



THE CALEDONIA GROUP

PROCUREMENT STRATEGY

POLICY IMPLEMENTATION CHECKLIST	
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1. Introduction

This strategy aims to demonstrate a clear and well-structured approach to the Caledonia Housing Association Group's ("the Group") procurement activities outlining what will be done, how and when it will be achieved, and setting this out specifically for 2020/21.

In developing a Procurement Strategy, the following principle objectives have been set for procurement exercises:

- To ensure that in the first instance, the procurement process is clear and structured in such a way as to achieve the best value for money for each pound spent by the group partners;
- To ensure that each procurement exercise is properly researched to consider alternatives and market forces which may impact on the exercise;
- To ensure that existing specifications are challenged and to seek out emerging sources of supply and methods of delivery;
- To ensure that contracts are appropriately managed during the life-cycle of the procurement;
- To ensure that group partners recognise and deliver on their responsibility to fulfil contractual obligations to pay creditors on time;
- To ensure that procurement across the Group is performed in a fair, open, transparent and cost effective manner;
- To ensure that procurement is carried out by appropriately trained officers;
- To ensure that sustainable and socially responsible purchasing is at the heart of what we do

2. Procurement Strategy Aims

The Group's aim for procurement is to provide a high quality, fit-for-purpose Procurement Service that will provide best value for the group partners and to support in the delivery of its corporate aims and objectives.

We will also aim to establish strategic thinking in all procurement efforts resulting in: value for money, responsible stewardship of group resources, protecting the health and safety of stakeholders and members of the public, customer-focused services, innovative suppliers, streamlining of business processes while maintaining organisational and regulatory compliance, with sustainability and diversity woven into everything we do.

This approach will help to deliver against each of the Group' three key strategic objectives:

- Achieving Excellence – by ensuring that business and customer priorities are reflected in all works and services procured by Group companies
- Building Success – by ensuring that all works and services are well planned, aligned to business priorities, and are procured effectively to deliver the required value for money
- Creating Innovation – by ensuring that all works and services procured reflect identified improvements in key business areas
- Developing People - by developing the right people with the right skills and mindset to achieve excellence, build success and create innovation

3. Procurement Strategy Objectives

3.1 The purpose of the strategy is to:

- Provide a framework for the Group to develop a plan which will achieve continuous improvement in procurement activity;
- Enable procurement to contribute to the Group's overall vision and to provide efficiencies to assist in delivering key priorities and front line services;
- Enhance compliance with relevant policies and procedures;
- Further extend collaboration with other public bodies and suppliers where appropriate;
- Coordinate and plan procurement across the Group.

3.2 The objectives of the strategy are therefore to:

- Elevate the importance of procurement within the group;
- Ensure that procurement is adequately planned and programmed;
- Build on current levels of performance in terms of procurement;
- Ensure procurement activities are aligned to corporate priorities and strategies and to support the Group in achieving its targets and goals;
- Ensure all procurement activity is carried out as efficiently as possible to meet the procurement savings targets;
- Ensure compliance with legislation and regulation;
- Ensure the group benefits from procurement in terms of economies of scale and efficiency.

4. Outcomes

The following outcomes demonstrate the effective implementation of the Procurement Strategy and can be summarised as follows:

- Value for Money** – ensuring that most economically advantageous solution is achieved through effective procurement activity;
- Contracts** - ensuring that all spend, that can be positively influenced by our procurement activity, has a corresponding contract;
- Compliance** - ensuring that all procurement activity complies with statutory and regulatory requirements;

- d. **Suitability** - ensuring that contracts can be structured in such a way as to ensure suppliers have sufficient resources and are committed to improving the service provided to customers;
- e. **Community Benefits** - ensuring a procurement plan to deliver community benefits through the procurement process is delivered;
- f. **Sustainability** - ensuring sustainable procurement is delivered across the Group;
- g. **Equality** – ensure equal treatment of all suppliers whilst maintaining transparency and proportionality for all aspects of the procurement process.

5. Spend / Targets

5.1 Annual Spend

Each of the group partners procures a wide range of services and works. The following tables provides a breakdown of spend over a number of higher spend categories for the financial year 2020/21.

Table i: Caledonia HA		
Spend Categories	Total Annual Spend	Procurement Influenceable
Contractors for new housing developments; excluding negotiated contracts	£40.6m	£5.80m
Contractors planned/cyclical and service contracts	£2.82m	£1.80m
Reactive/void maintenance	£1.57m	£98k
Telecommunications	£65k	-
Stationery	£20k	£20k
Printing	£37k	£37k
Legal Services	£450k	£450k???
Insurance	£396k	-
Audit Fees	£48k	-
IT supplies and support	£170k	£85k
Fuel/Power for residential properties	£700k	-
Fuel/Power for offices	£50k	-
TOTAL	£46.88m	£8.29m

Table ii: Cordale HA		
Spend Categories	Total Annual Spend	Procurement Influenceable
Contractors planned/cyclical and service contracts	£372k	£372k
Reactive/void	£271k	£30k
Telecommunications	£5k	-
Stationery	£3k	£3k
Printing	£3k	£3k
Legal Services	£2.9k	£2.9k
Insurance	£28k	-
Audit Fees	£13k	-
IT supplies and support	£15k	-
Fuel/Power for residential properties	£22k	-
Fuel/Power for offices	£5k	-
TOTAL	£740k	£411k

Please note that a larger proportion of spend will already have been influenced by procurement as procurement exercises will have taken place in previous years, resulting in spend in the current year.

5.2 Procurement Influenceable Spend

Procurement influenceable spend for group partners is provided below:

Caledonia HA = 82%

Cordale HA = 78%

5.3 Forecasts

It is anticipated that the total spend for the Group, excluding new housing development activity, will remain at current levels (plus inflation) for the period 2020 – 2024.

Table vi: Caledonia HA Forecast Spend 2020 – 2023		
2020/21	2021/22	2022/23
£20,181,093	£22,317,236	£23,209,938

Table vi: Cordale HA Forecast Spend 2020 – 2023		
2020/21	2021/22	2022/23
£2,932,300	£3,553,779	£4,708,612

5.4 Savings Targets

The Group acknowledges that Value for Money and achieving savings are of significant importance in the current operating environment. Best practice requires savings and efficiencies to be considered by each of the group partners.

Annual budgets are agreed by the relevant Governing Body for each Caledonia Group company and it is intended that, through strategic procurement as set out in this document, we would deliver the required Group outcomes within the amounts contained in the approved budget.

5.5 Delivery of Targets

In order to deliver the savings identified it is necessary to consider how this will be achieved. Measures to be considered when considering a procurement exercise and the savings to be achieved are listed below.

5.6 Measures

- Following an open and transparent process;
- Creating attractive contract opportunities for bidders;
- Considering long term arrangements;
- Exploring partnerships and framework agreements;
- Procurement is proportional to requirement;
- Cashable savings for each contract;
- Non-cashable benefits;
- Contracts and/or arrangements established for all areas of spend where possible.

5.7 Benefits

- a. Procurement exercise widely advertised creating a wider interest and establish a reputation for being a responsible purchaser;
- b. More interest from suppliers;
- c. Longer arrangements result in Group partners procuring less often therefore minimising risk. Potential savings and community benefits also associated with longer term agreements;
- d. Possibility of group partners benefiting from savings if working with others;
- e. Proportional approach to procurement will result in more interest and a greater number of suppliers meeting the relevant criteria;
- f. Savings per contract will provide information to consider improvements for the future, such as:
 - i. Learning from occasions when targets for a contract have not been achieved;
 - ii. Using past experience where targets have been achieved in future procurement exercises.
- g. Clear route for purchasing goods and services resulting in less involvement from inexperienced purchasers.

5.8 Minimising Costs and Maximising Value

Delivering Value for Money is at the core of the procurement exercises undertaken by the Group. The Group will follow a robust procurement regime to ensure the optimal use of resources to ensure intended outcomes. To achieve this, the Group will award contracts based on a quality / cost basis and comply with relevant legislation.

5.9 Improving Spend Profile

Reducing unplanned spend has been achieved with the introduction of various contracts and rationalisation of suppliers that cover all main areas of spend. Areas for improvement have been identified across Group companies and will be taken forward in conjunction with the Procurement Officer and relevant departments

These are:

- Rationalisation of consultants services;
- Items of work not covered by general contracts / considering further rationalisation of contracts and suppliers;
- Considering how purchases are made across the Group.

5.10 SME's and Local Suppliers

SME's and local suppliers will be considered for all contracts. Group partners have a number of contracts and arrangements in place that are particularly suited to SME's and local suppliers.

Conversely, there are also contracts and arrangements that are suited to larger suppliers due to value and type of requirement. To encourage SME's and local suppliers, the Group will:

- Ensure requirements are proportional to deliverables;
- Openly advertise opportunities;
- Consult and engage with those affected by our procurement
- Ensure contracts are advertised in a manner that allows maximum participation
- Review our internal processes and documentation to identify potential improvements in how local SMEs can gain opportunities to win Group contracts

5.11 Community Benefits

The Group is committed to improving equalities and the economic prosperity of the communities in which it operates. Therefore, the Group will develop and implement

a procurement plan to deliver community benefits through procurement processes.

5.12 Financial Systems

The QL financial and housing management system is used by all sections across the Group. In terms of finance and procurement this is used to hold supplier information, issue orders, record and log payments and provide reports on spend.

Brixx is financial modelling software that the Group use for medium to long term financial and scenario planning.

Each group partner use various systems and methods to monitor spend and budgets at departmental levels that is used to verify the information held on the QL system.

5.13 Areas for improvements

The following are identified areas for improvement:

- Improved monitoring of spend through QL;
- Implementation of project codes rolled out to reports;

5.14 Delegated Authority

Group partners have a schedule of delegated authority that sets out the authorisation levels for:

- The appointment of suppliers, including contractors and consultants;
- Applications and acceptance of offers of funding;
- Payment of suppliers.

5.15 Budget Allocation

Section 2 of the Group Financial Regulations Policy sets out the Financial Planning, Budgetary Control and Management Accounting arrangements that are followed.

5.16 Mandatory Requirements (Section 15(5) of the Procurement Reform (Scotland) Act 2014)

It is the Group policy to adhere to all mandatory requirements as set out in the Procurement (Scotland) Reform Act 2014:

- contribute to the carrying out of its functions and the achievement of its purposes

(2.5.1 of the Guidance under the Procurement Reform (Scotland) Act) This could include , including high level commercial targets; effective contract and supplier management;

- deliver value for money (a balance of cost, quality and sustainability) (2.5.2)
- ensure processes are carried out in compliance with its duty to treat relevant economic operators equally and without discrimination (2.5.3);
- undertake to comply with its duty to act in a transparent and proportionate manner (2.5.4);
- comply with the sustainable procurement duty (2.5.5);
- adhere to community benefit requirements (2.5.6);
- consult and engage with those affected by its procurements (2.5.7);
- pay the Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements (2.5.8);
- promote compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 and any provision made under that Act (2.5.9);
- procure fairly and ethically traded goods and services (2.5.10).

5.17 Procurement following Brexit

The Group will comply with any relevant mandatory requirements following Brexit however, it is anticipated that there will be no major changes in the short term. Therefore, the Group will ensure that all procuring staff adapt to any changes in procurement rules by:

- Reviewing procurement processes before Brexit and ensuring appropriate procedures are in place for a smooth transition
- Adapting our internal procedures, processes and documentation, where required, to reflect any new requirements of Brexit.

6. Additional Elements for Consideration

In addition to the mandatory requirements, other common elements that the Group will consider are:

6.1 Defining Supply Need

Supply need is determined by operational need and the criteria set out in group partners' Business Plans.

It is acknowledged that the various departments within each group partner have differing supply needs. Most departments purchase goods and services however at varying levels of expenditure and at different frequencies.

A contracts register has been established and is to be maintained by all departments that procure goods and services. The information contained within the register details the level of expenditure being considered and if there is a contract already in place or if another needs to be established.

The approach to determining supply will differ across various departments of each Group partner.

6.2 Ability of the Group to Procure

The core function of the Group is not procurement however, we will comply with legislation and best practice. Procurement responsibility falls to a wide range of staff including Directors, Managers and Officers. The Group recruited a dedicated Procurement Officer who will elevate the importance of procurement within the Group. Procurement will be carried out by existing staff as part of their role with support and advice provided by the Procurement Officer where needed.

Procurement competency will be assessed within the organisation periodically using tools such as the Scottish Procurement Competency Framework.

6.3 People and Skills

Staff who carry out procurement within the Group are experienced and skilled in their area of expertise. It is acknowledged by the Group that procurement is a separate skill set and training has been and will continue to be provided to those who carry out procurement exercises. Identification of skills gaps and determining what training is required will be rolled out as procurement legislation and best practice changes.

6.4 Roles and Responsibilities

Governance of the procurement process will be achieved by clearly identified roles and responsibilities of the individuals involved. Table viii below provides a summary of this.

Table viii: Roles and Responsibilities	
Management Board (Caledonia) and Management Committee (Cordale)	Provide sponsorship and ensure appropriate governance and organisational arrangements are in place. Ensure sufficient skilled resources and that the procurement function is recognised in wider organisational policies.
Relevant Functional Director	Ensure that the function is appropriately staffed, organised and supported to deliver procurement

	requirements.
Operational Managers & Officers	Deliver user requirements whilst ensuring compliance with legislation, achieving Best Value and management of contracts.
Procurement Officer	Elevate the importance of Procurement within the Group. Provide advice for those procuring, assist in determining most effective solutions. Ensure that procurement is planned and programmed to meet requirements, and arrangements are in place to manage contracts.

6.5 Organisational Enhancements

The Group has established levels of delegated authority that are linked to staff position within the organisation. The purpose of this is to ensure that any major spend, plan to spend or procurement exercise is either overseen or approved by the appropriate staff member.

6.6 Identification and Management of Risks and Opportunities

6.6.1 Risk Management Strategy

The Group recognises that risk is an inevitable part of its work, and effective risk management optimises the balance between risk and control. The Group Risk Management Strategy sets out:

- The Group’s risk appetite;
- Risk management process;
- Key roles and responsibilities;
- Procedures for assessment, evaluation, monitoring and reporting;

6.6.2 Project Risk Appraisal Policies

The Group Project Risk Appraisal Policy and Group Housing Development Appraisal are closely associated with the Risk Management Policy and set out the risk appraisal process to be followed for capital and other projects dependent on the nature and value of the project.

7. Implementation, Monitoring, Reviewing and Reporting

7.1 Implementation

The Procurement Officer is responsible for the development and ongoing monitoring and review of the Group Procurement Strategy.

Implementation of the Procurement Strategy and Policy will be the responsibility of each Directorate within the Group.

Each Director (or delegated Manager) will be responsible for ensuring that the function and therefore the strategy is appropriately staffed and organised and principles are supported to deliver procurement requirements.

7.2 Monitoring

Monitoring will be carried out annually and will consider targets that have been set for the year and the criteria set out in the Annual Procurement Report Requirements. A contracts register will be maintained to keep an accurate record of all contracts entered into by Group companies, and in order to plan future procurement activity. The Contracts Register can be found at the following location:

<H:\Shared Documents\Contracts Register\Master Caledonia Contract Register.xls>

7.2.1 Annual Procurement Report

The Procurement Reform (Scotland) Act 2014 states that purchasing organisations must report on procurement activity annually. Specific measures to be reported by the Group via the Annual Report are:

1. To prepare an Annual Procurement Report on its regulated procurement activities during the year covered by the report.
2. The report will include:
 - a. a summary of the regulated procurements that have been completed during the year covered by the report;
 - b. a review of whether those procurements complied with this Procurement Strategy;
 - c. the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply;

- d. a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report;
 - e. a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report;
 - f. a summary of the regulated procurements the authority expects to commence in the next two financial years;
 - g. such other information as the Scottish Ministers may by order specify.
3. For the purposes of subsection 2a, a regulated procurement is completed when the award notice is published or when it otherwise ends.

7.3 Reviewing and Reporting

The Annual Procurement Report will provide the information required to review and identify any areas where performance has improved or fallen short of the desired level. This information will then be utilised to review the Procurement Strategy annually. Each Group company will input to the Annual Procurement Report and provide information to inform the strategy.

8. Policies & Procedures

Procurement requires group wide consideration. Policies and procedures are in place that are integral to the procurement function and the deliverables of the Group and the sections therein.

Applicable Policies & Procedures are as follows:

- Group Procurement Policy
- Group Equality and Diversity Policy
- Group Anti-Money Laundering Policy
- Group Anti-Bribery Policy
- Group Anti-Fraud Policy
- Group Entitlements, Payments and Benefits Policy
- Group Staff Code of Conduct
- Group Financial Regulations Policy
- Group Delegated Authority Policy
- Group Risk Management Policy
- Health & Safety Policy
- Group Freedom of Information Policy
- Group Data Protection Policy

Applicable National Policies, Tools and Legislation can be found by clicking the following links:

- [Scottish Model of Procurement](#)
- [Changes to European Directives](#)
- [Public Procurement Reform Programme](#)
- [Suppliers Charter](#)
- [EU Procurement Thresholds](#)
- [Procurement Journey](#)
- [PCIP](#)
- [Public Contracts Scotland](#)
- [Public Contracts Scotland – Tender](#)

9. Action List

The following sets out a list of action points with key milestones in order to deliver the aims and objectives of this Strategy and our Procurement Policy:

Action	Owner	Timescales
Review Contract Register	Management Team	March 2020 - Complete
Meet with Department Heads/Managers to discuss procurement activities and requirements of legislation on each	Procurement Officer / Asset Manager	May 2020 - Complete
Committee and Board Approvals of Procurement Strategy	Director of Assets	June 2020
Publish Strategy on Website and on Intranet	Procurement Officer and Marketing/Communications Officer	June 2020
Article in Tenant Newsletter	Marketing/Communications Officer	July 2020
Develop detailed procurement procedures	Asset Manager	June 2020
Develop dedicated procurement page on intranet	Asset Manager	June 2020
Prepare checklist for staff undertaking procurement exercises, including performance monitoring checks	Procurement Officer / Asset Manager	June 2020
Identify key stakeholders and issue Procurement Strategy to them for comment	Procurement Officer/ Asset Manager	July 2020

Prepare draft of Annual Report to check relevant outcomes are being tracked	Procurement Officer / Asset Manager	July 2020
Ensure departmental procedures (where appropriate) include steps to ensure compliance with Procurement Policy and Strategy	Department Directors / Procurement Officer	July 2020
Develop Community Benefits matrix to be used in all regulated tender exercises	Asset Manager	July 2020
Develop procurement pipeline	Asset Manager	July 2020
Implement the use of Tender Completion Reports for all regulated tender exercises	Asset Manager	July 2020
Implement use of Contract Strategies for all regulated tender exercises	Asset Manager	September 2020
Ensure procurement training is provided to staff undertaking procurement exercises	Department Directors / Procurement Officer	Ongoing
Ensure contract management training is provided to staff managing contracts that have been procured	Department Directors / Procurement Officer / Asset Manager	Ongoing