

CADWYN HOUSING ASSOCIATION

PROCUREMENT STRATEGY

2022

TO

2025

DELIVERING QUALITY HOMES & THRIVING COMMUNITIES THROUGH CONSIDERED AND LOCAL PROCUREMENT

With an annual spend of £14M on-bought in goods, services and Works of over £11M, Cadwyn HA has a great opportunity to influence the local economy, provide employment opportunities and deliver value for money for its Tenants. This strategy sets a framework for Cadwyn to support the effective use of resources to not only deliver its aims and objectives but to maximise the positive impact that can be achieved through effective procurement activities.

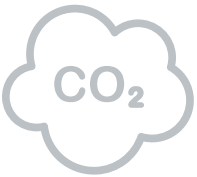


FOREWARD

This Procurement Strategy comes at a time of change in the Procurement landscape and places an emphasis upon:



Delivering social value



Sustainable procurement to support decarbonisation



Support for local enterprises and the local economy

Fair Work in Wales



Emphasis on the longer-term impact of purchasing decisions which are not solely price driven.

This strategic plan aims to support the delivery of Cadwyn's Corporate plan, support the wider policy and regulation in Wales such as the Well-being of Future Generations Act and Code of Practice - Ethical Employment in Supply Chains.

...continued

...Foreward continued

There are a number of key challenges at the moment including difficulties in securing supplies, price volatility and the impact of the pandemic. These challenges mean that now, more than ever, Cadwyn needs to build strong relations with key suppliers to ensure that we deliver for our Tenants and communities in a socially responsible way.

Whilst there are guidelines and legal requirements set out by European, UK and Welsh Governments in the way the providers of goods, services and works to Cadwyn are chosen, we are still able to procure in a way that has benefits to our local suppliers and the foundational economy. It is therefore essential that Cadwyn recognises that procurement is a strategic activity and staff are supported to use this strategy as a guide when making decisions on procuring goods, services and works.

Highlighted in bold blue italic throughout this document are actions to be delivered by Staff involved in Procurement across Cadwyn in support of the overall Strategic Plan for Procurement.

INTRODUCTION TO CADWYN

Cadwyn is a community housing association working predominantly in Cardiff, owning or managing over 2000 homes. Cadwyn was established in 1968 and has a subsidiary company, Igneous Ltd. Cadwyn's mission is to "provide good quality homes and build communities through partnership and innovation". Cadwyn has a core vision of achieving thriving communities to be rooted in our community, providing homes and opportunities to transform people's lives for the better. Cadwyn is also committed to providing Homes and Opportunities and is working to ensure that the supply chain partners are committed and share this vision and provide opportunities for Cadwyn residents and communities.



...continued

Revenue budget of

£10m

In order to meet the needs of tenants and communities, Cadwyn spends a significant proportion of its budget with external suppliers and providers. For the last few years our external spend on goods, works and services has been in the region of £3m per annum, spread across over 278 suppliers, plus £11m on developments and Capital investment.

As part of the wider public sector, there are rules governing how suppliers are chosen, with both internal and external regulation in place to ensure suppliers are appointed in an open, fair and transparent manner. The aim of this procurement strategy is to set out how procurement will deliver on the Cadwyn's priorities, so that procurement decisions play a key role in facilitating the delivery of the Cadwyn's key aims.

In order to govern the method of appointing suppliers, Cadwyn will be adopting a Procurement Gateway Process, putting in place proportional controls for all external spend above £10,000 in value.

PROCUREMENT CONTEXT

There are a number of priorities, policy aspirations and legislative requirements which need to be considered. These include:

UK Context



The procurement of goods, services and works is grounded in the Principles of free movement of goods, freedom of establishment and freedom to provide services. These principles are underpinned by values of equal treatment, non-discrimination, mutual recognition, proportionality and transparency. In addition to the Public Contract Regulations, Cadwyn needs to ensure that its procurement policies and practices adhere to a range of additional legislative requirements including the Equality Act 2010.

The Wales Procurement Policy Statement is a set of ten principles by which the Welsh Government expects public sector Procurement to be delivered in Wales. These ten principles are embedded throughout this plan, most notably:

Wales Context



- We will support Welsh Government policy objectives relating to progressive procurement, such as the Foundational and Circular Economy, through collaborative, place-based (whether national, regional or local) procurement activity which nurtures resilient local supply chains
- We will act to prevent climate change by prioritising carbon reduction and zero emissions through more responsible and sustainable procurement to deliver our ambition for a net zero public sector Wales by 2030
- We will align our ways of working and increase stakeholder involvement to support innovative and sustainable solutions through procurement
- We will collaborate with stakeholders to promote equal opportunities and Fair Work in Wales
- We will promote value-based procurement which delivers optimum long-term outcomes for Wales.

In addition the Well-being of Future Generations (Wales) Act is focused on improving the social, economic, environmental and cultural well-being of Wales. The guidance states, “the role of procurement will be an important part of how a public body allocates resources under the Act.”

OUR VISION

Our vision is simply to provide quality homes and thriving communities with excellent services to tenants and customers. This is our goal and everything we do is intended to bring us closer to achieving it.

A well-considered approach to Procurement is a key enabler to support the delivery of our vision. We wish to do more that obtain value for money, by considering environmental, economic and social factors in our purchasing decisions.

- We will recognise and manage procurement as a strategic function that organises and understands expenditure
- We will influence early planning and service design where it can make the biggest impact



KEY ENABLERS

People



Cadwyn had adopted a decentralised Procurement Structure where Teams lead on their procurement activities.

- We need to ensure that staff are trained and skilled to work effectively and independently.
- We will need to continue to invest in staff during a time of change and difficulties in supply.
- Staff are required to liaise with the Procurement Manager which is a recent shared post for advice regarding procurement practice and working within the spirit of this new strategy.
- The Procurement Manager will share regular Policy updates with all staff with an interest in Procurement and through the Managers Forum.

Process



Through a revised Procurement Process, we will seek to standardise and build controls into the purchase to pay system.

- We will provide standard documents that staff are trained to use.
- We will review processes with staff and update as required.

Culture



Staff will be supported to innovate and challenge traditional delivery models to improve on what Cadwyn does.

We will support staff to understand the ethos around how Cadwyn selects and works with Contractors.

- We will ensure staff are aware of the policies that are in place.
- We will support staff to think about new ways of working and build on their work to date.

Information



We will support staff with accurate and timely spend data to inform their procurement decisions and identify any opportunities for savings and efficiencies.

- We will seek to finetune the reports available from the Finance systems.
- We will work to improve the P2P process.

Technology



The use of Technology is at the heart of modern Procurement practice.

- Cadwyn needs to implement electronic tendering practices and use standard technology to be compliant with the Legislation and to engage effectively with suppliers.
- Staff will be supported to develop their skills and knowledge of Procurement and to undertake training.

Delivering Value

1

Cadwyn will be clear on what is needed and that value is considered in what it purchases in the longer-term. This is detailed in the Value for Money strategy.

2

Cadwyn will ensure that appropriate financial controls are implemented.

3

Cadwyn will seek to deliver economic and social value and to minimise environmental impact and improve upon the Carbon Footprint.

4

The Wellbeing Goals will be central to our Procurement Practice. Within the Act there are a number of topics specific to Procurement. This includes using procurement to promote inclusive growth and ensuring that supply chains are fair, ethical and sustainable.

Delivering Value

- Cadwyn will implement a new Procurement Policy and Procedure to support open, transparent and long-term focus.
- Cadwyn staff will be supported to consider value in a more holistic way.
- The Wellbeing Goals will be considered in all Procurement activities.
- We will use the Procurement Policy to support working with local businesses and invite them to do business with us and ring-fence opportunities where appropriate.
- We will use “Sell2Wales” as our default mechanism to advertise tender opportunities ensuring local and Welsh businesses are informed and can bid for contracts.
- We will embed Community Benefits into contract opportunities wherever possible and will develop a Policy to reflect this way of working.

Delivering Value

- We will apply environmental standards and seek to reduce carbon emissions.
- We will move to whole life cost analysis rather than just the upfront cost.
- Cadwyn will build their understanding of the Welsh Government Code of Practice – Ethical Employment in Supply Chains.
- The Code covers Modern Slavery, Blacklisting, False Self-Employment, the Living Wage, Unfair Use of Umbrella Schemes and Zero Hours Contracts.

Working with Others

1

Cadwyn will continue to work with others in the Sector to share knowledge, deliver new and exciting projects and ensure that Tenants and Communities are at the core of what we do.

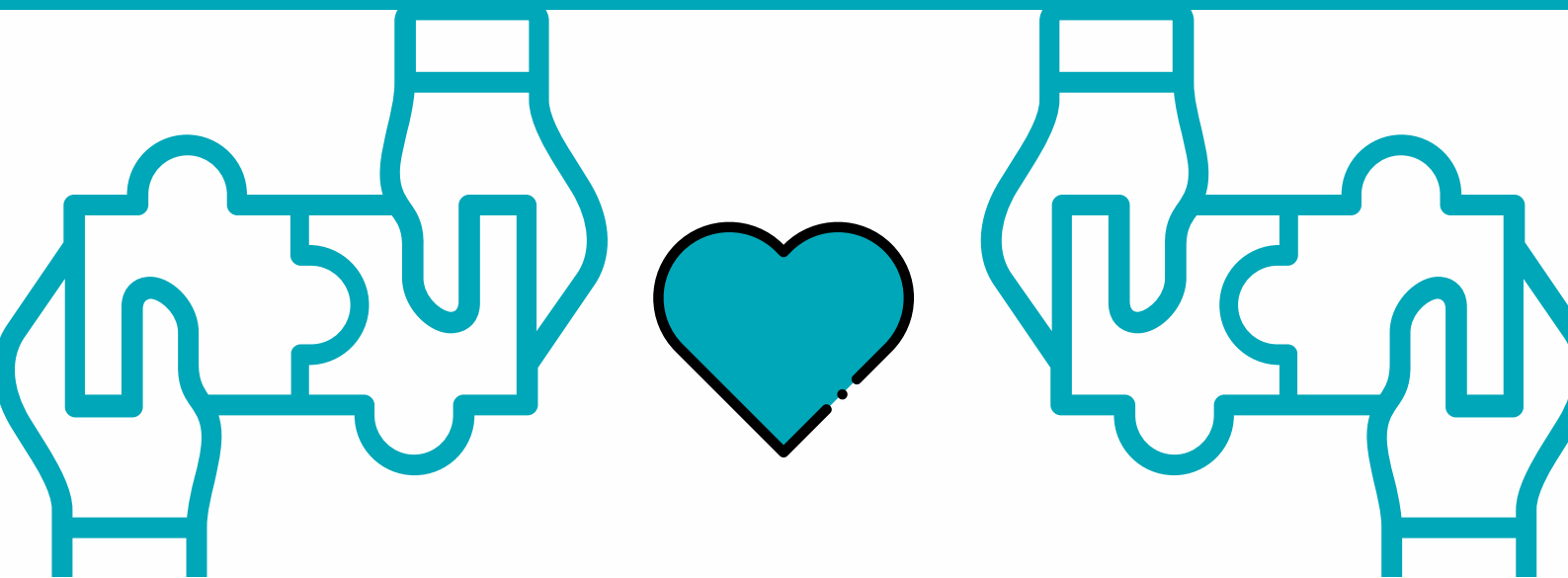
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We will seek to work with local suppliers and involve users of our services to deliver high quality, affordable services and overall value.

3

We will collaborate with others to avoid duplication of effort and in turn to reduce waste and maximise efficiencies.

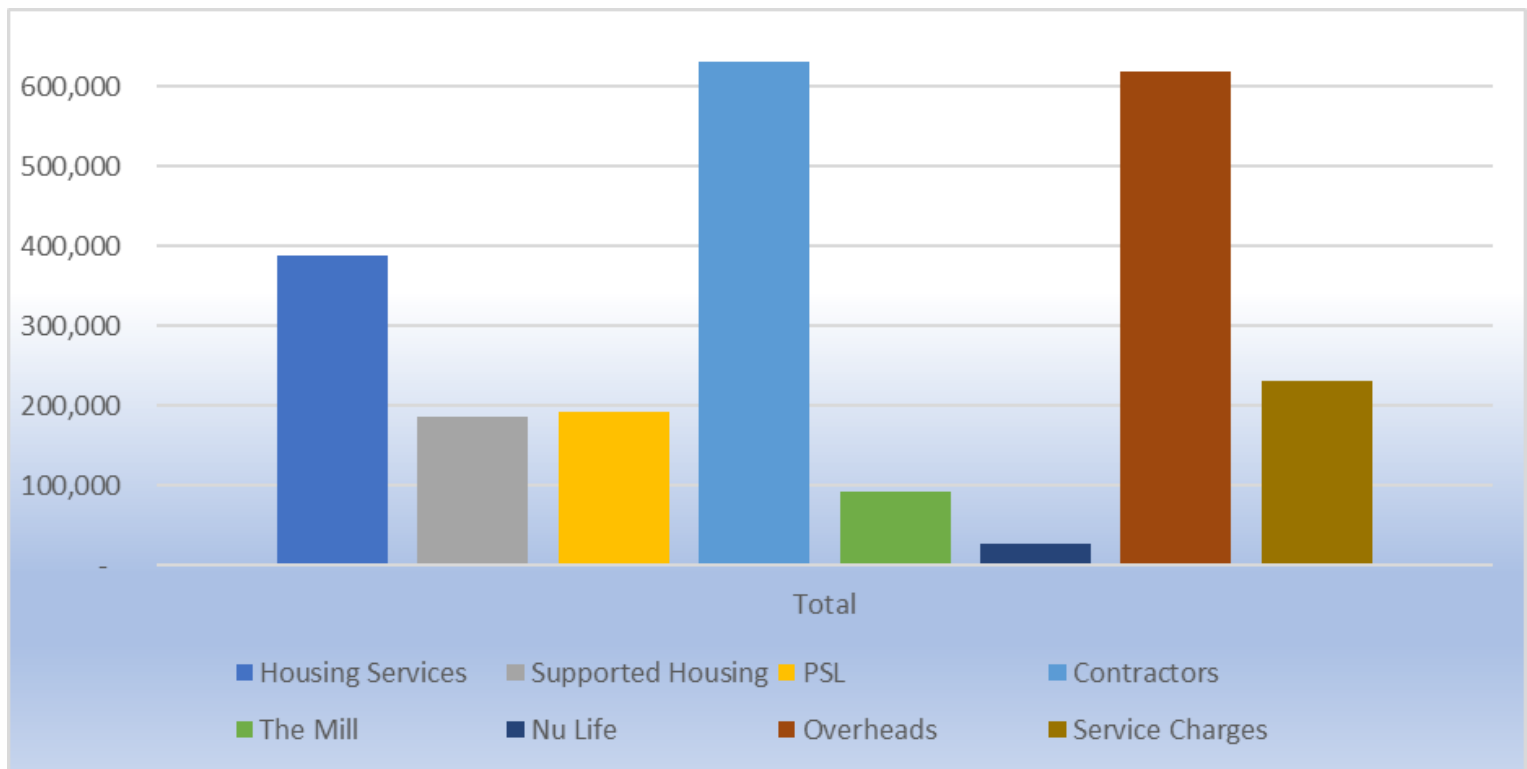
Cadwyn will continue to work with other Housing Associations where there is a benefit from economies of scale or other tangible benefits such as knowledge of other partners.



Cadwyn Expenditure

Cadwyn delivers its services directly through its own workforce and through other private and also third sector organisations. Cadwyn spends approximately £14 million a year procuring a diverse range of goods, services and works from approximately 300 suppliers and contractors.

Planned Expenditure by Service Area 2021-22



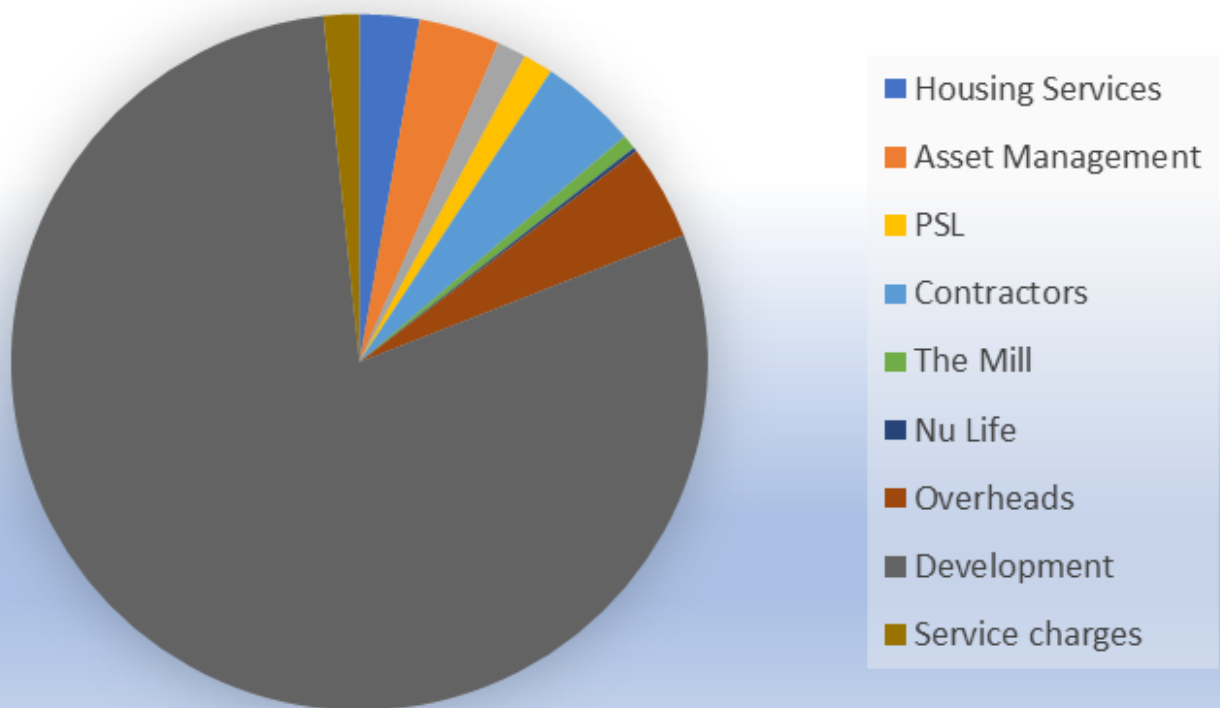
*excluding Development costs, PSL discontinued

The above graph shows the importance of the interdependence with Contractors to deliver for our Tenants. In addition, the relatively small number of suppliers shows the importance for the local economy and Cadwyn's ability to influence.

Total Expenditure

This graphic shows the significance of expenditure on Development and the importance of managing the key elements here that Cadwyn can influence.

Total Expenditure 2021/22



Sustainability in Procurement

Sustainability is about more than environmental issues. It is about developing ways to balance social progress that recognises everyone's needs. It is about effective protection of the environment, prudent use of natural resources.

Sustainable Procurement is defined by the Sustainable Procurement Task Force as; “the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”.

By embedding sustainability into the procurement process, Cadwyn can safeguard the local environment and also avoid adverse environmental impacts in the supply chain.

- Staff will undertake a Sustainability Risk Assessment when the Welsh Government introduces the revised model. Staff will use the outcomes of the SRA when considering their specifications and award criteria and weightings.
- Staff will consider carbon emissions in their procurement activities.
- Staff will seek to protect resources in use and avoid waste in line with the Welsh Government Circular Economy Strategy.

Social Value in Procurement

- 'Social Value' is "a broad term used to describe the social, environmental and economic impacts of actions taken by communities, organisations, governments and individuals"*.
- 'Social Value clauses / Community Benefits' are a sub-set of social value referring to conditions of contract or conditions grant or match funding in public sector expenditure (grant or match funding) designed to achieve social, environmental, economic and cultural added value outcomes when tendering for works (construction / infrastructure), services or supplies.

- Wherever possible, Cadwyn shall incorporate social value requirements proportionate to the value and related to the subject matter of the contract in their tenders. In all cases where a contracting authority determines that social value requirements are to be included:
- Links between social value requirements and Wellbeing of Future Generations (Wales) Act 2015 ("WBFG") Goals should be identified (where the contracting authority is subject to the WBFG), and
- A minimum weighting of 10% (Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts) of the total award criteria should be applied to social value in the tender to ensure that it carries a heavy enough score to be a differentiating factor in bid evaluation.

*(as defined in Social Value for Commercial Success eLearning, Government Commercial College, 2020).