

Procurement Responsibility 2018 to 2019

These pages set out the policy and principles which Caledonian Maritime Assets Ltd (CMAL) has adopted to ensure that the procurement of goods, works and services complies with relevant legislation, other corporate policies and procedures and general good practice. It is our intention to achieve best value and sustainability in our purchases and the use of public money. Our Procurement Policy directly supports delivery of 'CMAL's corporate priority to *develop a sustainable and efficient business model to support our aims and ensure long-term viability*. The policy statement and key principles are given below, with further information for suppliers and details of our involvement in the National Fraud Initiative provided on the following pages. The full policy document is available at the bottom of these pages, as is our Procurement Strategy for 2017-18 which sets out how we will work to embed a culture of best practice, maximise benefits to the organisation and ensure our procurement is fair, competitive and transparent.

Procurement is defined here as the purchase of any goods, works and services, including consultancy, by CMAL from a third-party supplier, whether under formal contract or otherwise. All members of staff making purchases on behalf of the organisation are required to act in accordance with this policy.

'CMAL' means Caledonian Maritime Assets Ltd for the purposes of our Procurement Policy.

Policy Statement on the Procurement of Goods and Services by CMAL

CMAL will provide best value in its expenditure of public funds when procuring goods, works and services from third parties, in line with the principles set out below.

Key Principles for Procurement

The policy statement is underpinned by the following principles:

EC Treaty Principles and International Obligations

Procurement must observe European Community (EC) Treaty Principles of Equal Treatment, Transparency, Proportionality, Mutual Recognition and Confidentiality, and processes must comply fully with the EC Procurement Directives and the World Trade Organisation Government Procurement Agreement (WTO GPA)

Scottish Government Guidelines

CMAL will follow the principles of the Procurement Reform Program and we will follow best practice in procurement through the Scottish Government's Procurement Capability Assessment project. As part of this project CMAL has established an action plan to improve future capability. Attention is drawn to the Scottish Procurement Policy Handbook and the Scottish Procurement Policy Notes available at -

<http://www.scotland.gov.uk/Topics/Government/Procurement/policy>

Legislative Requirements

Procurement legislation from 18 April 2016

CMAL does adhere to the following information and refers to it for all procurement exercises taking place on or after 18 April 2016.

The EU Procurement Directives aim to contribute to the [Europe 2020 Strategy](#) as well as ensuring that public purchases are made in a transparent and fair manner. The Procurement Reform (Scotland) Act 2014 provides a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. As a whole, both the Act and the Directives provide the statutory foundations for the [Scottish Model of Procurement](#). These important changes to the rules on public procurement in Scotland resulted from:

- [Procurement Reform \(Scotland\) Act 2014](#)
- [EU Procurement Directive on public procurement](#)
- [EU Procurement Directive on the award of concession contracts](#)
- [EU Procurement Directive on the award of contracts by entities operating in the water, energy, transport and postal services sectors](#)
- [EU Procurement Directive for electronic invoicing in public procurement](#)

Together, the Act and the Directives will provide the statutory foundations for the Scottish Model of Procurement, simplifying, standardising and streamlining procedures for both businesses and public bodies. It will place sustainable and socially responsible purchasing at the heart of the process.

Corporate Social Responsibility: Equality, Ethics and Sustainability

CMAL recognises that the procurement choices it makes can have significant socio-economic or environmental implications, including consequences for the promotion of equalities, as set out in the Equality Act 2010. In procuring goods, works and services, CMAL will make every effort to ensure there are no unjustifiable negative impacts because of our actions.

Procurement must be undertaken in line with the highest ethical standards and with fairness to suppliers. To this end CMAL has signed up to the Scottish Government's Suppliers Charter. It is an offence under the Prevention of Corruption Act 1906 for those employed by CMAL in their official capacity corruptly to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything or showing favour or disfavour to any person. CMAL has policies on bribery and acceptance of hospitality and gifts, and a staff Code of Conduct which offer advice in this regard.

Best Value

The central aim of the procurement process is to ensure Best Value is achieved. Best value should not be judged solely on the basis of the lowest initial cost. Design, reliability, maintainability, running costs (carbon footprint) and disposal, for example, will affect the total cost over the life of a product. Factors such as these may justify a higher initial cost and be deemed most economically advantageous.

Purchasers should determine the appropriate balance between quality and 'whole life' costs when

procuring goods, works and services, and must be able to justify why a particular purchase was made.

A competitive procurement process is essential for achieving Best Value.

Competition

Procurement should be through open competition unless there are convincing reasons to the contrary.

Separation of Duties

In the interest of financial probity, the roles of budget holder/customer, purchaser and payment authoriser must be separated. To make a binding commitment the purchaser must be a *delegated approver* with an appropriate level of delegated financial authority. *Delegated purchasing authority* is required to be able to sign contracts on behalf of CMAL.

Transparency and Accountability

In relation to public procurement, the Freedom of Information (Scotland) Act 2002 provides a general right of access to information about all public contracts and procurement activity held by CMAL, subject to certain conditions and exceptions. CMAL must therefore ensure all procurement is undertaken transparently and in such a way that would not bring any reputational damage to the organisation. CMAL is accountable for its procurement decisions. We may also be required to share suppliers' data with audit bodies for the purposes of fraud prevention.

Contracts

Contracts must be in writing and in accordance with Caledonian Maritime Assets Ltd Terms and Conditions, which are provided on the *Information for Suppliers* page.

Payment

Suppliers must be paid on time in accordance with contractual arrangements. The Scottish Government target for payment of invoices by public bodies is 10 working days.

External Consultancy

In all cases, consultancy must be procured in line with these guidelines. If consultants are employed by CMAL to undertake procurement they must abide by the same rules and procedures as CMAL staff.

Collaborative Contracts and Quick Quote

CMAL has access to several collaborative contracts through the Scottish Procurement and Commercial Directorate and the Government Procurement Service. These contracts cover many areas including stationery, utilities and business travel.

For many types of purchases with a value of up to £50k not covered by a collaborative contract, CMAL



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uses the Quick Quote facility on the Public Contracts Scotland website to seek competitive quotes. Over 50,000 suppliers are already registered on this quotation facility.

Advertising

For any procurement with a value greater than £50k and not covered by a collaborative contract, requirements will be advertised on the Public Contracts Web Site.

Information for Suppliers

In addition to the policy and principles for procurement set out on the main procurement page, the following information is provided for existing or potential suppliers to Caledonian Maritime Assets Ltd We are committed to ensuring a **fair, transparent and competitive** approach to awarding contracts. In support of this, CMAL has signed up to the Scottish Government's [Suppliers' Charter](#), which establishes ground rules for engaging and interacting with suppliers in order to facilitate access to public sector procurement opportunities.

CMAL applies a proportionate approach to **tendering**, based on the whole life value of the good, work or service to be procured and in line with Scottish Government and EU guidelines. The important thresholds to note are:

Whole Life Value of Good/ Work/ Service (exc VAT)

Thresholds to be applied as follows:

1. **Between £0 and £10,000.00** exclusive of VAT a best value supplier will be identified based on clearly defined product and/or services and /or works required and a minimum of one telephone quote sought
2. **Between £10,000.00 and £15,000.00** exclusive of VAT a minimum of 2 telephone quotes will be required based on clearly defined products and/or services and /or works required and recorded accordingly
3. **Between £15,000.00 and £50,000.00** exclusive of VAT a minimum of 3 Written quotes will be required based on clearly defined products and or services and /or works required. These will be conducted as far as possible using the Route 1 Quick Quote process of the Scottish Government Procurement Journey.
4. **Above £50,000.00 and EU threshold** (currently £172,514 (€207,000) for Supplies and Services for public bodies, £345,028 (€414,000) for utilities and £4,322,012 (€5,186,000) for works) exclusive of VAT will be advertised by way of an Invitation to Tender and full competitive tendering exercise carried out via the Public Contracts Scotland website using the Route 2 process of the Scottish Government Procurement Journey.
5. **Over the EU threshold** (currently £172,514 (€207,000) for Supplies and Services for public bodies, £345,028 (€414,000) for utilities and £4,322,012 (€5,186,000) for works) a full competitive European tendering exercise will be carried out using the appropriate procedure on





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the Public Contracts Scotland website.

* EC Threshold values from 1 January 2016 for Public Contracts (Scotland) Regulations 2014 - Schedule 1. Get of the EU thresholds.

For information on the **tendering and bidding processes**, suppliers may wish to consult the Scottish Government's Suppliers Journey guide. procurementjourney.scot

Suppliers are encouraged to register with the Public Contracts Scotland website, which provides free access to **contract opportunities** within Scotland. CMAL and other public sector bodies are required to advertise contracts worth over £50k on this site and registered suppliers can browse the notices posted. For lower value contracts, the Quick Quote facility allows public bodies to carry out a tendering exercise amount CMAL t registered suppliers, without the need to conduct a separate search for potential bidders. It provides the structure for sealed-bid tenders and can be used for contracts up to the value of £50k.

The standard **terms and conditions** used by CMAL for different types of contract can be access through the links to the right of this page.

There are circumstances under which we will be required to **disclose information** that we hold relating to suppliers and procurement activities. All previous, existing and potential suppliers and contractors should note that CMAL is subject to the provisions of the Freedom of Information (Scotland) Act 2002 which provides a general right of access by any person to information that is held by us. This means that we may be required to release tender documents, contracts, correspondence etc. if requested. We are also participating in the Audit Commission's National Fraud Initiative which requires us to provide suppliers' details to be matched to data held by other public sector organisations, for the prevention and detection of fraud.

Contacts

For further information on the Procurement Policy or If you have any questions about CMAL's approach to procurement, as well as any feedback on working with us as a supplier, please contact:

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