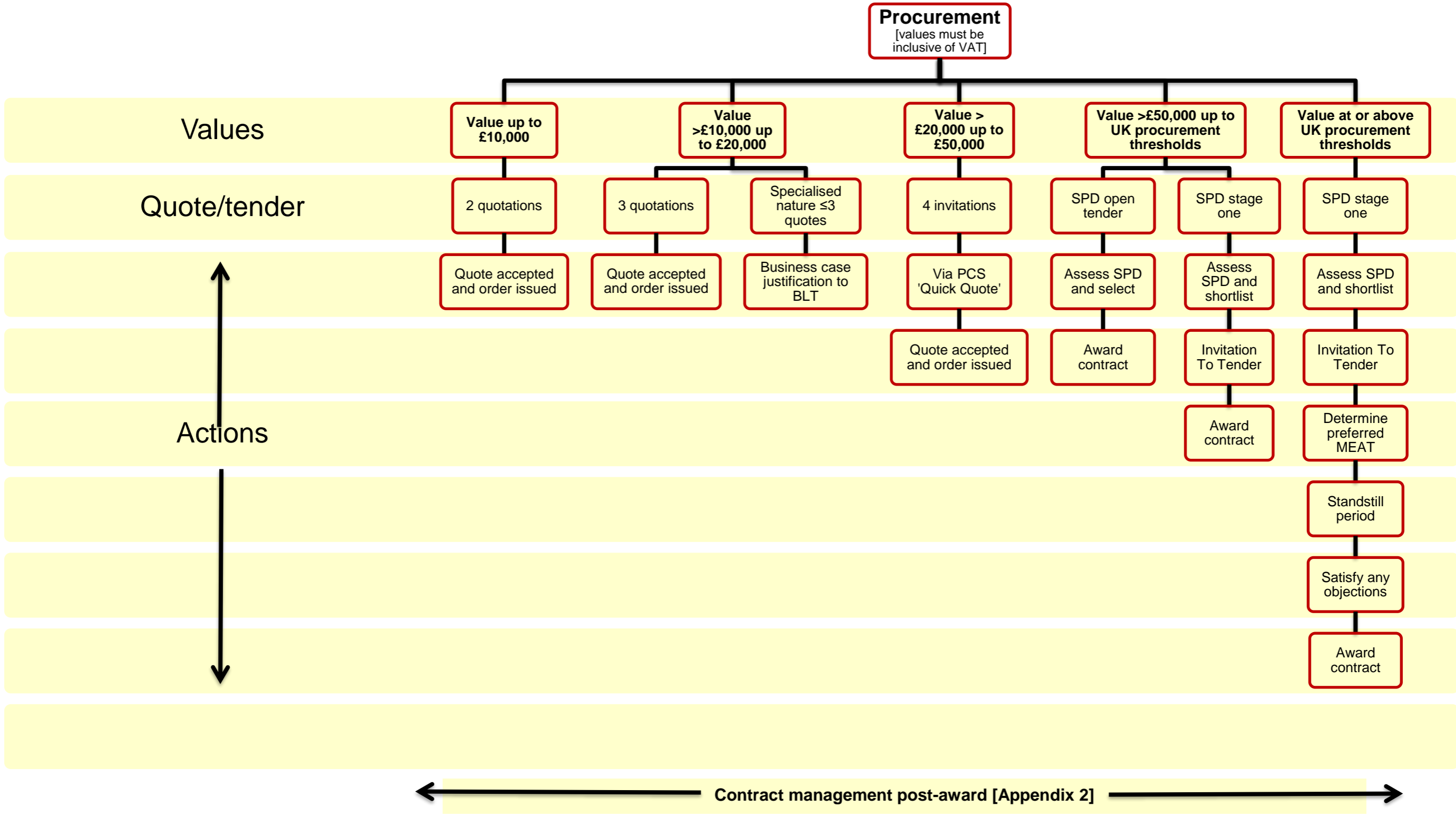
## **10. Performance management**

- 10.1 Any concerns regarding the adherence to this policy will be reported to the Board.
- 10.2 Any concerns raised regarding the procurement process will be raised with the Chair and Chair of Audit and Risk Committee at the earliest opportunity.

## **11. Review**

- 11.1 This policy is due to be reviewed every three years - or earlier if a material change requires this.





# Appendix 2 – Contract Management Framework

## Contents

- 1 Introduction.....18
- 2 Objectives.....18
- 3 Contract management cycle .....18
- 4 Your home... our priority.....19
- 5 Categorising our contracts .....20
- 6 Proactive contract management: key steps.....21
- Appendix 1 .....29
- Appendix 2.....32
- Appendix 3.....33
- Appendix 4.....34
- Appendix 5.....35
- Appendix 6.....36
- Appendix 7.....37
- Appendix 8.....40

### 1. Introduction

- 1.1 Contract management can be defined as ‘the process, following procurement, of efficiently managing contract development, execution and ongoing review with the aim being to maximise operational and financial performance and minimise risk’.
- 1.2 Good basic contract management is about ensuring that all parties to a contract fully understand their obligations and responsibilities and fulfil them as efficiently and effectively as possible for the benefit of Fife Housing Group (FHG, the Group), tenants and other stakeholders.
- 1.3 Whilst there is a minimum requirement in terms of contract management within FHG we must exercise judgement in dealing with different types of contract and supply – we will do this to ensure that the right amount of resources are directed towards managing each contract based on a number of indicators, including value and risk.

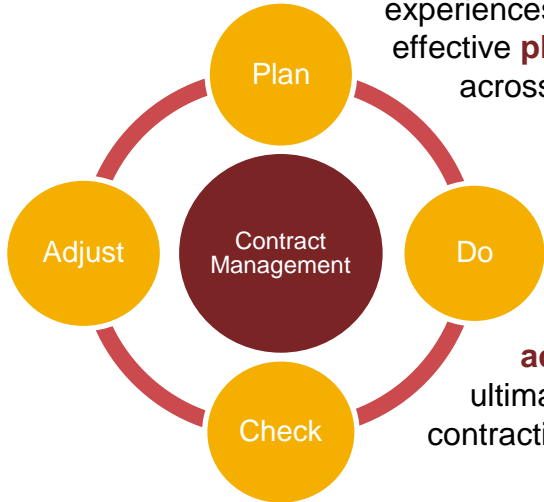
### 2. Objectives

At FHG we want to ensure that having had a successful procurement process then the subsequent contracting relationship will give assurance and can lead to:

- ✓ Good and evidenced value for money;
- ✓ Delivery of intended benefits;
- ✓ Good performance;
- ✓ Sustainable service delivery;
- ✓ Compliance with FHG standards;
- ✓ Visibility and predictability of financial and resource requirements;
- ✓ Continuous improvement;
- ✓ Excellent customer service;
- ✓ Management of risk;
- ✓ Achievement as a minimum of all statutory and regulatory obligations; and
- ✓ Environmental improvements

### 3. Contract management cycle

Contracting is a cyclical task and it is vital to ensure that we learn from our experiences across the Group. We need to start with effective **planning**, involving the right colleagues from across the Group and in a timely manner. Next we will **do** – implement what we’ve planned, in a systematic and coordinated way. Verification and **checking** of how we are progressing is vital and this is integral to how we will manage our contracts and as a result of our management of this relationship we can **adjust** how we are progressing to ensure that ultimately we get the best value out of our contracting relationships.



#### 4. Your home... our priority

- 4.1 At FHG we have recognised that to deliver on our Vision, we must ensure that we get the best from our contracting and from that we can make tenants' homes our priority. Having identified those issues that can be further improved and by better coordinating our resources across the Group we believe that we can achieve continuous improvement.
- 4.2 We have established the following principles which aim to help us manage the post-procurement implementation and ongoing management process from the start to the finish of each contractual arrangement: We will
- ✓ Ensure that FHG's expected standards and specifications are included in any tender documentation thus ensuring full visibility and awareness by the contractor at an early stage;
  - ✓ Include required performance standards in the contract tender;
  - ✓ Provide information on time and to a high standard;
  - ✓ Plan and hold cyclical contractor reviews;
  - ✓ Deal with poor performance in a timely and corrective manner;
  - ✓ Focus on continuous improvement;
  - ✓ Learn from innovations and experiences brought to us by contractors and other organisations; and
  - ✓ Seek a robust contract relationship, both internally and externally
- 4.3 This framework aims to promote a consistent Group-wide approach to contract management based on the following behaviours:
- Being risk aware – in assessing risk we will consider the following questions...
    - ...what's the importance of this contract?
    - ...is this covered by statutory or regulatory requirements?
    - ...is this a high risk supply?
    - ...is this a higher value contract?
    - ...are we aware of any previous issues?
    - ...do we know this contractor, do we have robust references?
    - ...is this contract time or budget-critical?
    - ...does this contract affect business continuity?Therefore for higher risk contracts we would anticipate a greater investment of resources in managing these relationships.
  - Team-work - colleagues will work together, across all teams, and be engaged based on the right expertise at the right time; agreeing that no significant change is made without consultation; and
  - Taking responsibility – if we say we will do something in contract management then we will do it, on time, without being reminded and if we need to take action then we will do so.





4.4 Taking all of this together we can see that for contract management to be effective we need to abide by our principles, exhibit the behaviours and to ensure that we get the most from the time and money we have available, make good use of tenant, stakeholder and colleague feedback, use our performance information and make effective use of our extensive IT systems to support and enhance the process:



**5. Categorising our contracts**

5.1 In respect of all supplies tendered through Public Contracts Scotland they will be supported with documentation found in the Activity drive 'Activity(Y:>Procurement)' which will provide the following options:






Name ^

-  Guidance
-  PCS Tenders
-  Procurement Strategy
-  Templates

Selecting the 'PCS Tenders' folder this will give access to each of the contracts, filed by year, and using a standardised filing format for each tender. This will ensure that we maintain a consistent approach to tendering.

5.2 The standard folders within PCS Tenders are as shown. In respect of two stage tenders each folder will be further divided into 'Stage 1' and 'Stage 2'. Given the regulated nature of high-value tendering and the assurance levels required by the Group it is vital that record-keeping is maintained at a high level and that we can fully evidence the reasons for each action.

Name ^

-  1. Tender Documentation
-  2. Tender Postbox Submission
-  3. Tender Assessment
-  4. Tender Award
-  5. Communication

5.3 Across the Group we have a wide range of contracts which vary in supply type, value, term and relative business criticality. In order to make the best use of our management resources we need to develop an approach which categorises each contract and from which we can then determine the investment required to manage.

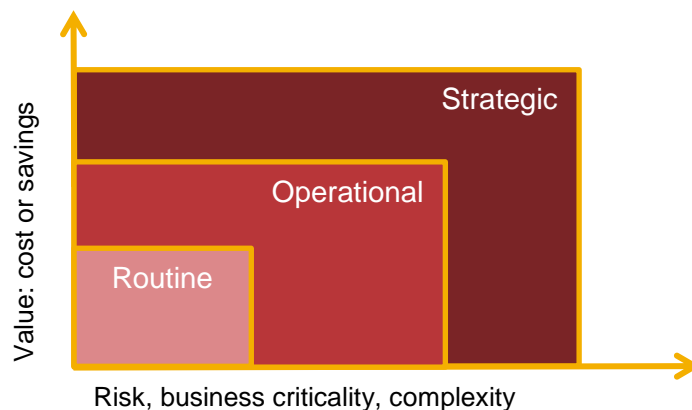
5.4 To categorise our contracts we will use risk, value and business critical as the measures to place contracts into either 'strategic', 'operational' or 'routine':

**Strategic:** business critical supplies, often regulated supply, may be highly specialised, limited supply, high value, business plan effect, high risk, demand may exceed supply, contract won on price/quality. e.g. gas servicing, IT systems, major component renewal

**Operational:** not business critical but would affect service and satisfaction, impact on business plan, contract won on price/product, medium-term, medium-risk, delays occur if change supplier e.g. communal cleaning, grounds maintenance

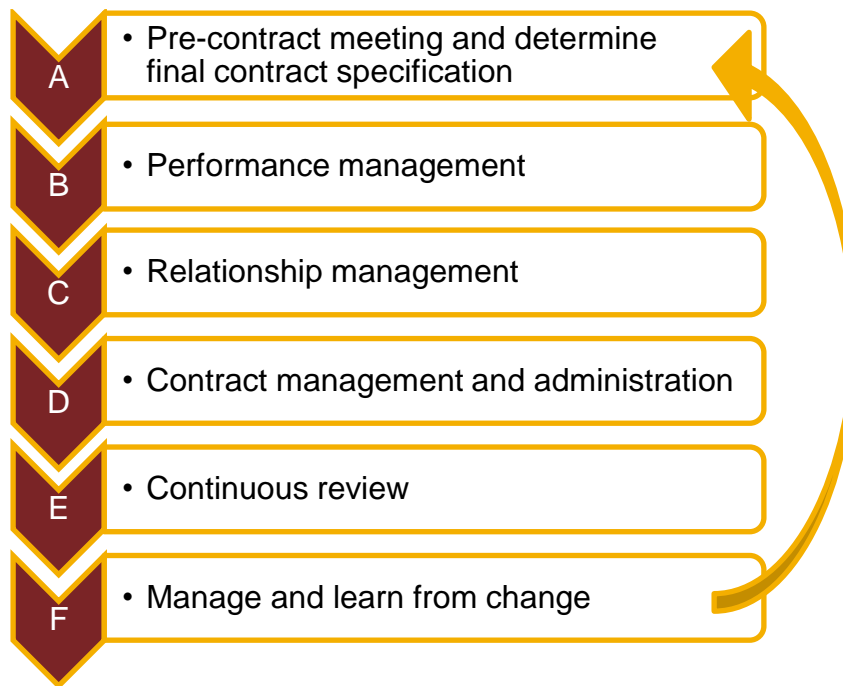
**Routine:** ongoing supply relationship but could go elsewhere based on price and supply, low-risk, wouldn't affect business plan, supply generally exceeds demand e.g. stationery supplies, vehicles

- 5.5 Colleagues will identify the type of contractual arrangement using their knowledge of the arrangements from the procurement process and their experience of managing other contracts:



## 6. Proactive contract management: key steps

- 6.1 To ensure good contract management we need to consider the various steps that will take us systematically from the post-procurement award through to the end of contract review where learning can then be reapplied for the subsequent contracting cycle:



### **A: Contract specification**

- 6.2 Having followed FHG’s Procurement Policy we will now have carried out a professional procurement process and are ready to have our pre-contract meetings and finalise the contract between the Group and our supplier. As part of our procurement process we will have already shared details of our expected performance standards and management processes with the tendering organisations and these will be repeated within the contract.
- 6.3 Where there are any unusual or onerous terms intended these must have been shared with the contractor as part of the procurement process to ensure that there are no surprises between us that could affect the relationship.
- 6.4 The contract is not just an administrative task that needs to be ticked off as part of the process, completed well this is the prime document upon which we can achieve a strong working relationship with the contractor based on sound performance and good communication. The contract will form the foundation of this new relationship.
- 6.5 For our major works some tenderers may come through our membership of consortia frameworks (such as procurement for Housing (PfH) for example) and the contracts based on standard JNC models, however these contracts will still require amendment to ensure that our performance and communication standards are fully reflected.
- 6.6 Appendix 1 includes a checklist to be used when finalising a contract at FHG and deals with actions required in the post-procurement stage.

### **B: Performance management**

- 6.7 FHG’s performance management framework covers a wide range of indicators and some of these will be affected by contractor performance. It is therefore

important to ensure as part of the procurement process that the contractor is able to achieve and measure such performance.

6.8 However, it is also vital that any performance measures established for contractors are proportionate to the complexity and scale of the contract. We would not want to have a supplier spend a disproportionate amount of their time setting up systems, incurring costs and measuring performance that is out of scale or doesn't really fit with what outputs we are trying to achieve.

6.9 We can use performance management to both ensure that we are receiving what we tendered for through the specification of:

- The 'inputs', also referred to as 'conformance', such as the model of kitchen cabinets, the locations for cleaning, frequency of grass cuts  
...and also to aim to achieve a high performance standard through the specification of:
- The 'outputs', such as numbers of fire and heat sensors installed right first time or satisfaction with cleaning, tenant and other customer feedback.

### **Inputs**

6.10 The inputs will often have been clearly specified as part of the tendering process as this is a key element of the supply and we will often have a clear view on the technical specification required. However we need to be careful not to stifle innovation by restricting a supplier unnecessarily and risking them claiming they could not perform as well due to our restrictive specification.

6.11 Occasionally post-procurement there will be a refining of the inputs specification in discussion with the supplier. The inputs will be repeated within the contract, usually detailed within an appendix.

### **Outputs**

6.12 The outputs will, again, have been highlighted within the tender specification and may undergo further refinement post-procurement in discussion with the supplier.

6.13 The outputs will reflect what we expect to see at FHG as a result of the provision of the service or supply; whether this be improved services, efficiency, increased satisfaction levels, improved response for example. Outputs should be determined through the consideration – including by a resident focus group for some major asset contracts – of all aspects of the improvement sought from this supply.

6.14 FHG colleagues should consider whether it is more appropriate for certain contracts to agree the specific outputs and, based on having had a robust procurement process where we are confident we have selected a good supplier enable the contractor to determine the input requirement. This could work for example in communal cleaning where we can establish an inspection and performance process with residents and the contractor tenders on the basis of meeting this without us stating how many cleaning cycles and using what equipment.



- 6.15 Setting targets and performance levels for contractors must be realistic and achievable because if we simply select high level, aspirational but unrealistic performance targets then we are likely to fail. We could also risk increasing the cost of a contract by demanding unnecessarily inflated performance standards that provide a service way above what we actually need. Our minimum performance standards are shown in appendix
- 6.16 Colleagues will have heard the following two sayings:  
**‘What gets measured gets done’** or, alternatively... **‘Hitting the target... but missing the point’...** and they are both right in their own ways. It is about being proportionate and relevant to what we are trying to achieve.
- 6.17 We may on occasion wish to consider offering incentives, or shared incentives, to the contractor for performance achievement and over performance set against a deduction for under performance. We will only consider this in specific circumstances (e.g. void property refurbishment) where the increased performance can be demonstrated to be a clear benefit jointly to the Group and its stakeholders.
- 6.18 To achieve incentivisation we need to be clear within the tender and contract of the basis, measurement, responsibilities and payment calculation bases that support such incentivisation together with the basis for remediation.
- 6.19 Traditional penalty clauses are no longer fully-enforceable within the UK, they can deter potentially beneficial contractors from bidding and it is therefore important that such incentive-based terms where we deem them necessary are correctly identified as ‘performance reduction’ and ‘performance increase’ within the contract and in invoicing and are also referred to in some contracts as ‘liquidated damages’, the values of which will have been established as part of our tendering and should be reasonable.
- 6.20 Any such incentive-based contracts, although rarely used, must be agreed at Business Leadership Team and, due to their potential impact on the business plan, be confirmed by the Director of Finance and Governance.

### **C: Relationship management**

- 6.21 Managing our relationship with suppliers means that we need to establish mutual trust together with a recognition of the need for an open and honest culture that enables clear communication and a joint responsibility to manage delivery.
- 6.22 The scale of relationship management will differ from contract to contract, based on its relative scale, complexity and business criticality as shown previously. All contractual relationships will however have some form of related management and communication process within FHG.
- 6.23 Whilst a correctly executed contract is essential, it is not in itself a substitute for good relationship management. The standard of subsequent contract management can ensure that we achieve the outputs and improvements we desire.

- 6.24 For the routine contracts these will tend to be very low level relationships and may have occasional communication between the FHG colleague based on a service level agreement and an account manager to maintain performance and correct any issues that may arise.
- 6.25 At the opposite end of the scale the strategic and business-critical contractual arrangements will be managed by colleagues who have specialist knowledge and are competent in contract, project, risk, performance and financial management. These types of contractual arrangements will be underpinned by regularity and recording of the relationship management with the overall aim being to achieve the contract performance outputs in a timely, efficient and effective manner.
- 6.26 As part of this stage we need to confirm the various responsibilities - from both the supplier and FHG – and timelines for collating and reporting contract progress and performance information. Appendix 2 illustrates the monthly information required for strategic contracts. Appendix 3 details the minimum performance data required for all strategic contracts.
- 6.27 It is important that where we come across any concerns then we deal with these promptly and do not simply assume that they will correct themselves, or we will pick this up when we next meet. We will agree the reporting processes and procedures with the contractor at the pre-start meeting; our contracts should contain the necessary steps that seek to minimise problems as well as resolve them but all FHG contracts should also include formal escalation procedures should this prove necessary.
- 6.28 Many routine performance issues that arise will be capable of being dealt with through the colleague who is managing the arrangements leaving only the more significant to be dealt with at a higher level. Irrespective of how issues of performance are tackled it remains vital that we maintain a robust system of record-keeping which records all performance and variation discussions together with SMART details of how these have been resolved.
- 6.29 Team work is essential in managing the relationship with FHG's contractors and thus for strategic contracts colleagues from BLT – and depending on the contract colleagues from across the teams – should participate in the regular meetings to ensure that we adopt a team-based and open approach.
- 6.30 It is important to remember that failures in contract management can sometimes lead to matters of life and death – and therefore prosecution. It is therefore vital that within FHG we take the right action, at the right time and we aim to minimise risk.
- 6.31 Appendix 4 contains a sample agenda to be used for all relationship management meetings.
- 6.32 Appendix 5 illustrates the Action Log format to be used to ensure delivery of agreed actions from meetings.

#### **D: Contract management and administration**

- 6.33 To ensure we can administer our contracts well we need to ensure that we understand all of the elements contained therein. The original of each signed

contract must be maintained on Filestream and the details entered into the Contract Register maintained by the Operations Manager.

6.34 Each operational and strategic contract will be assigned a bespoke reference number and a Filestream folder will be established for each contract containing the following information sections:

- Tender [also maintained in 'PCS Tenders' on Activity drive]
- Contract
- Contact details for key personnel
- Performance framework
- Copy insurance certificates [initial copies in 'PCS Tenders' on Activity drive]
- Copy of professional or ISO accreditations/charter marks [initial copies in 'PCS Tenders' on Activity drive]
- Delivery timeline
- Cashflow forecast - compared to actuals
- Ordering procedures
- Payment processes
- Approved variations
- Risk register specific to contract
- Minutes of relationship management meetings

...and this is required as done well this will assist colleagues in managing their contracts with FHG's suppliers, rather than be an administrative burden.

6.35 Having this information held in a consistent and current format will minimise the impact should we need to take action on a contract in an efficient and an effective way.

6.36 All contract files will be subject to internal audit as required.

6.37 For major contract work, the Communications and Engagement team will provide a key role in ensuring there are effective channels of communications between the tenant, Fife Housing Group (FHG) and the contractor. This will involve members of the Communications and Engagement team (and in the case of kitchens and bathrooms the Operations team) visiting tenants prior to any major contracts start to explain the level of service they can expect from the contractor and the level of support FHG will provide to tenants before, during and after the work is completed. The team produces an information guide for major works, which includes contact details for the contractor and the FHG team, and this will be handed to tenants during these visits.

## **E: Risk management**

6.38 Whilst FHG maintains its overall risk management framework it is also vital that each contractual arrangement is also subject to risk management processes as part of our contract management.

6.39 Risk can be defined as the probability of an outcome happening. Risk management is the systematic process of understanding, evaluating and

addressing such risks to maximise the likelihood of specific objectives being achieved.

6.40 In contract management therefore, managing risk means identifying and controlling the various factors that could affect the completion of a contract. Risks can relate to any aspect of the contract and could include changes in supply and demand, contractor financial and operational capacity, TUPE of colleagues, FHG variations, legislative or regulatory change.

6.41 Risks may be classified as:

**Strategic risks:** these are likely to be largely outside of the control of FHG and will include legislative change and UK economic issues for example. Everyone who is managing contracts for FHG should however ensure they remain aware of any impact that such external changes may have on our contracting position.

**Operating risks:** these are those types of risks that FHG or our contractor may come across during the delivery phase of the contract. These could include environmental issues, health and safety, financial, employment, competing demand and performance risks. We may well be aware of the potential for some of these risks as part of the procurement process. We would expect that any such risk arising would be discussed through relationship management to ensure that our delivery is maintained and protected.

**Emerging risks:** these are those risks that are unknown during the procurement process but which may occur during the life of the contract and will therefore be dealt with through robust relationship management.

6.42 Each contract will have its own risk assessment within which each risk is recorded and assessed, in line with FHG's overarching Risk Strategy, and importantly responsibility for managing the risk is assigned between FHG colleagues and the contractor. The risk register will subsequently form a standing agenda item at each contract management meeting.

6.43 Disaster recovery and business continuity are key elements of FHG's risk management approach. As part of the risk assessment for each contract FHG colleagues must consider what effect the failure or sudden withdrawal of the contracted service may have on the Group, its tenants and other stakeholders; this should include the risk of insolvency of our contractor and other like disasters.

6.44 One of the ways that contractors can mitigate for certain risks is through the taking out of insurance cover and this is a requirement for all of our contracts. Below are the minimum but the requirement must be assessed based on each contract:

- Public liability (minimum £5 million)
- Professional indemnity (minimum £1 million value, if applicable); and
- Employer's liability (minimum £1 million)

6.45 Evidence of compliance will form part of the contract award process and this will also be renewed annually through a 'supplier evaluation' exercise carried out by the managing team (see Appendix 6). Failure to provide valid insurance documentation will prevent the contractor from being appointed or from receiving subsequent payments. Supplier evaluation is used in to review and approve potential and current suppliers by way of assessment. This review aims to

measure and monitor contractors' performance for the purposes of reducing costs, mitigating risk and driving continuous improvement.

- 6.46 It is also important that FHG colleagues also manage the risk of intellectual property and that tenders make it clear that the outputs of the contracting process, including drawings, systems, new ways of working, remain the property of Fife Housing Association. Should a contractor wish to implement an innovative system clearly developed with FHG elsewhere then this should be negotiated by colleagues through relationship management.

### **F: Manage and learn from change**

- 6.47 Any proposed changes to the contract once it has been executed, including supply variations and the legal obligations of each of FHG and contractor will require re-assessment in terms of their effect on service delivery, costs, timescales and contract price.
- 6.48 Without this rigorous approach, contract price inflation can be allowed to creep into the process and could lead ultimately to questions about the tender process, management and value for money.
- 6.49 Variations can be both positive and negative in terms of financial and operational impact: a variation which reduces the scope of the original delivery could lead to questions over budgets, quality and impact, whilst variations which increase the delivery scale and financial cost will bring questions over our procurement and in particular EU-UK and Agreement on Government Procurement (GPA) limits. It may be the case that some changes are a necessity due to legislative change.
- 6.50 All changes must be executed through adherence to the Standing Orders and Financial Rules, paying particular attention to the section on 'virement'.
- 6.51 All variations will be discussed through relationship management and recorded within the contract file.
- 6.52 Change will also come as we reach the end of the contract, however if we have been feeding back from learning throughout the contract and through relationship management we will already be well-briefed in order to inform our re-procurement should this be required.
- 6.53 It is essential that performance is maintained throughout the life of the contract and that slippage is not permitted towards the end, particularly where the contractor is aware they will not be renewed and may have new interests elsewhere.

**Appendix 1**  
**Post-procurement checklist**

| Actions   | Responsible | Date completed | Comment |
|---|-------------|----------------|---------|
| <b>Contract Documents</b>   |             |                |         |
| Ensure that approval to contract has been obtained at the relevant level from the SOFR                                  |             |                |         |
| Prepare and send letter of acceptance/ 'Intention to offer (with standstill period)' to successful contractor           |             |                |         |
| Draft contract, read and ensure we understand both specification and terms and conditions of contract                   |             |                |         |
| Prepare contract documents, taking legal advice as necessary and arrange signing (FHG does not require a seal)          |             |                |         |
| Forward signed contract to Operations Manager   |             |                |         |
| Assign contract number from register  |             |                |         |
| Establish contract file on Filestream   |             |                |         |
| Notify Governance of contract completion, for reporting at next Board meeting   |             |                |         |
| <b>Transition Plan</b>  |             |                |         |
| Implement transition plan by convening a meeting outgoing contractors (if applicable) to discuss cessation requirements |             |                |         |
| Prioritise all transition activities and confirm timeframes and milestones with all parties                             |             |                |         |
| Involve and communicate with all relevant parties as per nominated transition activities                                |             |                |         |
| <b>Contract Management Plan</b>   |             |                |         |
| Finalise plan, including timescales, milestones, responsibilities, reporting and cashflows                              |             |                |         |

| Actions   | Responsible | Date completed | Comment |
|---|-------------|----------------|---------|
| <b>Assurance</b>  |             |                |         |
| Review all required Insurance Certificates as per tender document, ensuring they remain current                 |             |                |         |
| Review all required accreditation certificates as per tender document, ensuring they remain current             |             |                |         |
| <b>Security / retention</b>   |             |                |         |
| Obtain undated irrevocable Bank or insurance-backed Guarantees for amounts as per tender document (if relevant) |             |                |         |
| Confirm retention amounts to the Finance team   |             |                |         |
| <b>Key Performance Indicators</b>   |             |                |         |
| Review contract for performance requirements  |             |                |         |
| Develop KPI's and measuring matrices  |             |                |         |
| Format requirements for cashflow reporting to ensure achievement of monthly reporting                           |             |                |         |
| Ensure colleagues across the Group are familiar with system, reporting and auditing process                     |             |                |         |
| Forward copy of proposed reporting and auditing system to Contractor  |             |                |         |
| <b>Risk Assessment</b>  |             |                |         |
| Obtain copies of Contractor's risk management plan  |             |                |         |
| Obtain copies of Contractor's Health and Safety Plan  |             |                |         |
| Agree Health and Safety review process and ensure colleagues are aware  |             |                |         |
| Use risk management system to develop a contingency plan based on identified and emerging risks                 |             |                |         |

| Actions   | Responsible | Date completed | Comment |
|---|-------------|----------------|---------|
| <b>Contract Meeting</b>   |             |                |         |
| Facilitate a contract management meeting to discuss all pre-commencement requirements                 |             |                |         |
| Determine the agenda (see Appendix) and frequency for future meetings in consultation with contractor |             |                |         |
| <b>Induction Programme</b>  |             |                |         |
| Conduct an induction programme with contractor (if required)  |             |                |         |
| Arrange for colleagues from across the Group to be included in induction process, where beneficial    |             |                |         |



**Appendix 2**  
**Information requirement (minimum)**

| Ref | Information   | Source           | Provided to          | Frequency                             | Action  |
|-----|---|------------------|----------------------|---------------------------------------|---|
| 1.  | Filestream folder established                         | Relevant manager | Operations Manager   | On agreeing appointment               | The contract file contents are detailed, as a minimum in section 6.35 and should be maintained within the Filestream system.  |
| 2.  | Signed contract and any related documentation         | Relevant manager | Operations Manager   | On contract signing                   | Operations Manager enters into register which is retained in office, provides bespoke contract number and passes to Operations Advisor for Filestreaming.   |
| 3.  | Relationship management meetings                      | Relevant manager | Attending colleagues | Bi-monthly (minimum)                  | The sample agenda for relationship management meetings is contained within Appendix 3. Minutes of these meetings are to be available for BLT review should they be required.  |
| 4.  | Performance reporting                                 | Relevant manager | ICT Manager          | Within five working days of month-end | Once the performance standards, inputs or outputs, are agreed the data will be incorporated into performance reporting for the Group. This data may also be used for colleague briefing.  |
| 5.  | Invoicing   | Relevant manager | Finance Manager      | Monthly unless agreed otherwise       | Invoices will be rejected unless they contain the full details of the service or supply, including job references and PO numbers. Invoices are to be submitted monthly unless otherwise agreed by the Finance Manager.  |
| 6.  | Cashflow reporting for contracts in excess of £50,000 | Contractor       | Relevant manager     | Within five working days of month-end | Cashflow reporting, actual and anticipated is vital to maintain our financial planning integrity. Information supplied will be incorporated into the monthly management accounts. It is therefore vital to ensure accuracy in reporting. Failure to provide this information should be treated as a serious contract issue. |

## Appendix 3 Performance Standards

Our minimum performance reporting headings are outlined below – note that this is the **absolute minimum** accepted as reportable and the relevant manager must ensure that any further standards are agreed as part of the contract agreement.

Performance against plan:

- Volumes
- Quality
- Timescales
- Estimated completion date

Performance against budget:

- Spend £
- % above budget / % below budget
- Forecast cashflow

Variations agreed

Complaints, feedback and customer satisfaction

Health and safety incidents (all; RIDDOR and non-RIDDOR) including near-miss incidents

**Fife Housing Group: [contract title and reference]**

**CONTRACT MANAGEMENT MEETING**

[date] at [time] at [venue]

**AGENDA**

1. Apologies for absence
2. Declarations of interest
3. Minutes of previous meeting held *[add date]*
4. Matters arising
5. Action log update
6. Project update
7. Performance monitoring
8. Cashflow forecasting
9. Contractual obligations - targets and timetable
10. Variations since last meeting
11. Complaints, compliments and concerns
12. Risk register
13. Improvement opportunities
14. Any other business
15. Date and time of next meeting

**Contract Relationship Meeting: [add contract title]**

**Action log [example]**

| Ref | Meeting date | Action | Responsible | Progress | Target date                 | Date Completed              | RAG Rating |
|-----|--------------|--------|-------------|----------|-----------------------------|-----------------------------|------------|
|     | 31/05/2021   |        |             |          | 20/08/2019                  | 23/08/2019                  |            |
|     | 31/05/2021   |        |             |          | Click here to enter a date. | Click here to enter a date. |            |
|     | 31/05/2021   |        |             |          | Click here to enter a date. | Click here to enter a date. |            |
|     | 31/05/2021   |        |             |          | Click here to enter a date. | Click here to enter a date. |            |
|     | 31/05/2021   |        |             |          | Click here to enter a date. | Click here to enter a date. |            |



**Appendix 7**

**Supplier background information – to be sent to supplier to complete**

[Note: for PCS tenders this information is collated via the PCS portal and will be downloaded and filed within the Activity (Y:) drive]

**Contact information**

|                             |                            |                   |
|-----------------------------|----------------------------|-------------------|
| Registered business name    |                            |                   |
| Registered address          | No. Street                 |                   |
|                             | City/town                  |                   |
|                             | County                     |                   |
|                             | Postcode                   |                   |
| Contact                     | Person who will be liaison |                   |
| Telephone                   |                            |                   |
| Mobile                      |                            |                   |
| Website                     |                            |                   |
| Registered no. (if company) |                            |                   |
| Registered charity?         | yes/no                     | Registered number |
| VAT registered?             | Please enter VAT number    |                   |

**Organisation background**

|   |                              |      |
|---|------------------------------|------|
| When was the business established?  |                              |      |
| What is the nature of your business?  |                              |      |
| Who owns your organisation?   |                              |      |
| Are you aware of any relationship between your organisation and Board members or employees of Fife Housing Group? | Please detail where relevant |      |
| Do you have offices within Fife?  | Please detail                |      |
| Number of employees (FTE)   | National                     | Fife |

**Assurance**

|   |  |   |                                  |             |
|---|--|---|----------------------------------|-------------|
| Do you hold Public Liability Insurance?<br>Please state the level held        |  | Please tick here to show you have included a copy of your certificate |                                  |             |
| Do you hold Employer's Liability Insurance? Please state the level held       |  | Please tick here to show you have included a copy of your certificate |                                  |             |
| Do you hold Professional Indemnity Insurance?<br>Please state the level held  |  | Please tick here to show you have included a copy of your certificate |                                  |             |
| Are you ISO accredited?   | Please detail                                | Please tick here to show you have included a copy of your certificate |                                  |             |
| Are you a member of a trade association?                                      | Please detail, including registration number |   |                                  |             |
| Are you regulated by a Government body?                                       | Please detail, including registration number |   |                                  |             |
| Please provide details of Health and Safety incidents over the past 12 months | HSE investigations                           | RIDDOR reported incidents   | Non-RIDDOR incidents             | Near-misses |
| Have you had any employee trade disputes in the past 12 months?               | Please detail, include any impact on service |   |                                  |             |
| Do you have a Business Continuity Plan?                                       | Please detail, including testing cycle       |   |                                  |             |
| Please provide reference details for two current clients/customers            | Name<br>Address<br><br>Telephone             |   | Name<br>Address<br><br>Telephone |             |

**Financial**

|   |   |   |   |
|---|---|---|---|
| Annual turnover (last three years)  | £   | £ | £ |
| Please provide your most recent set of accounts   | Please include audited accounts where required by law   |   |   |
| What is the maximum contract value you wish to be considered for by Fife Housing Group? |   |   |   |
| What are your expected payment terms?   | Please note that Fife Housing Group's standard terms are payment 30 days following receipt of valid and complete invoice, unless agreed otherwise |   |   |

**Policy**

|  |                        |
|--|------------------------|
| Do you have measures in place to ensure that your employment practices achieve as a minimum: | Please provide details |
| ✓ Equality legislation   |                        |
| ✓ Employment legislation including wage and working time                                     |                        |
| ✓ Health and safety legislation  |                        |

Signed as a true and accurate statement

Director

Date



| Term                                | Explanation   |
|-------------------------------------|---|
| <b>Abatement:</b>                   | A payment deduction that is set out in the contract and enables a deduction from payments due – to be deducted in respect of substandard performance or non-availability of service.  |
| <b>Automatic payment deduction:</b> | A payment that is set out in the contract and is a deduction required to be made automatically by the contractor in respect of substandard performance or non-availability of service.  |
| <b>Benchmarking:</b>                | The process whereby FHG can make comparisons between organisations with the aim of ensuring continuing value for money, getting better performance and improving our business practices.  |
| <b>Benefits realisation:</b>        | FHG's plan that will enable the achievement of contract benefits to be tracked and reported during the operational phase of a contract, showing clearly where and when the benefits will occur and who is responsible for their delivery.                               |
| <b>Best value:</b>                  | Comes from the Local Government Act 1999 and is the desired outcome for FHG, us having “made arrangements to secure continuous improvement in the way in which [its] functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. |
| <b>Break clause:</b>                | An option to either terminate or continue a contract at a given point in time, by mutual agreement or at one party's sole discretion or in a given set of circumstances.  |
| <b>Business case:</b>               | A document prepared and for review, usually by BLT in the first instance, in support of a decision to make an investment or award a contract, showing an analysis of the costs, benefits and risks associated with each option open to FHG.                             |
| <b>Business continuity plan:</b>    | Also known as ‘Disaster Recovery’ – the plan which sets out clearly what steps will be taken to keep the service to tenants and other landlords running in the event of a threatened or actual major interruption.  |
| <b>Business plan:</b>               | The document produced by FHG setting out its vision, values and key objectives for the coming year and beyond.  |
| <b>Change control process:</b>      | A process for proposing, agreeing and controlling changes to a contract that will impact on costs and/or performance and/or outputs and how these are handled under the contract terms.   |
| <b>Change in law clause:</b>        | A clause in a contract setting out how increased costs arising from a change in law are dealt with, specifically allocating the risk to either party, or sharing it between them.   |
| <b>Communication plan:</b>          | A plan produced with FHG's Communications & Media Officer which sets out both formal and informal communication with tenants, stakeholders, the media and the general public throughout the operational phase of a contract.  |

| Term   | Explanation   |
|--|---|
| <b>Conformance:</b>                          | A specification that sets out the precise method that the contractor needs to employ to deliver a product or service.   |
| <b>Continuous improvement:</b>               | Plans agreed jointly between the parties to a contract showing what will be done when in the coming year to achieve and sustain continuous improvement in the service provided, including as an output from shared learning events.   |
| <b>Contract:</b>                             | Any lawful agreement between two parties where goods, services or works are provided in exchange for a consideration.   |
| <b>Contract and relationship management:</b> | This is a vital part of the procurement lifecycle, definable as ‘the management of the interfaces between client and contractor to ensure that the relationship and contract performance are optimised to deliver best value. A number of related activities that together form a structured and planned system which enables the proactive management of all aspects of contractual relationships and their desired outcomes’. |
| <b>Contract manager:</b>                     | For the purposes of this document and within FHG the ‘contract manager’ is the person who holds proactive operational responsibility for a contract.  |
| <b>Contractor:</b>                           | For the purposes of this framework and within FHG, a supplier, seller, vendor, provider, service provider, partner, constructor or other name that means a party contracted by FHG to provide goods or services in return for payment.  |
| <b>Dispute resolution procedure:</b>         | The process set out in the contract for raising, escalating and resolving matters of dispute between client and contractor.   |
| <b>Emerging risk:</b>                        | A risk which was unknown during the procurement process but which will come to light and require proactive management during the life of the contract.  |
| <b>Escalation procedure:</b>                 | The process set out in the contract for escalating matters of dispute between client and contractor. Its principle is that efforts should be made by both parties to resolve issues at the officer level of the organisational hierarchy before escalating them to OLT/BLT. See also dispute resolution procedure.  |
| <b>Exit strategy:</b>                        | A strategy by which a party will terminate a contract and end the relationship in certain circumstances with, if necessary, access or step-in rights that will allow the client to assume control of such assets, materials, personnel and information that are necessary to maintain service continuity.   |
| <b>EU Exit Regulation thresholds</b>         | The Public procurement (Amendment etc.) (EU Exit) Regulations 2020 were signed into law on 19 November 2020. This had the effect of ensuring that UK procurement regulations would align with the transitional provisions set out in the Withdrawal Agreement. The EU-UK Trade and Co-  |

| Term                                    | Explanation  |
|---|--|
|   | operation Agreement (TCA) was agreed 24 December 2020 and this committed the UK and the EU to permit certain access to each other's procurement markets. As a public body FHG will continue to openly advertise its opportunities and through the World Trade Organisation (WTO) non-UK suppliers who are part of the Agreement on Government Procurement will be able to respond to our tenders via Public Contracts Scotland.  |
| <b>Force majeure:</b>                   | An event where unforeseeable circumstances prevent the fulfilling of a contract and is generally considered to be outside the control of either party, usually defined in the conditions of contract.  |
| <b>Gain-share:</b>                      | The process agreed by FHG by which both parties to a contract may be incentivised to make efficiency improvements or generate third-party revenues and share the benefits of them.   |
| <b>Implementation:</b>                  | The phase of a contract after award but prior to the commencement of service.  |
| <b>Incentivisation:</b>                 | The process by which a contractor is encouraged to perform well by avoiding payment deductions or gaining additional financial reward by achieving or exceeding a pre-determined performance standard.   |
| <b>Input:</b>                           | A specification that sets out the precise method that the contractor needs to employ to deliver a product or service (sometimes known as a conformance specification). Places the onus and the risk firmly with the client to prescribe correctly, in some detail, such things as materials, staffing levels and processes (can be seen to stifle innovation). Input specifications tend to be longer documents demanding a greater attention to detail and should be treated with extreme care to ensure that we do not lose the opportunities that innovation could bring. |
| <b>Intellectual property rights:</b>    | The legal rights to use, for commercial gain, 'soft' property such as ideas, drawings, designs, specifications, documents, training materials, marketing campaigns or software which have an intrinsic value to an organisation, either for its own use or, more likely, as a potential source of revenue.   |
| <b>Key performance indicator (KPI):</b> | One of the important measures of a contractor's performance. The word 'key' denotes an assumption that by looking at the 'key' (really important) indicators you can tell what general performance is.   |
| <b>Lessons learned:</b>                 | A document used by both parties to a contract for recording lessons learned during the operational phase, as part of an effort to achieve and monitor continuous improvement.  |

| Term                                     | Explanation  |
|--|--|
| <b>Milestones (stage payments):</b>      | Part payments made to the contractor on satisfactory completion and confirmed acceptance by the client of a predefined stage of delivery.  |
| <b>OJEU Notice:</b>                      | A notice previously (pre-Brexit) inviting bids for a contract published in the Official Journal of the European Union (EU) by FHG (or its partner) under EU procurement directives.  |
| <b>Open-book accounting:</b>             | The open and honest sharing of detailed, up-to-date financial information relating to the contract and its operation, where every item of planned income and expenditure is shown as a line item at the bid stage and continues to be shared openly throughout the term of the contract.   |
| <b>Operating risk:</b>                   | A risk that may be identified during the operation of the contract and which must be reported through to OLT.  |
| <b>Outcome:</b>                          | A specification that determines only the desired result. The contractor is given the flexibility to decide for themselves exactly how those outcomes should be achieved, using their own specialist expertise and competence to determine how best to supply the goods or provide the service.   |
| <b>Payment:</b>                          | A mechanism set out in the contract showing precisely how payments to the contractor will be calculated and timed, taking into account any milestone payments and any performance data that may trigger deductions or bonuses.   |
| <b>Performance management framework:</b> | A set of requirements in a contract that sets out the expected performance and quality of service to be delivered, together with the methods by which performance will be monitored, measured, reported and managed.   |
| <b>Performance reporting:</b>            | The process of compiling and analysing data relating to a contractor's performance by an agreed set of measures set out in the contract and presenting it as management information at the regular meetings with FHG colleagues and in a format as agreed in the contract with FHG.  |
| <b>Price indexation:</b>                 | A formula in the payment mechanism agreed in the contract by which prices may be automatically inflated, usually each year, by linking them to an agreed index such as the Construction Cost and Price Index (CPI), Retail Prices Index (RPI) or now more commonly the Consumer Price Index (CPI) using data from approved sources such as National Statistics.                                |
| <b>Procurement:</b>                      | The process by which FHG obtains pricing for goods and services. For larger contracts this will usually mean competitive tenders are invited, received and evaluated against a specification and conditions of contract. Subject to a supportive business case, the process ends with the negotiation (if appropriate) and award of the contract and this then moves into contract management. |

| Term                                     | Explanation   |
|--|---|
| <b>Professional indemnity insurance:</b> | Insurance cover purchased by the contractor at a level usually set by FHG, to protect both parties from insurable risks arising from the application of the contractor’s professional skill, knowledge and practice in the course of the performance of the contract.   |
| <b>Public liability insurance:</b>       | Insurance cover purchased by the contractor at a level usually set by FHG, to protect both parties from claims arising from the general public and third parties in the course of the performance of the contract.  |
| <b>Public Contracts Scotland</b>         | Portal developed by the Scottish Government providing a simple, secure and efficient means for managing tendering activities, reducing the time and effort required for buyers and providing suppliers with instant access to new opportunities and supporting documentation. Using PCS also ensures a consistent approach to the gathering of required information and the tendering process.<br><a href="https://www.publiccontractsscotland.gov.uk">https://www.publiccontractsscotland.gov.uk</a> |
| <b>Rectification period:</b>             | An initial period of time for the contractor to fix a problem with performance or availability of service before payment deductions are applied.  |
| <b>Relationship management:</b>          | See Contract Management.  |
| <b>Retention:</b>                        | A proportion of payment set out in certain capital works contracts or major IT supply (e.g. 10% of the total contract price) withheld by FHG until satisfactory completion of a warranty period or initial period of operation.   |
| <b>Risk management:</b>                  | This is the process used within FHG to identify and try to control or mitigate the risk factors that may have an impact on the fulfilment of a contract.  |
| <b>Risk register:</b>                    | A document designed to aid the recording and monitoring of the likelihood, impact and mitigation of all identified risks. This document is operated by OLT for all operational risks and BLT for strategic risks.   |
| <b>Risk transfer:</b>                    | The process of allocating operating and emerging risks to the contractor or another third party (e.g. insurer, performance-bondholder) under the terms of a contract. By valuing each risk or group of risks, this transfer can form an important part of FHG’s business case supporting the project and the decision to award a contract.  |
| <b>Specification:</b>                    | A document contained within a contract setting out clearly FHG’s specific requirements for the goods, services or works being procured. This will have formed part of the tender process but may be refined with the contractor following appointment.  |

| Term                           | Explanation  |
|--------------------------------|--|
| <b>Stage payments:</b>         | Payments made when the contractor has delivered to an agreed stage – confirmed by monitoring of the contract (e.g. by quantity surveyor or architect).   |
| <b>Stakeholder:</b>            | Any individual or group of people, either internal or external to FHG, who can be identifying as having either an interest in, or an influence over a contract or relationship.  |
| <b>Stakeholder management:</b> | The process of managing the engagement and involvement of, and regular communication with all stakeholders to the contract.  |
| <b>Step-in rights:</b>         | The ability for another organisation to take over – or ‘step-in’ to - an existing contract where the original contractor has failed – the steps required will be detailed within the contract.   |
| <b>TUPE:</b>                   | The Transfer of Undertakings (Protection of Employment) Regulations 2006, are the UK’s implementation of the EU Business Transfers Directive. They are part of employment law, protecting certain employees whose business is being transferred to another business.   |
| <b>Value-for-money:</b>        | A requirement to assess all business cases and proposed contractual arrangements to ensure they bring efficiency, economy and effectiveness to FHG’s operations.   |
| <b>Variation:</b>              | A change to the contract agreed by FHG and the contractor and implemented under the change control process as set out in the contract and monitored throughout contract management meetings.   |
| <b>Warranty:</b>               | An assurance by a party to a contract that the information provided to FHG in the course of the procurement process (such as information about assets, premises or employees) is complete and accurate such that the FHG may rely on it. Any party that grants such a warranty can expect to meet the cost incurred by the other party should the information prove to be found to have been inaccurate or incomplete. |
| <b>Whole-life cost:</b>        | The total cost of investing in an asset, evaluated by taking into account not only the initial outlay but also all the costs of owning, operating and disposing of that asset over its predicted lifespan.   |

Document end