



Annual Procurement Report

1st April 2021 to 31st March 2022

Information for Board Members

At the Board meeting in the 16th of Feb 2022, the Board asked that the draft Annual Procurement report was completed and returned for approval prior to the statutory submission required annually in September.

Scott would like to draw to the attention of the Board:

1. **Procurement Strategy** – Bullet points on pages 4 & 5.
2. **Summary of Procurement Activity** – Pages 5 & 6.
3. **Supported Businesses** – Page 7
4. **Summary of AHA's Expenditure & Supply Chain** – Page 8 - Very important information outlined within this section and I am sure the Board may wish to spend some time on this.
5. **Community Benefits** – Page 10
6. **Future Regulated Procurement Summary** – Pages 11 – 13

Recommendation: The Board are asked to consider and approve the report

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Foreword

Angus Housing Association (AHA) published its first Procurement Strategy in April 2021 as required by the Procurement Reform (Scotland) Act 2014 (the Act). This Strategy covers the period from March 2021 to March 2024.

In order to comply with this Strategy and the Act this document marks the publication of the first Annual Procurement Report for AHA. The purpose of this report is to publish AHA's procurement performance and achievements in delivering its procurement strategy.

It should be noted that the organisation has recently underwent a transformation in respect of its procurement processes, policies and strategy and therefore the findings within this report may well still be within the infant stages of change.

Between the 1st of April 2021 and 31st March 2022, one regulated procurement(s) were completed all were carried out in accordance with AHA's procurement strategy.

During the same period, community benefits were included in four (4) awarded regulated Procurements in relation to St Vincent's New Build Housing Development, Brechin Re-Roofing Programme, Fergus Square Passivhaus New Development and Kirkbank Air Source Heat Pumps.

The Association is currently in the process of reviewing spend analysis to identify areas of high risk expenditure for all of its contracts in relation to Goods, Works & Services, which will in turn identify the number of regulated procurements over the next two financial years which may require to be carried out and may also be subject to change.

Introduction

This report has been prepared as the Annual Procurement Report for the period 1st April 2021 – 31st March 2022 to meet the requirements of the Procurement Reform (Scotland) Act 2014 which requires any public organisation which has an estimated annual regulated spend of £5m or more (excluding VAT) to prepare an annual report on their regulated procurements completed during that period.

Procurement Strategy

AHA published a Procurement Strategy in April 2021 for the period from March 2021 to March 2024.

The purpose of the strategy is to:

- Deliver value for money through good procurement practice including involvement in collaborative procurement initiatives and purchasing consortia as required. Our procurement process will enable staff who procure goods and services to achieve value for money in purchases. It will enable staff to have the tools and guidance on achieving and evaluating value for money.
- Support internal departments and colleagues to enhance tenant engagement and experience through good Procurement practices. Ensure that sustainable procurement is a key aspect of all procurement activities within AHA with a key focus on quality, value for money and where possible, community benefits. We will ensure that staff have training that is appropriate and relevant, to enable them to undertake procurement activity associated with their role.
- Develop a suite of key performance indicators (KPIs) as well as other management information to measure and improve procurement-related activities and supplier performance assisting key stakeholders across the organisation to meet their requirements.
- Sustain and further develop partnerships within the sector, with other publicly funded and professional bodies, and appropriately with supply markets that will produce intelligence, innovation and deliver value to users of procurement.
- We will maintain a comprehensive policy and procedure (and other associated documents) to ensure that our procurement processes are fully compliant with legislation and best practice.
- We will continue to analyse the way we procure goods and services, to ensure that we are embracing innovation and new ways of working. We will look to establish our

processes in the most advanced methods and systems and ensure that we procure goods and services as per AHA's Procurement Policy.

- We will establish a framework for monitoring and reporting performance including community benefits, stakeholder outcomes and key performance indicators.

Summary of Procurement Activity 2021/22

We are committed to making public procurement open and accessible to businesses especially small and medium sized enterprises (SMEs). All tender opportunities greater than £50K for Goods / Services and greater than £2M for Works are advertised on the Public Contracts Scotland (PCS) advertising portal and in the Official Journal where required.

We also publish contract opportunities below these thresholds in accordance with our Procurement Policy and our contract register on our website as required by the regulations.

The PCS portal has a 'Quick Quote' functionality which is a proportionate process to request and receive quotes for lower value contracts for Goods / Services and Works or alternatively for advertising mini competitions using collaborative framework agreements regardless of contract value.

Below is a list of Tenders / Quick Quotes and Direct Awards which have been advertised within the period:

<u>Invitation to Tenders</u>	<u>Contract Value</u>	<u>Goods / Works / Services Contract</u>
Invitation to Tender for Full House Renovation Works 20 Argyll Street, Brechin	£109,118.59	Works
<u>Invitation to Quotes / Mini Comps</u>		
Invitation to Quote for Pitforthie Re-Roofing Scheme	£608,973.59	Works
Mini Comp via SPA H1 Framework for New Build Housing Development at St Vincent's Dundee	£3M	Works

<u>Direct Awards via Collaborative Frameworks</u>		
SPA Consultancy Framework for Air Source Heat Pumps, Kirkbank	£1.1M	Works
SPA H1 Framework for Passivhaus New Build Housing Development	£1M	Works
Scottish Government Supported Business Framework for Street Signage	£431.19	Service

Summary of AHA's Regulated / Non-Regulated Procurements Completed

The table above shows a total of 6 procurement exercises carried out in the period of April 2021 to March 2022 all of these with the exception of one are in relation to Works contracts one of which is above the regulated threshold of £2M with the others below the regulated threshold.

Procurement exercises outlined above equate to a total procurement value in the region of **£5.8M**

A regulated procurement is any procurement for Goods/Services with a value of over £50,000 and for Works with a value of over £2 million. For the purpose of this section a regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end.

During the reporting period one regulated procurement was completed. All were carried out in accordance with the Association's Procurement Strategy

Summary on the use of Supported Business

Supported Businesses make an important contribution to the Scottish economy, through the goods and services they deliver, but also by providing meaningful employment, training and social support for those who may otherwise be excluded from the workplace.

This is an important element of the sustainable procurement duty and the steps taken by the organisation to facilitate the involvement of supported businesses in regulated and non-regulated procurements will therefore be helpful to the organisation in demonstrating compliance with that duty.

During the reporting period AHA direct awarded a contract to Scotland's Bravest Manufacturing Co via the Scottish Government's Supported Business Framework this was a small contract for street signage at one of our new build housing developments at St James Road, Forfar.

AHA are keen to support and encourage the use of Supported Businesses where the opportunity allows and where it is appropriate and proportionate to do so. We also need to ensure the requirements to utilise supported businesses meets the needs of the organisation and these opportunities will be assessed on a regular basis.

Summary on AHA's Expenditure & Supply Chain

Procurement activity within the organisation is still very much in its infancy years from the new policy and strategies being implemented early in 2021 in relation to both a Procurement and Payments perspective. Performance metrics are used to continuously track performance and identify areas for further improvement, the metrics used are:

Purchases	2021/22
Total Spend	£15,471,709.02
Total Number of Suppliers	371
SME's (Small Medium Enterprises)	286
SME Spend %	85%
Local Suppliers (Angus / Dundee)	156
Local Spend % (Angus / Dundee)	21%
Supported Business Spend	£431.19
Payments	
Total number of invoices paid	7,938
Invoices paid by electric means	7,938
Value of invoices paid by electric means	£15,471,709.02
Invoices paid within 30 days %	70%
Angus / Dundee supplier invoices paid within 30 days %	53%

Review of Regulated Procurement Compliance

AHA is committed to ensuring all regulated procurements comply with both the Association's Procurement Strategy and all relevant legislation. All awarded contracts are included in our contract register which is published on our website.

This includes compliance with sustainable compliance duties.

<u>Community Benefits Requirements</u>	Fully Complied All Contracts above £2m contained community benefit requirements in line with our Procurement Strategy.
<u>Payment of a Living Wage</u>	Fully Complied Where relevant and proportionate sustainability requirements, including support for Fair Working Practices and the Living Wage were included in contract documents.
<u>Value for Money</u>	Fully Complied All regulated contracts are tendered via the PCS portal. Collaboration on contracts used where appropriate.
<u>Payment of Contractors</u>	Fully Complied 65% of invoices were paid within 30 days during the reporting period. All regulated procurement contained the standard clause in relation to payment.
<u>Developing Staff in Procurement</u>	Fully Complied Internal training provided to staff with procurement responsibilities and is ongoing.

Community Benefit Summary

AHA are now building in processes that will allow us to capture Community Benefits that are being delivered as part of the contracts that are awarded where appropriate and proportionate to do so dependent upon contract value.

The relatively low costs of our procurement contracts for services and goods compared to the cost of development and new build contracts have made this a difficult area to tackle locally but we are committed to realising Community Benefits in all forms.

The Association is committed to maximising Community Benefits from its procurement activities. The use of Community Benefit clauses contributes to AHA's Procurement Strategy (April 2021).

Community Benefit clauses will be incorporated into all contracts where appropriate and proportionate to do so, and are mandatory in contracts with a contract value in excess of £4m.

Summary of Community Benefits 2021/22	
Total Number of Contracts	6
Total Number of Regulated Procurements (>£2M)	1
Number of Contracts (> £2M) with Community Benefit Requirements	1
Number of Contracts (< £2M) with Community Benefit Requirements	3
Total number of Contracts with Community Benefit Requirements	4
% of Community Benefits from the Total Number Contracts	67%
% of Community Benefits from the Total Number of Regulated Procurements (>£2M)	100%

Over the past few years Covid-19 restrictions have made it extremely difficult to establish new community initiatives. However, we are committed to re-start these when it is safe to do so.

Future Regulated Procurement Summary

The Association is currently in the process of reviewing spend analysis to identify areas of high risk expenditure for all of its contracts in relation to Goods, Works & Services, which will in turn identify the number of regulated procurements over the next two financial years which may require to be carried out and may also be subject to change.

Details of these contract requirements are shown in the table below: -

ITEM	YEAR	NOTES	TIMESCALES
Improvement programme			
Replacement central heating	2021-22	<i>Gas and electric mix</i>	Procurement in place for start May 2021. Suggested framework 2 + 2. Possibility of changing heating and /or fuel type to renewable.
		106 flats and houses	
	2022-23	<i>Gas and electric mix</i>	
		222 flats and houses	
	2023-24	<i>Gas and electric mix</i>	
		205 flats and houses	
	2024-25	<i>Gas and electric mix</i>	
		138 flats and houses	
Re-Roofing	2023-24	Brechin Road Arbroath 13 flats	Possible one off tender
Window Replacements	2023-24	The Baths Arbroath 19 flats	Possible small framework
		Victoria Street Montrose 10 flats	
	2024-25	Ormiston Rehab blocks 96 flats	
Contract Servicing			
Air Source Heat Pump Maintenance	Annually	18 properties Forfar and Friockheim	Serviced at the moment by Chillforce. Low value, but proper contract for all needs to be in place
Wet Electric Central Heating	Annually	Around 30 flats and houses in Forfar and Carnoustie	Poor heating systems gradually being replaced. Formerly serviced by McKenna. Needs longer strategy for maintenance
Emergency Lighting	Annually	Various common closes Dundee and Angus	Currently contract running 2018-23. Contractor is Helmore.

			Annual value £20k. No issues at present
Smart Technology Maintenance and servicing	Annually	Broomfield Montrose, Inveresk Dundee, Mauchline Terrace Dundee	Individual agreements for each site. Possible scope for rationalise. All with Intellicare.
Pat Testing	Annually	Individual houses Dundee and Angus Approx 30 houses	No contract in place. Low value. Two contractors instructed annually.
Periodic Electrical Testing	Annually	Entire housing stock 1/5 th every year over 5 years	Contract in place with Mustard at present 2017-22. £23k annual value.
Stage 3 Adaptation Maintenance	Annually	Various houses in Angus and Dundee with medical adaptations requiring annual servicing	Annual agreements in place for individual addresses from various companies. Nothing pulled together. Unknown annual value.
Stair Cleaning	Annually	All common closes apart from the rehab blocks in Ormiston	Contract in place with SCS 2020-25. Annual value £17k
Installation of Medical Adaptations			
Stage 3 adaptations	Separate funding from the SG each year	Variety of medical adaptations carried out each year. Approx 90-100 every year, ranging from handrails, overbath showers, level access showers, stairlifts etc.	No contract in place. Individual quotes for each adaptation. Annual value depends on funding. 2019-20 we spent £123k. Scope here for some form of framework.
Consultants	Improvement and development programme	Various consultants ranging from QS/Emp Agent/Architect/Engineers etc.	We don't use any framework but now have access to Kingdom HA's framework and GHA's framework. Currently we select from local consultants and tender but not through PCS. Needs tightened up.
Development Projects	2021-22	Fergus Square Arbroath	Small site 5 units. Looking to develop site for Passivhaus project which may entail

			particular skills and experience from consultant and contractor
		Guthrie Street Friockheim – former Lunan Park Resource Centre Site can accommodate 12-13 units	Need to acquire site, then procure consultants and contractor(s)
	2022-23	Former Gowriehill Primary School Dundee – possible joint development with DCC Site can accommodate between 43 – 53 units depending on boundary Meeting to be arranged by DCC before Xmas.	Procurement to be decided between AHA and DCC depending on outcome of meeting
Stock Condition Surveys	2020-21	Annual Stock Condition Surveys	Completed B4 end March 2021

Procurement Complaints Received

No formal challenges or complaints were received by the Association during the reporting period.

Annual Procurement Report Ownership

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