




Cassiltoun Housing Association

Sustainable Procurement Strategy April 2018 - March 2019

Date Approved	Proposed Review Date
March 2018	March 2019
Chair Person/Office Bearers Signature: 	

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Cassiltoun Housing Association is a recognised Scottish Charity no. 035544

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1.0 Introduction

- 1.1 CHA is a 'contracting authority' for the purposes of the Public (Contacts) Scotland Regulations 2015.
- 1.2 Procurement is the acquisition of goods, services or works. "Regulated Procurements" are, for the purposes of the Procurement Reform (Scotland) Act 2014, any contracts in excess of £50,000 for goods and services contracts and £2 million for works contracts.
- 1.3 Cassiltoun HA (CHA) is soon to enter a period that will be characterised as a time of significant capital expenditure due to the delivery of a programme of new build development alongside a rolling programme of planned investment in the existing stock.
- 1.4 As a result, CHA has produced this, its first, Procurement Strategy to provide a framework for the effective and efficient planning of future procurement activities of the Association.
- 1.5 This Procurement Strategy is designed to ensure that CHA complies with its duties under Section 15 of the Procurement Reform (Scotland) Act 2014 which states that:
- A contracting authority which expects to have a significant procurement expenditure in the next financial year must, before the start of that year, prepare a procurement strategy setting out how the Authority intends to carry out regulated procurements.
 - An authority has significant procurement expenditure in a year if the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5,000,000.
- 1.6 The Strategy aims to equip CHA with the direction required to continue to achieve the overarching goals of sustainable procurement, value for money and effective social responsibility in purchasing. Further, it seeks to demonstrate appropriate standards of governance and accountability in relation to expenditure during the period of the Strategy.
- 1.7 The Strategy sets out how we will ensure that our regulated procurements will
- Contribute to the carrying out of our functions and achievement of our purposes
 - Deliver value for money
 - Enable us to treat tenderers equally and without discrimination
 - Demonstrate we act in a transparent and proportionate manner
 - Be compliant with the sustainable procurement duty

1.8 Further, the Strategy includes statements of our approach to the following key features of sustainable procurement:

- The use of community benefit requirements
- Consulting and engaging with those affected by our procurement
- The payment of the living wage
- Promoting compliance by contractors and sub-contractors with Health and Safety at work etc. Act 1974
- The procurement of fairly and ethically traded goods and services

1.9 In a time of on-going financial pressure, Cassiltoun recognises that commitment to and communication of this Strategy will help the organisation to achieve efficient, effective and sustainable procurement and in so doing, continue to deliver excellent services which make the best use of both the public money available and the Association's own resources. The Strategy will help to demonstrate best value, continuous improvement, sound performance management, partnership working, community benefits and sustainable development.

2.0 Procurement Vision and Mission Statement

- 2.1** Our mission is to enhance the quality of life of our community and to regenerate our community through housing-led and resident-controlled initiatives.
- 2.2** Our strategic objectives are as follows:
1. Ensure that our rents remain affordable, maintain a stock base sufficient to achieve economies of scale and deliver effective services in a cost efficient way.
 2. Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of investment.
 3. Contribute to the wellbeing of the local community by working with tenants, residents, partners and funders to develop initiatives that promote regeneration and increased levels of inclusion.
 4. Ensure that the work of the Cassiltoun Group is supported by good governance, effective financial, management and regulatory compliance and robust administrative and HR systems.
 5. Ensure we attract and retain highly skilled and knowledgeable staff and Board members. Develop our staff and Board members through education, training and coaching.
- 2.3** Our approach to procurement, particularly with impending high value expenditure, has a critical impact on the performance and success of the organisation. The procurement activity of CHA must support value for money in its purchasing decisions while supporting financial sustainability, excellent customer services, meeting statutory obligations and environmental legislation.
- 2.4** This Strategy provides strong procurement governance through knowledge, collaboration and communication to deliver best value in support of our business activities and seeks to enable our procurement activities to contribute to the overall vision of CHA.
- 2.5** In summary, our procurement vision is to *“achieve excellent procurement performance through advanced sustainable procurement practices for the benefit of the Association and its stakeholders”*.

3.0 Strategic Context

- 3.1** The Procurement Reform (Scotland) Act 2014 ('The Act') provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice.
- 3.2** The Public Contracts Scotland Regulations 2015 gives CHA an obligation to ensure, as a 'public body', its procurement activity is compliant with relevant legislation.¹ Cassiltoun will comply fully with all legislative requirements placed upon it to meet its sustainable procurement duty.
- 3.3** As we embark on a new period of capital investment in our local area through the development of almost 250 new build units over the coming 5 years, our regulated procurement expenditure will exceed the £5million threshold set by The Act and we are thus required to produce a Procurement Strategy.
- 3.4** Notwithstanding this legislative requirement, the strategy has been prepared in the context of the Cassiltoun's Combined 3 year Internal Management and 30 year Business Plan (March 2018- March 2021). It seeks to promote efficient, effective and sustainable procurement practices throughout the organisation that will reflect our vision, values and priorities.
- 3.5** The Association acknowledges the need to remain viable and provide services that are affordable and cost effective the customers. Cassiltoun sees the opportunities that the procurement function has to facilitate the delivery of savings and efficiencies through good procurement practice while also positively contributing to the local economy through appropriate use of community benefit clauses.
- 3.6** The following principles must be at the heart of all our procurement activity:
- Accountability
 - Integrity
 - Efficiency
 - Openness
 - Fairness
 - Transparency
 - Equal treatment and non-discrimination
 - proportionality

1.1 ¹ The Association's procurement activities are also guided by:
*EU Treaty Obligations; EU procurement directives; Procurement Reform (Scotland) Act 2014
Procurement (Scotland) Regulations 2016*

- 3.7** To meet these standards, Cassiltoun will ensure that all staff with purchasing responsibilities understands their responsibility in applying the key principles of public procurement.
- 3.8** The Scotland Excel audit will be followed in the future as part of the Association commitment to continual improvement. We have recently engaged with Scotland Excel through the PCIP model and have commenced our Procurement Capability journey to test how far we have progressed, to identify areas that require improvement, to assess 'proportionality' as it relates to our procurements and to continue to embed best practise into our operations.
- 3.9** Finally, the Association's internal audit function will continue to cover a number of procurement and contract management areas as part of the regular audit cycle. The findings from each audit will be reviewed and actioned by the Senior Management Team and reported to the Board of Management.

4.0 Strategic Aims and Objectives

4.1 Strategic Aims

The purpose of the Strategy is:

- 4.2 **To provide** a framework for the Association to consistently apply good procurement practice and legislative requirements across the organisation while delivering high quality services that offer value for money
- 4.3 **To plan, monitor and review** current and future procurement activities and ensure these activities encourage participation and sustainable economic growth
- 4.4 **To support** the Association in continuous improvement
- 4.5 **To enable** sustainable procurement to contribute to the Association's overall vision and to provide efficiencies to help the Association deliver its key priorities and front line services, including the improvement of the economic, social and environmental well-being of our geographical area of operation.

4.6 Strategic Objectives

The main aims will be supported by key strategic objectives:

- 4.7 Ensure all procurement activities including tendering, awards, contract management and reporting procedures are in accordance with legislative and ethical requirements and comply with good procurement practice across the organisation
- 4.8 Ensure that procurement initiatives consider whole life costs and deliver best value for the money for the organisation
- 4.9 Ensure effective contract and supplier management so that business is conducted professionally and contractors comply with environmental, social and employment law throughout the life of the contract
- 4.10 Investigate joint working initiative and opportunities where appropriate

4.11 Procurement Objectives

- 4.12 Contracts will be awarded through genuine and effective competition unless there are exceptional reasons to the contrary. Justification for any deviation will be laid out in a clear, concise, unambiguous and transparent manner.

- 4.13** All procurement activity must be focussed on the delivery of value for money; conducted to high professional standards in accordance with relevant guidance and to the relevant legal requirements; and overseen by appropriately trained and authorised staff to minimise the risk of legal challenge
- 4.14** The Association will achieve value for money through effective contract monitoring, management and performance.
- 4.15** The Association aims to pay all contractors within 30 days of invoicing. The Association will also remind contractors of their obligation to pay sub-contractors within 30 days of invoicing
- 4.16** Procurement activity will balance up cost and quality to ensure value for money.
- 4.17** As a living wage employer, CHA will encourage contractors to pay the living wage to their employees
- 4.18** Tender evaluation will include criteria promoting compliance with Health and Safety at work Regulations, the Association's customer service requirements and when appropriate and relevant will include corporate social responsibility criteria
- 4.19** Contractors will be split into smaller lots, where appropriate, to maximise competition, minimise purchasing cost and optimise efficient allocation
- 4.20** Cassiltoun will explore modern methods of electronic procurement to support process improvement across the Association
- 4.21** Cassiltoun will investigate and embed into our contract requirements ways of improving contract performance
- 4.22** Community benefit clauses will be incorporated into all contacts with a value in excess of £2million.
- 4.23** Consultation on individual contracts will vary depending on the nature of the works and services being procured. The Association is, however, committed to engaging with all its stakeholders in its procurement activity
- 4.24** Cassiltoun will explore opportunities for innovation
- 4.25** Cassiltoun will seek to use supported businesses where relevant
- 4.26** Cassiltoun, through its regulated procurement activity, will, where relevant, promote fairly and ethically traded goods and services

5.0 Implementing, Monitoring, Reviewing and Reporting

- 5.1 Now that CHA is nearing the threshold of £5m p.a. of regulated procurements, the Association is required to publish its Procurement Strategy in accordance with the Procurement Reform (Scotland) Act 2014.
- 5.2 On publishing the Strategy the Association must notify the Scottish Ministers by sending an email to ProcurementStrategies@gov.scot with a copy of this strategy attached or a link where this strategy can be downloaded.
- 5.3 This first publication covers the period 1st April 2018- March 2019 and will be available via CHA website: <http://www.cassiltoun.org.uk>
- 5.4 CHA will prepare and publish an annual procurement report on its procurement activities following the end of each financial year, which will provide details on all regulated procurement and address all matters contained within this strategy. It will include reporting against all mandatory requirements of the Procurement Reform (Scotland) Act 2014 such as:
- A summary of the regulated procurements that have been completed during the year covered by the report
 - A review of whether the procurements complied with the organisation's procurement strategy
 - The extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply
 - A summary of community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report
 - A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the report period
 - A summary of regulated procurements expected to commence in the next two years
- 5.5 A procurement working group comprising the Senior Management Team and Association's Development Consultant has been established to implement and review the strategy and develop the approach to be taken during the early years following best practice in the sector and beyond.
- 5.6 The Chief Executive, in conjunction with the Senior Management Team, will ensure that the Association has policies and procedures in place to comply with the procurement regulations. Further, the Chief Executive will ensure that staff and governing body members receive any necessary training to allow them to fulfil their role in effective discharge of the Association's procurement obligations.

- 5.7** Performance monitoring will take place through internal audit programmes, regular reports to the Board of Management and assessment against a selection of questions for the Procurement and Commercial Improvement Programme (PCIP).

- 5.8** This Strategy will be reviewed annually and presented to the Board of Management for approval to ensure compliance with the legislation and to enable CHA to strategically respond to any changing environmental factors.

6.0 Contractor and Supplier Management

- 6.1** As part of the Association’s approach to effective management of its procurements, from April 2018 the Association will segment live contracts into groupings, according to their risk and value to establish a relevant and proportionate approach to contractor and supplier management.
- 6.2** Contracts will be identified as low, medium or high engagement in terms of contractor and supplier management. Each contract will be assessed to establish which combination of the following engagement processes will be used to monitor, manage and report on quality, service, delivery and cost.

Type of engagement	Frequency	Reporting body
Minuted pre-start and progress meetings	e.g monthly, quarterly, annual review	e.g. feedback reported to Senior management Team, Sub-Committee quarterly reports, Annual Board reports
Setting and monitoring of KPIs	e.g monthly, quarterly, annual review	e.g. feedback reported to Senior management Team, Sub-Committee quarterly reports, Annual Board reports Advertise results in Newsletter
Tenant/ customer satisfaction	e.g. at close of contract phase	e.g. feedback reported to Senior management Team, Sub-Committee quarterly reports, Annual Board reports Advertise results in Newsletter
Other- bespoke engagement due to nature of the contract/ product/ client group		

- 6.3** This will form part of the action plan for the procurement working group and an outcome will be a clear schedule showing the engagement level for each contract. After the initial assessment of contracts in April 2018, it will be a requirement of each new contract to be assessed against the above and added to the contract schedule.
- 6.4** The effectiveness of this approach will be reviewed in Q4 of 2018/19 and any necessary refinements to approach updated in the next procurement strategy.

7.0 Point of Contact

7.1 For further information about this strategy, in the first instance, please contact:

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8.0 Policies, Tools & Procedures

8.1 To access the following national policies, tools and legislation please click on the following links. Please note that this is not an exhaustive list but is provided to assist interested parties in further reading.

- [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](#)
- [Information Hub](#)

8.2 Key CHA documents can be downloaded from Cassiltoun's website using the following link <http://www.cassiltoun.org.uk/downloads.html>

Appendix A: Procurement Threshold and Timescales

Value (exc VAT)	Primary procurement methods	Secondary procurement methods	Approval
< £1,000	Relevant suppliers schedule of rates / price lists	Quote from relevant suppliers	Budget holder
£1,001-£5,000	Suppliers' schedule of rates / price lists	Three quotes from approved or relevant suppliers e.g. via Quick Quote function on PCS	Budget holder Senior Management Team
£5,001-£10,000	Three quotes from approved/specialist suppliers e.g. via Quick Quote function on PCS	Tender via Public Contracts Scotland advert	Senior Management Team
£10,001-£30,000	Minimum of four quotes from approved /specialist suppliers e.g. via Quick Quote function on PCS	Tender via Public Contracts Scotland advert	Chief Executive
>£30,000 but less than £181,303 (<i>Services</i>)/ £4,551,413 (<i>Works</i>)	Tender via Public Contracts Scotland advert	N/A	Management Board
Services >£181,303	Tender via OJEU/ Public Contracts Scotland advert	N/A	Management Board
Works >£4,551,413	Tender via OJEU/ Public Contracts Scotland advert	N/A	Management Board

The values are per Cassiltoun HA in-house Procurement Policy. So, for example, full PCS tendering level has been set at £30,000 even though legislation only requires this for >£50k

Appendix B: Cassiltoun HA Planned Contracts April 2018- March 2019

Contract title/ subject matter	Estimated contract value (excl vat)	Procurement process	Other considerations
External Fabric Works – Hoddam/Ballantay	£300,000	Quick Quote	Quick quote will be used but will involve Quality/Price element set at 70/30
Reactive Repairs (Year 4)	£213,500	Negotiation with current contractor (original tender was advertised as 3 year with option for +2 year extension)	
Barlia 3 New build	£6,000,000	Underway through mini-competition from Link Group Framework	
57-85 Castlemilk Drive: Contractor	£5,500,000	Direct call off from Link Group Framework	Subject to Link Group approval to use this method
57-85 Castlemilk Drive: Architect	£107,250	Direct call offs from Link Group Framework	Subject to Link Group approval to use this method
57-85 Castlemilk Drive: Engineer/PD	£72,600	Direct call offs from Link Group Framework	Subject to Link Group approval to use this method
57-85 Castlemilk Drive: Employers Agent	£31,350	Direct call offs from Link Group Framework	Subject to Link Group approval to use this method
Castlemilk Nursery site: Architect	£282,000	Direct call offs from Link Group Framework	Anticipated that current Feasibility Study design team will go on to secure direct call off from Link Group Framework, subject to Link Group approval
Castlemilk Nursery site: Engineer/PD	£120,000	Direct call offs from Link Group Framework	
Castlemilk Nursery site: QS	£48,000	Direct call offs from Link Group Framework	