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# ANNUAL PROCUREMENT REPORT

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2024/2025



July 2025

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## 1.0 Introduction

Caledonia Housing Association and its subsidiary, Cordale Housing Association (together referred to as “the Group”), are pleased to present the Annual Procurement Report for the financial year 2024/2025. This report is submitted in accordance with the requirements of the Procurement Reform (Scotland) Act 2014, and outlines how the Group’s procurement activities during the period support compliance with relevant legislation, while also advancing our business objectives.

The Group is committed to delivering value for money across all procurement exercises by applying efficient, and transparent, procurement processes. We ensure that all procurement activity contributes to the delivery of high-quality, affordable homes and services that improve the lives of our tenants and customers.

Our procurement objectives and Procurement Action Plan for 2024/2025 are articulated in the [Group Procurement Strategy \(2024-2027\)](#), which is publicly available on the Group's website.

### 1.1. Background to the Group

Caledonia Housing Group is one of Scotland’s largest Registered Social Landlords, employing over 185 staff and managing more than 5,600 social rented homes across eight local authority areas: Perth & Kinross, Dundee, Angus, Fife, Highland, East Dunbartonshire, West Dunbartonshire, and North Lanarkshire. In addition, the Group provides factoring services to over 2,300 homeowners.

Significant economic challenges continue to affect the Group and the RSL sector. Inflation, high energy costs, and disrupted supply chains driven by geopolitical and global economic factors have increased the cost of maintaining and investing in our housing stock and delivering new homes. These pressures are further compounded by the ongoing cost of living crisis and a national housing emergency, characterised by a shortage of affordable and social rented housing.

Despite these challenges, we believe our role as a provider and developer of high-quality, energy-efficient homes is more important than ever. We view procurement as a key strategic function, enabling us to drive value for money, support local economic development, and contribute to wider social and environmental outcomes aligned with national priorities.

### 1.2 Procurement Vision Statement

Our procurement vision is to provide customer-centric sustainable procurement that serves the best interest of the Group and its stakeholders. In line with this vision, we will provide a high quality, fit-for-purpose Procurement Service that will provide best value while supporting delivery of the Group’s strategic objectives. We aim to establish strategic thinking across all procurement activities, demonstrating value for money, customer focus, responsible stewardship of resources, good health and safety practices, supplier innovation, while

ensuring organisational and regulatory compliance, with sustainability and diversity integrated into everything we do.

## 2.0 Summary of Regulated Procurements Completed

In accordance with Section 17 of the Procurement Reform (Scotland) Act 2014, all regulated procurements undertaken by the Caledonia Housing Group during the reporting period were carried out in alignment with the objectives and principles set out in the Group's Procurement Strategy.

Under the Act, a regulated procurement is defined as any public contract for supplies or services valued at £50,000 or more, or for works valued at £2,000,000 or more. This definition covers both individual contracts and call-offs from framework agreements. All regulated procurement activity is governed by the provisions of the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015, and the Public Contracts (Scotland) Regulations 2016.

A summary of the regulated contracts awarded by the Group between 1 April 2024 and 31 March 2025 is provided in the table below:

Table 1		
Description	Number	Total Contract Value
Supplies Contracts	0	£0
Services Contracts	12	£4,525,634.39
Works Contracts	1	£4,631,659.17
<b>Total regulated contracts</b>	<b>13</b>	<b>£9,157,293.56</b>

One (1) contract was awarded under framework agreement. 12 out of the 13 contract awarded, were awarded to small and medium enterprises (SMEs).

Full details relating to each contract is provided in **Appendix 1**.

## 3.0 Review of Compliance with Procurement Strategy

### 3.1. Procurement Objectives

In accordance with Section 18(2) of the Procurement Reform (Scotland) Act 2014, this report includes a review of how regulated procurements conducted during the reporting period have complied with the Group's Procurement Strategy. The performance and implementation of the procurement objectives, as outlined in the 2024/2025 Procurement Action Plan, are discussed in this section.

The objectives set out in our Procurement Strategy ensure that procurement activity contributes directly to the achievement of key organisational goals, including value for money, sustainability, regulatory compliance, and improved outcomes for tenants and communities. These objectives have been carefully aligned to support the delivery of the Group's overarching business priorities, as illustrated in the table below:

Procurement Objective	Objective Aim	Alignment with Business strategic objectives
Sustainable Procurement	Incorporating ethics and sustainability into our procurement.	Building Success
Legal Compliance and Governance	Ensuring compliance with Procurement Regulations and the Group Procurement Policy.	
Strategic Sourcing	Leveraging our purchasing power to achieve economies of scale and obtain best value in the marketplace.	Achieving Excellence
Contract and Supplier Relationship Management	Building strong relationships with our supply partners to secure a stable and reliable supply chain.	
Technology Adoption	Utilising e-procurement tools to automate and streamline the procurement process, increase efficiency while providing real-time data on procurement activities.	Creating Innovation
Procurement Training	Providing relevant staff with the necessary procurement skills.	Developing People

### 3.1.1. Sustainable Procurement

At Caledonia, procurement is a strategic lever for delivering sustainable growth, inclusive social value, and improved environmental outcomes aligned with our ESG commitments. For us, value for money means achieving the optimal balance of cost, quality, and sustainability to drive long-term impact.

Sustainable procurement is a core objective of our Procurement Strategy, supported by our statutory obligations under the Sustainable Procurement Duty as set out in the Procurement Reform (Scotland) Act 2014. To reflect this, we apply a 10–20% weighting to social value and sustainability criteria within regulated tenders. These criteria typically include community benefits, climate change and Net Zero objectives, and Fair Work First principles, including equality, diversity and inclusion (EDI).

#### Community Benefits:

All our relevant tenders include Community Benefit (CB) requirements, encouraging contractors to contribute to outcomes such as job creation, apprenticeships, skills development, and local community initiatives. CB commitments made by suppliers are incorporated into the ensuing contracts. We capture CB commitments from new contracts in a centralized CB register. We actively manage relationships through structured performance

reporting, regular review meetings, and open dialogue to monitor progress against agreed outcomes. Fulfilled commitments are then recorded in the CB register to ensure proper capturing and reporting.

In the past year, our commitment to social value has delivered tangible impact including but not limited to:

- £1,000 in shopping vouchers donated to support vulnerable households
- 20 paint packs donated to refurbish homes for elderly and low-income tenants
- Commitment to deliver two jobs, one apprenticeship, six work placements, five school engagement activities, and £1,000 in community investment, as part of our Bellsmyre Regeneration Phase 1 project for the construction of 27 new homes.
- Commitment to deliver work placements, legal training, school talks, free tenant sessions by our newly appointed Legal and energy consultancy partners.

### **Environmental Sustainability and Net Zero**

The Group is aligned with Scotland's ambitious Net Zero target of achieving Net Zero by 2045 for the emissions we influence through the goods, works, and services we procure. To support this commitment, we embed climate-related criteria throughout our procurement processes, ensuring that sustainability considerations are factored in from the outset. We use the Scottish Government's Sustainability Test tool to identify environmental risks and opportunities during the pre-procurement and specification development stages. Our electricity, procured through SSE, is sourced from 100% renewable energy, reflecting our commitment to reducing emissions in our operations. Where practical, we prioritise local and regional suppliers, helping to minimise carbon emissions from transport while strengthening the local economy. We also encourage our suppliers to monitor and report their Scope 1, 2, and 3 emissions, promoting a more transparent, sustainable, and accountable supply chain.

### **Fair Work First**

Scottish Government guidance makes it mandatory for organisations receiving discretionary public sector grants to incorporate Fair Work First (FWF) criteria into regulated procurements, where relevant and proportionate. In line with this requirement, we ask bidders to demonstrate a strong commitment to the seven Fair Work criteria, including:

- 1) payment of the Real Living Wage;
- 2) provision of flexible and family-friendly working arrangements;
- 3) support for effective worker voice through trade union access or equivalent mechanisms;
- 4) investment in workforce development;
- 5) avoidance of inappropriate zero-hours contracts;
- 6) efforts to address the gender pay gap; promotion of equality, diversity and inclusion;
- 7) opposition to fire-and-rehire practices.

### **Support for SMEs, Third Sector Bodies & Supported Businesses**

We actively support SMEs, third sector organisations and supported businesses through a range of inclusive procurement practices. All our procurement opportunities are advertised on the Public Contracts Scotland (PCS) portal to ensure wide visibility. Where appropriate, we

divide contracts into smaller, more accessible lots to encourage participation from smaller businesses and social enterprises. For procurements under the £50,000 threshold, we use the PCS Quick Quote facility to directly invite SMEs and third sector organisations to bid. Additionally, we promote local economic resilience by encouraging our main contractors to subcontract to SMEs and local businesses, thereby strengthening our regional supply chain and supporting community-based growth.

### **Payment of Invoices**

Prompt payment is a key aspect of our sustainable procurement approach. We ensure that valid invoices are paid within 30 days, in line with statutory and policy expectations. For construction-related contracts, we operate within the payment provisions of standard industry forms, where payments are typically made within 21 days of valuation. We also promote this prompt payment principle throughout our supply chain and expect our main contractors to apply similar terms to support the cash flow of subcontractors and SMEs.

### **3.1.2. Contract and Supplier Relationship Management**

The Group maintains robust oversight of its contractual agreements through a proactive, structured, and outcomes-focused approach to contract and supplier management. This ensures that our key contracts deliver in accordance with agreed specifications and that value for money is sustained throughout the contract lifecycle. Regular monthly contract compliance meetings are conducted with key supply partners across service areas, including new development, reactive maintenance, grounds maintenance, IT support, and cloud hosting. These contract review forums provide dedicated opportunities to assess contract performance, address operational issues, facilitate collaborative resolution of challenges and supports the consistent delivery of high-quality services across the Group.

To ensure comprehensive oversight of our procurement landscape, we maintain a Group Contract Register and a Group Procurement Pipeline for all our regulated procurement activities. These vital tools are continuously reviewed and updated, providing a real-time overview of our contractual commitments and upcoming procurement needs. We have also developed a comprehensive Group Contract and Supplier Relationship Guide to provide the necessary framework and procedures to give traction to our contract management drive. As part of this approach, we have also established a system to provide annual Supplier Performance Reports for identified strategic contracts. This structured reporting will enable us to formally evaluate supplier performance against key metrics, drive continuous improvement, and foster stronger, more productive relationships with our critical suppliers.

### **3.1.3. Legal Compliance and Governance**

All regulated procurement activities across the Caledonia Housing Group are carefully managed with oversight by the Procurement Lead, who provides expert advice and ensure compliance with Public procurement regulation and our Procurement Policy.

In line with our commitment to transparency and good practice, our regulated procurement opportunities are published on Public Contracts Scotland (PCS). Similarly, all contract awards,

including those made via relevant framework agreements, are also published on PCS to ensure visibility and accountability. Where applicable, Voluntary Ex-Ante Transparency (VEAT) notices are issued in advance of awarding negotiated development contracts under Section 75 of the Town and Country Planning (Scotland) Act 1997. This approach supports legal compliance, mitigates procurement risk, and aligns with the principles of openness and fairness in public sector contracting.

To reinforce our commitment to transparency, accountability, and best practice in procurement, we published our 2023/2024 Annual Procurement Report in May 2024, which outlined our procurement performance during the year and demonstrated full alignment with the requirements of the Procurement Reform (Scotland) Act 2014. We have also developed a comprehensive procurement manual to support procurement activity across the Group.

As part of our commitment to continuous improvement and in fulfilment of grant conditions set by the Scottish Government, the Group has committed to participating in the Procurement and Commercial Improvement Programme (PCIP), working with Scotland Excel. Our active engagement with the PCIP reflects our commitment to continuous improvement, value for money, and the delivery of sustainable and strategic procurement outcomes.

#### **3.1.4. Technology Adoption**

The Caledonia Housing Group remains committed to leveraging technology to enhance the efficiency, transparency, and effectiveness of our procurement and contract management processes. Work orders are currently issued through our Integrated Housing Management System (Aareon QL), which facilitates efficient service delivery and operational control. For all regulated procurements, we continue to utilise Public Contracts Scotland (PCS) to publish contract notices and award outcomes, in full compliance with legislative requirements. For lower-value procurements, we make use of the PCS Quick Quote facility, where possible to invite competitive quotations, ensuring value for money and procurement transparency.

The Group has launched a strategic review of its reactive maintenance and procure-to-pay (P2P) processes to drive digital transformation. Led by senior executives, the review seeks to enhance automation, efficiency, and data integration across operations, procurement and finance. We are engaging with the market and stakeholders to identify a cloud-based Finance/P2P solution with features to support requisitioning, Optical Character Recognition (OCR) invoice scanning, three-way matching, and custom approval workflows. The project aims to reduce manual effort, minimise errors, and improve overall operational performance and compliance.

#### **3.1.5. Strategic Sourcing**

We have conducted a detailed spend and ABC supplier analysis, categorising our supplier base into three tiers:

- Category A – Strategic Suppliers: Representing just under 10% of our suppliers and accounting for approximately 80% of total spend, these suppliers are critical to the



Group's operations. They are the primary focus of procurement planning, contract management, and risk mitigation.

- Category B – Preferred Suppliers: Comprising around 20% of suppliers and 15% of total spend, these suppliers are important but not business-critical. Strategies here focus on supplier rationalisation, cost control, and procurement efficiencies.
- Category C – Non-Critical Suppliers: Making up over 70% of the supplier base but only 5% of total spend, these are managed through purchase orders or purchasing cards to reduce administrative overhead and consolidate low-value spend.

Our analysis shows that over 85% of total spend, covering Category A and B suppliers, is currently under formal contract arrangements. Our tail spend is actively managed through the use of pre-qualified supplier lists, work orders, and purchasing cards. These controls help mitigate the risk of non-compliant or maverick purchasing in line with our procurement policy. We also continue to explore opportunities to aggregate low-value spend and strengthen competitive sourcing where appropriate.

Wherever possible, we leverage collaborative procurement framework agreement to award contracts in a compliant, efficient, and value-driven manner. These include, but are not limited to:

- Crown Commercial Service (CCS), including the G-Cloud 14 framework
- Procurement for Housing (PfH)
- Scottish Procurement Alliance (SPA)

Using these frameworks enables us to streamline procurement processes, access pre-qualified suppliers, and achieve best value while ensuring compliance with relevant procurement regulations.

### **3.1.6. Procurement Training**

Our commitment to robust and sustainable procurement practices is reflected in the ongoing development of our people through comprehensive training initiatives. We have made effective use of the Scottish Government's Sustainable Procurement Tools platform, with our Procurement Lead completing key e-learning modules covering sustainable procurement, climate change, and the circular economy. Further strengthening our internal capability, the Procurement Lead has also achieved CIPS Level 6 qualification and attained MCIPS Chartered status, enabling expert support to internal stakeholders on compliance, best practice, and value-driven procurement.

To support risk management within construction-related procurement, our legal service provider, Harper MacLeod, delivered a targeted training session on mitigating financial risks from contractor insolvency. This session was attended by members of the Executive Management Team, operational managers, team leaders, and officers involved in strategic new build and major rehabilitation projects.

In addition, we held a series of seven (7) internal training sessions focused on compliance, value for money, and sustainable procurement. These were tailored for all relevant officers and budget holders with procurement responsibilities, ensuring a consistent and informed approach across the organisation.

#### **4.0 Future Regulated Procurement Summary**

As part of our commitment to transparency and effective procurement planning, we publish a forward-looking summary of anticipated regulated procurement activity for the next 24 months.

Please note that this schedule is indicative and may be subject to change based on evolving business needs and priorities.

The list of our planned future regulated procurements is detailed in Appendix 2.

## Appendix 1: Summary of Regulated Contracts Awarded in 2024/2025

S/N	Contract/ Framework Title	Supplier Name	Estimated Value	Classification	Award Date	Start Date	End Date
1	Acquisition of Affordable Housing (Stanley, Perth)- Under Section 75 Agreement	Ogilvie Homes	4,631,659.17	Works	31/03/2025	31/03/2025	31/07/2027
2	Landscape Maintenance 2025 - 2028	John O'Conner Grounds Maintenance Ltd	£448,587.51	Services	14/02/2025	01/04/2025	01/04/2028
		Caledonia Maintenance Services Ltd	163,122.40	Services	14/02/2025	01/04/2025	01/04/2028
		Countrywide Grounds Maintenance	274,654.40	Services	14/02/2025	01/04/2025	01/04/2027
		Angus Council Parks & Burial Grounds	189,550.79	Services	14/02/2025	01/04/2025	01/04/2027
		Nurture Landscapes Ltd	691,021.07	Services	14/02/2025	01/04/2025	01/04/2027
3	Gas Central Heating Service & Maintenance Contract,	City Technical Services UK Ltd	601,925.50	Services	05/09/2024	16/09/2024	16/09/2027
		WRB Gas (Contracts) Ltd	792,924.32	Services	05/09/2024	16/09/2024	16/09/2027
		Heatcare Oil & Gas Ltd	38,258.00	Services	05/09/2024	16/09/2024	16/09/2027
4	Framework Agreement for the Provision of Employer's Agent and Quantity Surveying Service	Summers Inman / nbm Construction Cost Consultants Ltd	1,100,000	Services	25/08/2024	02/09/2024	02/09/2027
5	Provision of Internal Audit Service	Henderson Loggie	87,120.00	Services	29/07/2024	01/08/2024	01/08/2027
6	Managed Security Services	Aspire Technology Solutions	138,470.40	Services	30/05/2024	01/07/2024	01/07/2027

## Appendix 3: Scottish Government Annual Procurement Report Template

ANNEX A

[NOTE: reference to contract is also to be construed as meaning a framework agreement]

### 1. Organisation and report details

a) Contracting Authority Name

Caledonia Husing Association
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b) Period of the annual procurement report

2024/2025
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c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)

Yes
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### 2. Summary of Regulated Procurements Completed

a) Total number of regulated contracts awarded within the report period

6
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b) Total value of regulated contracts awarded within the report period

£9,157,293.56
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c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period

13
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i) how many of these unique suppliers are SMEs

12
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ii) how many of these unique suppliers are Third sector bodies

0
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### 3. Review of Regulated Procurements Compliance

a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy

13
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b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy

0
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### 4. Community Benefit Requirements Summary

#### Use of Community Benefit Requirements in Procurement:

a) Total Number of regulated contracts awarded with a value of £4 million or greater.

1
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b) Total Number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.

1
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c) Total Number of regulated contracts awarded with a value of less than £4 million that contain Community

10
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## Benefit Requirements

### Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups (Each contracting authority sets its own priority groups)	0
e) Number of Apprenticeships Filled by Priority Groups	0
f) Number of Work Placements for Priority Groups	0
g) Number of Qualifications Achieved Through Training by Priority Groups	0
h) Total Value of contracts sub-contracted to SMEs	0
i) Total Value of contracts sub-contracted to Social Enterprises	0
j) Total Value of contracts sub-contracted to Supported Businesses	0
k) Other community benefit(s) fulfilled	0

### 5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that included a Fair Work First criterion.	10
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	10
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract during the period.	4

### 6. Payment performance

a) Number of valid invoices received during the reporting period.	Not Available
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms.)	Not Available
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain	Not Available

of public contracts.

## 7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	0
i) spend within the reporting year on regulated contracts	0
ii) spend within the reporting year on non-regulated contracts	0

## 8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	£9,157,293.56
c) Total procurement spend with third sector bodies during the period covered by the report.	0
d) Percentage of total procurement spend through collaborative contracts.	0
e) Total delivered cash savings for the period covered by the annual procurement report	Not Available
f) Total non-cash savings value for the period covered by the annual procurement report	Not Available

## 9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	17
b) Total estimated value of regulated procurements expected to commence in the next two financial years	45,796,950.00