



PROCUREMENT STRATEGY

2025 - 2028

cairn

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INTRODUCTION

Cairn Housing Association provides affordable homes and services to around 5,000 households across Scotland. Our mission is to deliver great homes and services, making a positive impact on the lives of our customers and the communities we serve.

PURPOSE OF THE STRATEGY

The delivery of high-quality homes and services relies on effective procurement that reflects our vision and values. This strategy ensures that we source goods, works, and services in a way that is fair, ethical, sustainable, and delivers the best possible value for money.

Our approach to procurement is shaped by our legal and regulatory obligations, including:

- The Procurement Reform (Scotland) Act 2014
- The Bribery Act 2010
- The Modern Slavery Act 2015
- The Public Contracts (Scotland) Regulations 2015

We also align our procurement practices with Cairn’s internal financial regulations and our commitment to corporate social responsibility.

Procurement is a vital business discipline that helps us achieve an economically advantageous balance between quality and cost. It also supports effective supplier relationships, encourages innovation, and promotes positive outcomes for our communities.

Our strategy defines how we will meet key procurement objectives, including:

- Ensuring compliance with all statutory and regulatory requirements
- Delivering procurement activity that is proportionate and aligned with business needs
- Upholding our organisational values in every procurement exercise
- Embedding community benefits and seeking added value through innovation
- Building strong partnerships with suppliers to improve performance and accountability
- Using our 13-step Procurement Cycle to ensure robust and strategic procurement management

This strategy also reinforces the importance of developing our internal capability. Our Procurement Officer plays a central role in supporting budget holders, delivering training, keeping colleagues informed of legislative changes, and sharing emerging trends and best practice through updated policies, templates, and guidance.

SCOPE

This strategy applies to all procurement activity undertaken by Cairn from 2025 to 2028. It covers the purchase of goods, services, and works across all departments and teams and applies to all procurement, regardless of contract value.

In delivering this strategy, we will take into account wider economic conditions and local contexts. Our procurement decisions will consider not only price and quality but also sustainability, reliability, social value, and ethical practices.

Our procurement approach is guided by the following key drivers:

- **Cost** – Achieving good value for money without exploiting suppliers or their supply chains
- **Quality** – Ensuring all goods, works, and services meet the expectations and needs of our customers
- **Delivery** – Ensuring timely and reliable delivery at the right price and quality
- **Risk** – Mitigating legal, reputational, and operational risks by engaging with responsible suppliers and maintaining effective contract management
- **Compliance** – Meeting all legal requirements, internal policies, and best practice standards, while supporting innovation and access for small and medium-sized enterprises (SMEs)

By embedding these principles into our procurement practices, we aim to deliver outcomes that are aligned with our strategic priorities and support our ambition to be a responsible, efficient, and forward-thinking housing provider.

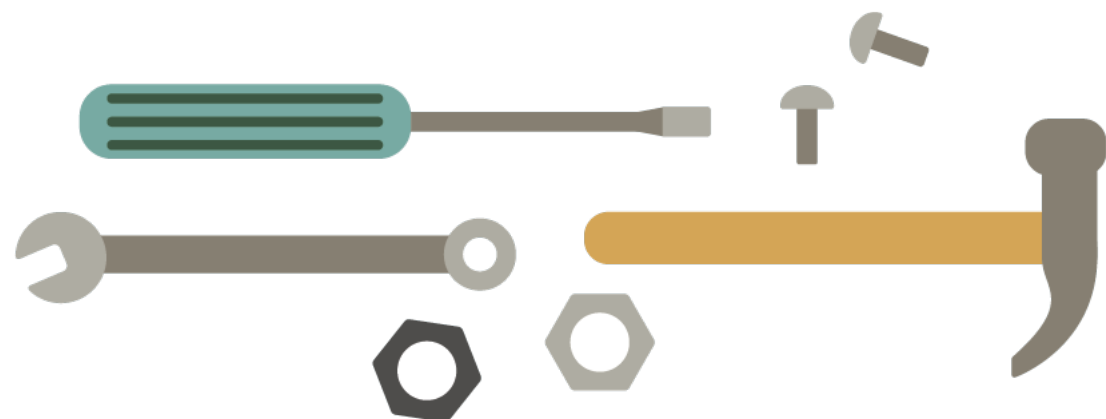
BACKGROUND

Cairn has for over 30 years served a wide variety of communities throughout Scotland offering a range of affordable housing and related services.

With around 5,000 homes under management and offices in Edinburgh, Inverness, Bellshill, Irvine and Thurso, we address housing needs of people in both urban and rural areas, including dedicated housing for older people, mid-market, and market rent as well as larger properties used as hostel and supported accommodation.

Our aim, in partnership with the Scottish Government, Local Authorities and others, is to create strong communities by improving access to and choice in affordable housing and services.

We are a non-profit distributing organisation, controlled by a voluntary Board. We are a recognised Scottish charity and registered with the Scottish Housing Regulator as a Registered Social Landlord (RSL).



GOVERNANCE AND PERFORMANCE

At Cairn, we are committed to delivering value for money through transparent, ethical, and well-governed procurement. Our approach is not only about complying with the law, but also about fulfilling our wider responsibilities to our customers, communities, and the environment.

We understand that how we buy goods, works, and services reflects our values. That means avoiding suppliers or practices that could cause harm, damage our reputation, or fail to meet the expectations of those we serve. Our governance framework ensures procurement activity is well-managed, proportionate, and supports the delivery of our strategic aims.

HOW WE GOVERN PROCUREMENT

Procurement at Cairn is governed by a clear framework of policies, procedures, and statutory obligations:

- **Financial Regulations** – Set out the rules for how colleagues with spending responsibilities must carry out procurement
- **Procurement Strategy** – Provides the overall framework and objectives for all procurement activity
- **Procurement Policy** – Offers detailed guidance and tools for staff, Board members, and agency workers to ensure consistency and compliance

In addition to our internal framework, we comply with the Procurement Reform (Scotland) Act 2014, which promotes sustainable and responsible procurement across the public sector. Where our regulated spend exceeds £5 million in a financial year, we meet all statutory duties including:

- Publishing a procurement strategy and notifying Scottish Ministers
- Preparing an Annual Procurement Report (APR) and notifying Scottish Ministers
- Reporting on activity in line with Scottish Government guidance and section 18(2) of the Act

Even where not strictly required, we may still choose to publish procurement strategies and reports as a matter of good practice and transparency.

PERFORMANCE AND OBJECTIVES

Our procurement activity supports our wider mission to provide quality, affordable homes and services across Scotland. We monitor our performance using a set of clear and meaningful indicators:

- **Number of Suppliers** – Helps us identify areas of risk, such as dependency on a single supplier or managing too many small contracts, and supports efforts to improve efficiency and contract management
- **Community Benefit** – Tracks the number and value of projects delivered by suppliers that support our communities and align with our Corporate Social Responsibility commitments
- **Compliance with Contract Terms** – Ensures terms and conditions are signed, fit for purpose, and being followed by all parties
- **Innovation and Added Value** – Captures examples of suppliers offering new ideas or enhancements that go beyond basic contract requirements
- **Cost Avoidance** – Records actions taken during procurement and contract management to prevent unnecessary costs and deliver better value

CONTINUOUS IMPROVEMENT AND EXTERNAL ASSESSMENT

We are committed to continuous improvement in our procurement practices. One of the tools we may use to support this is the Procurement and Commercial Improvement Programme (PCIP). Delivered by a Centre of Expertise, PCIP provides a structured way to measure procurement capability and performance across the public sector.

For an organisation of our size, the most appropriate model is likely the PCIP Pulse Check Lite, aimed at those with annual spend between £2 million and £15 million. This assessment takes place every three years and is structured around four key areas:

- Leadership and Governance
- Development and Tender
- Contracts
- Key Purchasing Processes

This assessment helps us benchmark our performance, identify areas for development, and ensure our procurement activity continues to deliver value for Cairn and our communities.

FINANCE AND SPEND

Our annual investment in planned and cyclical maintenance is increasing. This reflects rising labour and material costs, but also our commitment to improving our homes and achieving our mission of providing quality, safe, and affordable housing. Over the next five years, our property investment budgets are projected to range between £5 million and £10 million per year.

We are committed to paying all invoices within 30 days, as required under Section 15(5) of the Procurement Reform (Scotland) Act 2014. The introduction of the Xledger financial system in 2024 will support us in meeting this obligation and improving the efficiency and transparency of our payment processes.

Formal procurement exercises, when carried out in line with both statutory requirements and our internal policy, continue to deliver innovation, added value, and improved outcomes across our services. However, we recognise the need to further reduce out-of-contract or ‘maverick’ spend to minimise financial, governance, and reputational risk.

To strengthen contract compliance and improve performance, we will:

- Reduce the number of suppliers and contractors operating under expired or extended contracts
- Increase market engagement to identify opportunities for savings and service improvements
- Ensure contract terms remain relevant and are actively managed
- Improve accountability and enable clearer audit trails
- Minimise the risk of non-compliance with procurement legislation and our own internal regulations

By taking these steps, we will continue to ensure our procurement activity is strategic, well-governed, and delivers the best possible value for Cairn and our customers.



LINKS TO THE BUSINESS PLAN

This document provides a framework to deliver against the strategic objectives identified in the Business Plan, covering the period 2024-2027. These are aligned with the following strategic outcomes.

Great Homes

Outcome 1

We have high quality homes.

We will continue to prioritise investment in our properties to ensure we provide warm, safe and secure homes for our tenants. We will use the data from our Asset Performance Review to understand the needs of our stock and to target the investment program and consider disposal or demolition and regeneration where appropriate. We will continue to work with our local authority partners to develop new build properties where appropriate to meet housing need across Scotland. We will continue to work towards our green homes and net zero targets and access grant funding where appropriate.

Outcome 2

We have thriving neighbourhoods.

It is not only important that we focus on bricks and mortar, but the neighbourhoods our tenants live in too. We will consider consolidation of where we have stock located to allow us to deliver services to customers in an effective manner. We will support tenants to stay in their homes, by providing access to welfare advice and other support services for those struggling financially. We will continue to reduce the time properties are empty and that we allocate to those in housing need. Working with partners, particularly local authorities, we will improve the estates and communities our tenants live in.



Great Services

Outcome 3

We have customer focused services.

Our customers are at the heart of the services we provide, and we will continue to involve them in our decision-making processes. We will update and modernise the services delivered within our independent living properties to ensure they meet our customer's needs. We will continue to use modern technology to allow customers to contact us in a way that is suitable to them and to deliver services in a timely manner. We will also use modern technology to ensure our customers' homes are safe.

Outcome 4

We are efficient and value for money.

Achieving value for money for our tenants is one of our highest priorities. We will review our charging framework for the services tenants receive to ensure that these are the best value. The service level agreements and our working arrangements with our partners will be updated to ensure we are getting value for money. We will continue to focus on how we procure goods and manage services to ensure we are getting the best value out of tenant's rent.



Great People

Outcome 5

We have skilled and engaged people.

Having the right people equipped with the right skills to deliver our services is important to us, as is our organisational culture expressed through our values. We will continue to invest in our team, whether that be staff or board members. We will continue to ensure that we recruit high quality individuals to work with us.

Outcome 6

We have sound governance.

Sound governance underpins every high performing organisation. We will build on our strong reputation, good relationship with the Regulator and continue to ensure that Cairn is run as effectively as possible. Compliance with regulatory standards and wider legislation, particularly that relating to Tenant and Resident Health and Safety will continue to be our priority. We will ensure we meet national standards and requirements for the safety of our customers.



WHAT IS PROCUREMENT?

Procurement is more than just purchasing. While purchasing focuses on the price of an order, procurement is about creating value and managing the total cost of ownership over the life of a contract. It involves a strategic and ongoing process that extends well beyond awarding contracts—it covers the entire lifecycle of acquiring goods, works, or services.

At Cairn, we use the 13-step Procurement Cycle to guide our approach. This model helps us achieve not only value for money, but also broader benefits such as innovation, sustainability, and community impact.

Although not every procurement exercise will result in cost savings, the Procurement Cycle allows us to:

- **Understand the need** – Review whether the requirement still exists or has changed. Can we meet the need in-house or does it require external support?
- **Assess the market** – Explore available solutions, supplier availability, and whether we need a bespoke or off-the-shelf product or service.
- **Access the market** – Choose the best route to market to maximise value, innovation, and community benefit.
- **Benchmark performance** – Compare offers against competitors and assess value, quality, and price.
- **Manage contract performance** – Monitor compliance with service level agreements and key performance indicators, ensuring a productive supplier relationship.
- **Oversee supply chains** – Ensure materials are ethically and sustainably sourced, with community benefits extended through the supply chain.
- **Manage assets** – Reflect on what worked well during the contract, whether redundant assets can be reused or sold, and manage decommissioning or disposal efficiently.

Procurement is a continuous process. It helps us manage risk, support our strategic aims, maintain supply security, and ensure fairness and transparency in everything we do.

By applying this structured and consistent approach, we can promote innovation, deliver added value, and achieve best practice—not just for Cairn, but for our suppliers and, most importantly, for the tenants and communities we serve.

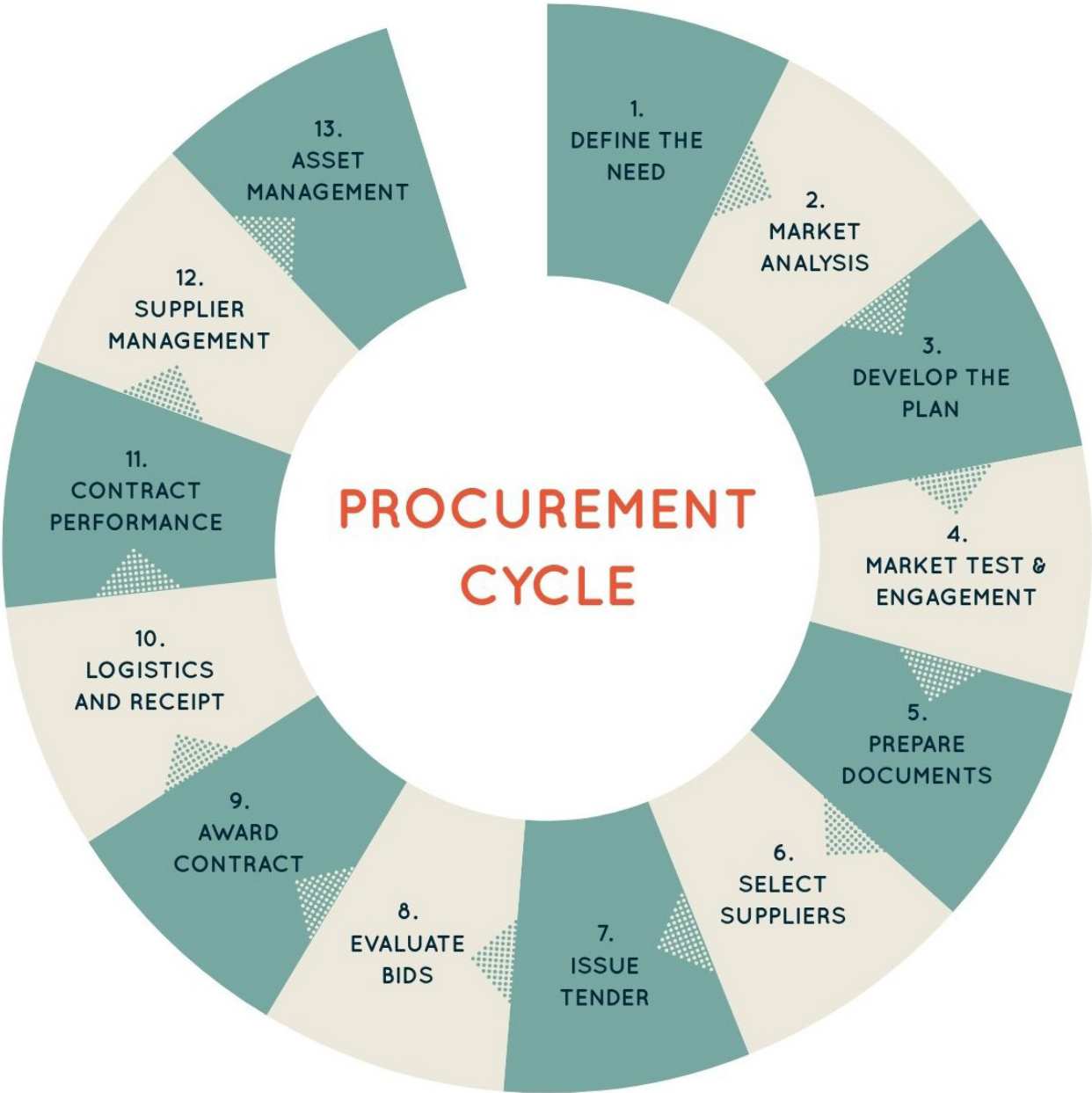
ANALYSIS

Since 2021, we’ve carried out over 50 procurement exercises where bidders were required to demonstrate added value, innovation, community benefit, and social responsibility. These tenders have not only delivered best value across a range of goods, works, and services, but also provided clear evidence of the ethical standards of successful bidders – including payment of relevant taxes and social security contributions, and exclusion of any links to human trafficking or terrorism.

Some recent examples of added value and innovation include:

- **Lone worker monitoring contract:** Roaming SIMs included at no extra cost, with annual fees frozen for the duration of the contract.
- **Supply of new laptops:** Devices with the lowest cost also offered 4K OLED screens and additional functionality.
- **Housing management system:** The intuitive design of the winning bid reduced staff training time and costs compared to other options.
- **Financial management system:** The successful supplier provided enhanced value through features like a built-in expenses module and bank details verification.

To reduce the number of contracts requiring re-tendering and continue securing these quality outcomes, we’re investing in staff training – particularly for budget holders and those with procurement responsibilities.



TRAINING

Our internal training programme focuses on the following outcomes:

Cost control and benchmarking

Even when direct savings aren't possible, we compare costs across bids to ensure we're achieving value for money.

Transparency and efficiency

Training supports compliance with procurement timelines and helps maintain an accurate, up-to-date Contracts Register, which we publish online and audit regularly.

Resource planning

Structured, scheduled procurement makes it easier to plan budgets and allocate resources effectively.

Supplier risk reduction

We assess supplier stability and ensure bidders meet our standards for ethics and social responsibility, protecting Cairn from financial and reputational risk.

Encouraging innovation

Staff are supported to explore new ideas and technologies, and we provide guidance on when to use performance specifications (which encourage innovation) over conformance specifications (which specify exact requirements).

Policy compliance

We reinforce the financial thresholds and procedures required for each route to market, in line with our procurement policy.

Developing procurement skills

We support staff in developing key capabilities, including:

- Supplier relationship management
- Negotiation
- Risk and contract management
- Strategic procurement
- Sustainability and corporate social responsibility

Through better training, stronger governance, and a focus on outcomes, we aim to deliver a procurement function that supports Cairn's strategic objectives and delivers lasting value for our tenants and communities.



POLICIES AND PROCEDURES

This strategy is designed to provide a detailed account of Cairn's procurement objectives. It should be read alongside the following policies and procedures, which you can find on Cairn's staff intranet, CHAT.

- Code of Conduct
- Corporate Social Responsibility Policy
- Declaration of Interests
- Financial Regulations
- Gifts and Hospitality Procedure
- Procurement Handbook
- Procurement Policy

Reference sources provided by the Scottish Government include:

- [PCIP](#)
- [Procurement Journey](#)
- [Procurement Reform \(Scotland\) Act 2014](#)
- [Procurement Thresholds](#)
- [Public Contracts Scotland](#)
- [Scottish Model of Procurement](#)

IMPLEMENTATION

This procurement strategy was approved by Cairn's Board on 27 May 2025 and is now published and in effect. It remains valid until 31 May 2028 and will be reviewed annually, on or before the anniversary of its approval.

The Chief Executive holds ultimate responsibility for ensuring compliance with this strategy and our Procurement Policy. Day-to-day monitoring and delivery of procurement responsibilities may be delegated to directors within each department, ensuring procurement is carried out in line with our policy, this strategy, and all relevant regulations.



OBJECTIVES

To support delivery of this strategy, we will focus on the following key areas:

1. Procurement Training

Training will be rolled out for all managers and officers with responsibility for procurement. This will cover:

- Why public bodies procure the way we do
- How to assess routes to market and conduct compliant procurement exercises
- When to initiate procurement and how to manage contracts using the Procurement Cycle
- Reporting requirements for regulated procurement over £5 million per year

2. Performance Management and Monitoring

- Define and establish key performance indicators (KPIs) to measure procurement effectiveness
- Monitor performance against KPIs across all regulated procurement
- Maintain a central register of regulated procurement activity

3. Expired Contract Review

- Identify all out-of-contract suppliers and contractors currently in use
- Remove or terminate contracts no longer needed or no longer fit for purpose
- Prioritise re-tendering of expired contracts based on cost, value, and risk
- Create a two-year forward procurement plan for key supply and works contracts

4. Policy Review

- Reassess procurement thresholds and price bands, particularly for Quick Quotes, to ensure they reflect current needs
- Expand guidance on the use of procurement frameworks to support compliance and value

5. Contracts Register

- Refine the draft Contracts Register to remove inactive or outdated suppliers
- Prepare a final version for publication on Cairn's website by June 2024
- Keep the register up to date as part of the ongoing review of supply contracts

GLOSSARY

The following is a list of key terms, and their meaning.

Benchmarking

Comparing performance or prices with other providers offering similar services to see how well you're doing.

Contract

A legal agreement between two or more parties (usually a buyer and a seller) that everyone involved agrees to follow.

Contractor

A person or business hired through a contract to deliver goods, services or work.

Contracts Register

A central list that keeps track of all current contracts, including who the supplier is, how much is being spent, and when the contract ends or needs renewed.

Form of Tender

A document included in the tender pack that the bidder must sign to confirm they understand the tender and agree to the terms and conditions.

Offer

A supplier's proposal to provide goods, services or work in return for payment.

Procurement

The process of buying goods, services or work - from identifying what's needed, to choosing a supplier, managing the contract, and eventually ending or replacing it.

Quality

How well something meets the needs or standards that were set.

Quotation

A price given by a supplier — either in writing or verbally — usually after being asked for it. Sometimes it confirms a price already discussed.

Risk

The chance of something going wrong and the effect it could have.

Risk Register

A document (often a table or spreadsheet) that lists potential risks, how likely they are, how serious they could be, and what's being done to manage them.

SMEs

Small and medium-sized businesses with fewer than 250 employees.

Specification

A description of what's needed — either listing detailed requirements (conformance) or the results the goods or services should deliver (performance).

Stakeholder

Anyone who has an interest in or is affected by the work being done — like tenants, staff, suppliers or partners.

Supply Chain

The different businesses involved in getting goods or services from the original source to the final buyer.

Sustainable Procurement

Buying goods and services in a way that supports environmental, social and economic goals.

Tender

A formal document asking businesses to submit costed proposals to deliver goods, services or work. It includes instructions on how and when to submit their bids.

Tender Documents

The pack of information given to potential suppliers. It includes instructions, specifications, forms, and questions they need to answer as part of their bid.

Tender Evaluation

The process of reviewing and scoring all bids received — based on things like cost and quality — to choose the best supplier for the contract.



OUR HEAD OFFICE:

Bellevue House
22 Hopetoun Street
Edinburgh
EH7 4GH

OUR WEBSITE:

www.cairnha.com

OUR EMAIL:

enquiries@cairnha.com

OUR PHONE NUMBER:

0800 990 3405