



Loreburn
Housing Association

Creating Great Places to live

Annual Procurement Report 2018

Introduction

Loreburn Housing Association published its Procurement Strategy, as required by the Procurement Reform (Scotland) Act 2014 (the Act), in December 2016.

The guidance and template issued by the Scottish Government to report on our performance from 2017/18 onwards has been used.

The report covers Loreburn Housing Associations 2017/18 financial year which ended on the 31 March 2018.

The strategy and the annual report has been published despite the total Loreburn regulated procurement spend being below the £5million threshold for which the report is required. Loreburn Housing Association seeks to apply the principals of openness and transparency to all of its stakeholders. It is also anticipated that going forward with the planned development programme will see us exceed the £5million threshold.

Section 1 – Summary of Regulated Procurements Completed

In total there are 19 live contracts listed in the Associations contract register; of these 11 (4 contacts and 7 call offs) were awarded in the year 2017/18. The 11 are as follows:

Contractor	Works/Good/Services	Procurement Method
John O'Connor	Grounds Maintenance	PCS
Open View	Fire Risk Assessment Works Arising	Fusion 21 Framework
Arthur J Gallagher	Insurance	OJEU
EnvironTec Limited	Asbestos Surveys	SPA Framework
Mears Ltd	Adaptation Works	PCS
Brown & Wallace	Stock Condition Surveys	PCS
Girbau UK	Laundry Equipment	ESPO Procurement Framework
Open View	Fire Alarm & Emergency Lighting Maintenance	Fusion 21 Framework
Anglian Building Products	Windows & Doors	Pfh Framework
OPUS Energy	Landlord Gas and Electrical Supply	Framework
Bell Group UK Ltd	Cyclical Painting Programme	Fusion 21 Framework

The Association used a variety of methods from Public Contracts Scotland (PCS) to pre-existing frameworks to meet its procurement needs for the year. All regulated procurement methods are reviewed to ensure that the correct route to procure is chosen in order to give the Loreburn customer the best value for money option.

The following contracts came to an end during the year:

Contractor	Works/Good/Services	Procurement Method
Chubb Fire and Security Limited	Fire Alarm & Emergency Lighting Maintenance	PCS
Everwarm	EESH Heating Replacements	PCS
McTear Contracts Ltd	Heating Replacements	PCS

The McTear Contract was terminated and the other two ended as a result of the contract period ending.

The full list of regulated procurement spend on contracts agreed during this financial year and previous financial years by the Association can be found in Appendix 1.

The up to date contracts register is publicised on the Association's website and can be found at the following link: <https://loreburn.org.uk/get-involved/information-downloads/>

Section 2 – Review of Regulated Procurement Compliance

As noted we published our procurement strategy in December 2016 and we have since revised it in June 2018.

The overall objective for the strategy set in December 2016 was to support the Associations Corporate plan by delivering best-in-class procurement outcomes which are customer focused whilst achieving value for money, innovation and delivering sustainable social value.

In order to achieve this the following key items were to be undertaken:

<u>Item</u>	<u>Outcome</u>
Tender process document templates	A suite of standardised templates were to be made available in a central location for all staff. Following the revision of the procurement policy in June 2018 a suite of standard documents is now available for use.
Electronic tendering systems	The use of quick quotes and e-tendering was to be used. There was little take up on this during the year but it forms part of the new procurement policy so will be more readily used this year.
Procedures and guidance	To ensure our procurement process was effective we would update and maintain our procedures and records throughout the year. The new policy was finalised in June 2018 and the procurement register is also being updated and maintained.
Value for Money	All of our tenders were done to achieve the best value for money for our customers. The quality/price ratio used on tenders always favoured quality over price to ensure that our customers were getting good products or services.
Risk management	A clear due diligence process for all new suppliers would be carried out prior to the awarding of any contract. This was successfully carried out by the Director of Finance and Corporate Services and the Finance and Procurement Manager during the year.
Sustainable social and environmental performance	Our aim was to strive to maximise the social value and environmental benefits from our tendering activity. The new procurement policy includes key performance indicators to ensure that our supply chain is providing social and environmental benefits. Our list of these indicators can be found in Appendix 2.
Contract management and procurement training	In order to hold our supply chain to account, staff within the Association have undergone training to ensure they have they knowledge to challenge suppliers on agreed contract performance and to also assist them through the procurement process.

Customer and Stakeholder involvement	Our aim was to involve customer in designing and delivering the services they require.
Identify opportunities to achieve value for money through existing frameworks	We have used a number of frameworks as noted in section 1 which have provided us with value for money savings on both staff time and also quality of products provided.
Ethically traded goods	All suppliers in our supply chain are asked to use and source ethically traded goods.
Payment of invoices	Our aim was to pay our suppliers within 30 days. Of our invoices received in the year we paid close to 100% of suppliers on time with those not being paid on time due to us disputing the invoice. We did not check if sub-contractors had been paid on time and will do so as part of our new procurement policy next year.
Innovation	In conjunction with our supply chain we were to work together to come up with innovative solutions to our business needs.

Loreburn Housing Association is striving towards a robust and efficient procurement process that enables the organisational objectives to be achieved. The introduction of the new procurement policy which was finalised in June 2018 will help us achieve this. 2017/18 seen us hit our budgeted expenditure for the year which meant our objectives were achieved. Through smart and efficient procurement in key regulated areas, such as property component replacements, our customers benefited from good, quality goods and services which goes a long way in meeting our corporative objective of creating great places to live. To ensure further value for money is achieved further processes are needing to be embedded.

Section 3 – Community Benefit Summary

The Association did not carry out any regulated procurement in 2017/18 greater than the threshold required to insert a community benefit clause (currently set at £4million). As a result no such clauses was inserted into any of the tender documents.

As noted in section 2 our strategy is to ensure social value in our contracts and our latest procurement policy is reflective of this and we will report on these key performance measures next year. The Association’s mission of creating ‘great places to live’ we recognise can be achieved with us working with our supply chain in ensuring that we both are giving back to the community.

Of our live contracts above the community threshold not procured in the year the reactive repairs contract is the only contract the falls into this category. The supplier used is a local supplier and this contract is providing jobs to local people in the communities that we serve. They train modern apprentices which is providing jobs in a region where opportunities for employment can be difficult to come by.

Section 4 – Supported Businesses Summary

The Act includes a new classification for supported business: “an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged”.

Our regulated contract activity for the last financial year did not provide us with an opportunity to utilise the goods or services from supported businesses.

We do however make use of supported businesses for our non-regulated procurement activities.

Section 5 – Future Regulated Procurements Summary

The Act States that all estimated regulated procurement over the next two years should be disclosed by the Association. Appendix 3 provides this summary.

There is 1 potential extension to the current contract, 9 known relets (replacement tender process) and 1 new tender due over the next two years. This represents a significant workload for the Finance and Procurement Team, Asset Management Team and Development team.

Section 6 – Summary

Loreburn Housing Association recognises historically, that in terms of procurement, we haven't always achieved the best possible outcomes for our customers. However following the completion of the new internal policy on procurement the focus is now on improving the quality of the Associations outputs, ensuring our tenders are clear, concise and attractive to the market.

Customers will be consulted, where applicable, on the tendering outcomes to ensure we are procuring the goods and services they expect.

Once the tender is advertised, supporting suppliers to engage with the Association through the legislative is key to the success of our procurement programme.

This includes taking time at the outset of each tender to consider not just the financial impact but also the added value that the contract can deliver, including the economic, social and environmental benefits.

The revised procurement strategy reflects these aims and our report next year will be the starting point to evidence that we are progressing well to meeting our targets.

Appendix 1

Regulated Procurement Register – FY 2017/18

<u>Date of Award</u>	<u>Contractor</u>	<u>Works/Good/Services</u>	<u>Estimated Value (including VAT where applicable)</u>	<u>Start Date</u>	<u>End Date</u>
10/11/2015	Enterprising Dumfries & Galloway	Reactive Maintenance Framework 2016-19/2020	4,250,364	04/04/2016	31/03/2019
14/12/2015	Enterprising Dumfries & Galloway	Gas Safety Framework Agreement 2016-19/2020 (Lot 1)	176,518	04/04/2016	31/03/2019
14/12/2015	Enterprising Dumfries & Galloway	Gas Safety Framework Agreement 2016-19/2020 (Lot 2)	151,866	04/04/2016	31/03/2019
20/06/2016	Enterprising Dumfries & Galloway	Communal Cleaning	403,742	01/10/2016	30/09/2020
09/05/2017	Aitken Turnbull Architects Limited/Asher Associates Limited/McGowan Miller	Principle Designer - New Build House	750,000	01/01/2017	01/01/2021
21/08/2017	Robert Potter & Partners/Asher Associates Limited/MR Rodgers	Principle Designer - New Build House	1,000,000	01/01/2017	01/01/2021
07/02/2017	Arthur J Gallager	Insurance - 3 Years + 2 Optional	300,000	29/05/2017	28/05/2020
26/03/2018	OPUS Energy	Landlord Gas and Electrical Supply	209,124	01/04/2018	31/03/2020
22/12/2017	Anglian Building Products	Windows & Doors	90,000	12/03/2018	31/03/2020
Awaiting Signatures	Bell Group UK Ltd	Cyclical Painting Programme	201,000	28/05/2018	31/03/2019
07/11/2017	Brown & Wallace	Stock Condition Surveys	82,017	07/02/2018	01/08/2018
12/10/2017	Open View	Fire Alarm & Emergency Lighting Maintenance	15,000	14/02/2018	14/02/2019
01/02/2014	Clartech Water Solutions Ltd	Water Quality	108,294	01/04/2014	31/03/2019
13/12/2013	Dumfries & Galloway Homes Limited	Kitchens and Bathrooms	1,300,000	01/04/2018	31/03/2019
11/07/2017	EnvironTec Limited	Asbestos Surveys	37,056	01/08/2017	01/08/2018
01/02/2018	Girbau UK	Laundry Equipment	92,707	12/02/2018	11/02/2024
23/03/2017	John O'Connor	Grounds Maintenance	121,063	01/04/2017	31/03/2019
07/09/2017	Mears Ltd	Adapatation Works	199,725	09/10/2017	26/03/2020
17/11/2017	Open View	Fire Risk Assessment Works Arising	646,000	01/04/2017	31/03/2019
01/12/2012	Chubb Fire and Security Limited	Fire Alarm & Emergency Lighting Maintenance	85,000	14/02/2012	13/02/2017
01/10/2016	Everwarm	EESH Heating Replacements	355,329	19/12/2016	12/06/2017
29/07/2016	McTear Contracts Ltd	Heating Replacements	347,920	28/11/2016	Contract Terminated

Appendix 2

Loreburn HA Procurement KPI's

KPI 1 – Community Benefit

- Number of apprentices engaged
- Work placement / other training opportunities (hours)
- Community project / volunteering (hours)
- Management time committed to social enterprise schemes (hours)
- Financial contributions to community / social initiatives
- Gifts donated by suppliers / subcontractors to community / social Initiatives
- Cash and fundraising achievements

KPI 2 - Regulated Procurement:

- percentage of suppliers paid within 30 days
- number of contracts with savings negotiated, or improvements agreed
- number of contracts terminated due to poor performance
- number of ethical suppliers used
- contractors paying living wage – assessed through annual supplier survey
- percentage of spend using Small/Medium sized Enterprises (SME)
- percentage of spend using local suppliers
- number of jobs created/Community benefits arising from procurement
- percentage of customers satisfied with contractor performance

KPI – 3 Sustainability:

- Use of water and energy on site
- Life cycle costs
- Site waste management
- Renewables and whole house installation

KPI 4 – Equality in Pay

- Annual survey to suppliers

Appendix 3

Future Regulated Procurement Summary 2018/19 & 2019/20

Contract Title	Contract Description	New, Ext or Re-Let	Estimated Value	Est Publication Date	Est Start Date	Contract Duration
Gas Safety	Gas Safety – East Region of Dumfries and Galloway	Re-Let	£180,000	Dec 2018	1 April 2019	36 Months
Gas Safety	Gas Safety – West Region of Dumfries and Galloway	Re-Let	£160,000	Dec 2018	1 April 2019	36 Months
Legal Services	Legal services for: <ol style="list-style-type: none"> 1. Property, Property Investment and Regeneration, Shared Equity 2. Civil Actions 3. Corporate Defence 4. Employment Law 5. Contracts/Procurement 6. Banking and Finance 	New	£150,000	Aug 2018	September 2018	36 Months
Insurance	Property insurance and other insurance cover	Extend				
Landlord Gas and Electrical Supply	Supply of gas and electricity to communal areas	Re-let	£215,000	Oct 2019	1 April 2020	24 Months
Cyclical Painting Programme	Painting of all communal and external areas within schemes	Re-let	£250,000	Oct 2018	1 April 2019	36 Months
Water Quality	Legionella and other checks on all properties	Re-let	£115,000	Oct 2018	1 April 2019	60 Months
Grounds Maintenance	Grass cutting and other grounds maintenance to communal areas within schemes	Re-let	£350,000	Oct 2018	1 April 2019	36 Months
Adaptation Works	Install specially adapted works into properties	Re-let	£220,000	Oct 2019	1 April 2020	36 Months
Kitchen & Bathroom Replacements	Replacement of existing kitchen and bathrooms into properties	Re-let	£1,000,000	Oct 2018	1 April 2019	36 Months
Windows & Doors	Replacement of existing doors and windows to properties	Re-let	£200,000	Oct 2019	1 April 2020	36 Months
The Garrick	Development of a Foyer and supported accommodation	New	£4,300,000	Jun 2018	1 Oct 2018	36 Months
College Mains	Development of 42 units in North West Dumfries	New	£6,300,000	Already published	July 2018	36 Months
Longmeadow	Development of 32 units in Annan	New	£5,000,000	Feb 2019	April 2019	24 Months

Brooms Road	Development of 15 units in central Dumfries	New	£2,250,000	Dec 2018	Dec 2019	12 Months
Academy Street	Development of 27 Passive Standard flats in Castle Douglas	New	£3,000,000	April 2019	Aug 2020	16 Months
Selkirk Road, Moffat	Development of 31 Passive Standard EC & Sheltered units	New	£4,700,000	April 2019	Oct 2020	18 Months