



Loreburn
Housing Association

Creating Great Places to live

Annual Procurement Report 2020

Introduction

The purpose of this report is to enable Loreburn Housing Association (LHA) to comply with its obligations under the Procurement Reform (Scotland) Act 2014, Section 18(1) to prepare and publish an annual procurement report on its regulated procurement activities.

The Procurement Reform (Scotland) Act 2014 requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of the next financial year. This requirement also applies to an organisation that becomes aware of having this level of spend during the year.

In addition to the mandatory procurement strategy, to meet regulatory requirements the organisation must also prepare and publish an annual procurement report disclosing how its procurement activity has complied with its published procurement strategy.

LHA seeks to apply the principals of openness and transparency to all its stakeholders. We have prepared this report in the past without a legal requirement to do so. However, due to our ongoing new build programme we are annually exceeding the £5m threshold so are legally bound to complete both the strategy and the annual report.

A regulated procurement is any procurement for public goods/supplies or services with a value of over £50,000 or any procurement for public works with a value of over £2million.

The guidance and template issued by the Scottish Government to report on our performance has been used.

The report covers LHA 2019/20 financial year which ended on the 31 March 2020.

In compliance with Section 18(2) of the Act, this report will include:

- Summary of Regulated Procurements Completed
- Review of Regulated Procurement Compliance
- Community Benefit Summary
- Supported Businesses
- Future Regulated Procurements Summary

Between 1 April 2019 and 31 March 2020, 8 regulated procurements were completed.

Section 1 – Summary of Regulated Procurements Completed

Compliant procurement is a key fundamental to LHA's achievement of the strategic objective for delivering value for money and applying the general duties of fair and equal treatment as well as transparency and proportionality

In total there are 17 live contracts (at the end of June 2020) listed in the Associations regulated contract register; of these 8 (8 contracts) were awarded in the year 2019/20. One has been recorded so far in 2020/21. The 8 are as follows:

Contractor	Works/Good/Services	Procurement Method
Sidey	Windows & Doors	SPA Framework
Clartech Water Solutions Ltd	Water Quality	PFH Framework
idverde	Grounds Maintenance - Dumfriesshire Region	PCS
idverde	Grounds Maintenance - Galloway Region	PCS

Stevie Wight	Cyclical Maintenance & Repairs (Fire Alarm, Emergency Lighting, CCTV, Warden Call & Door Entry Systems)	PCS
Ashleigh (Scotland) Ltd	Development - Heathhall Phase 1A	Scotland Excel Framework
Wm Waugh & Sons (Builders) Ltd	Fire Risk Assessment Works Arising - Batch 1	PCS
John O'Connor	Grounds Maintenance	Fusion 21 Framework

During the reporting period, LHA engaged with multiple procurement routes to ensure we could obtain the goods/services/works required and a value for money cost. All regulated procurement methods are reviewed to ensure that the correct route to procure is chosen in order to give the LHA customer the best value for money option.

The full list of regulated procurement spend on contracts agreed during the 19/20 financial year, this current 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

The overall objective for LHA procurement strategy in 2019/20 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, we considered the following key priorities in delivering the strategy;

Priority	We will do this by:	Compliance
Rent affordability	Ensure we get the best deal, quality, and value	To ensure we get the best possible deal in any procurement our policy includes a 60%/40% Quality/Price split to ensure our customers get value out of contract and not just a race to the bottom on price.
Supporting Scotland's Economic Strategy	Investment by suppliers in the Communities we serve. Work with suppliers that create new opportunities for employment in D&G	Of the 8 regulated contracts we tendered, 7 were awarded to different suppliers. The only multiple supplier awarded contract was for Grounds Maintenance. Of the 7 suppliers chosen 4 have their Head Office in Dumfries and Galloway, so operate in the areas our communities are located. Of the 3 that do not have Head Offices in Dumfries, 2 operate staff bases in this area and employ local people.
	Innovation – work with suppliers that strive to innovate in product and service delivery	Supplier offerings now focus much more on digital interaction between us as a buyer and keeping our customer informed in terms of service delivery. However, organisationally this

		aspect of the strategy has fallen short on what we would have hoped to expect, in particular around Development and innovative product and service delivery. However, we recognise that we have promoted innovation through unregulated Development procurement with the building of 4 Passivehaus properties.
	Inclusive Growth – work with suppliers that provide training and employment opportunities, drive fair work practices, promote equality and tackle inequality and seek low carbon solutions	As noted above the supply base chosen has a significant presence in the area we operate. Community benefits are sought from contracts and we have secured 2x apprenticeships opportunities because of our Grounds Maintenance contract. Loreburn secured Living Wage Accreditation during this year and will ensure going forward that this features in our tenders going forward to ensure we retain this. We do note that more needs to be done around low carbon solutions and we will seek to challenge our supply chain to come up with these solutions.
	Involving SME in delivery of our goods/service/works	Our policy states that staff should review the register of suppliers on Public Contracts Scotland to understand what suppliers are out there to deliver what we require. Of the 8 regulated contracts we tendered in 2019/20, 6 went to SMEs.

Loreburn Housing Association is striving towards a robust and efficient procurement process that enables the organisational objectives to be achieved.

The Management Committee of Loreburn have recently approved the revised Procurement and Value for Money Strategy which was completely rewritten to expand on the key priorities above.

The updated strategy reflects the Scottish Governments shift to move to Zero Carbon and how through procurement we can support this.

It also looks at where we are at now and what has worked well for us and areas to improve;

- 2019/20 saw us develop our customer consultation process around regulated tenders that directly impact the customer. Our Grounds Maintenance contract was tendered, and we had responses from over 400 customers which helped shape and tailor the specification to the customers requirement. We also included 2 customers in the evaluation panel to seek their views on contractor bids which resulted in a value for money contractor being appointed. Customer consultation will continue and be strengthened under the new strategy.

- We will seek to develop our own new build supplier and consultant framework to deliver the innovation we require around delivery of Passive Haus properties, which is Loreburn's response to zero carbon and affordable homes.
- Moving away from use of national frameworks where we have historically been getting poor customer service.
- Develop an Aspirational standard for existing stock that will allow for long term major repair contract tendering.

In order to ensure measured progress the strategy now includes five ambitions to help us define progress towards our aims, being:

- All spend that can be positively influenced by procurement activity has a corresponding contract.
- All procurement activity complies with statutory and regulatory requirements and is supported by a detailed technical specification of our purchasing requirements.
- All relevant contracts are arranged to include sustainable procurement requirements.
- All relevant contracts are arranged to include community benefits and make use of these benefits.
- All staff trained to be able to carry out a regulated procurement activity.

Each year a detailed action plan will be created, and progress will be reported internally to the Audit and Compliance Committee. This report for 2020/21 will report on its progress next year.

In order to support this strategy a revised policy and procedure document was created to strengthen and clarify best practice procurement within the organisation. The key points to note were as part of all regulated procurement activity, regardless of a statutory requirement or not, all tenders would consider sustainability (the economic, social and environmental well-being of the authority's area, how it might facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses and to consider how it can promote innovation) and include a community benefit requirement. This will all be monitored and reviewed by the Board through approval of a procurement plan for each regulated tender.

Section 3 – Community Benefit Summary

During the reporting period Loreburn awarded one contract above the £4million threshold for ensuring community benefit clauses are inserted.

Of the one contract awarded greater than £4m, the Development of the former College site in Heathhall. This was a "call off" from the Scotland Excel Framework. At present there is no specific benefit clause within the current contract for Phase 1 of this development, however the contractor has advised that they undertake community benefits as a matter of course. These normally involve engagement with local schools. They are preparing a social video for schools on site safety awareness which will be played at school assemblies when they return for the new term. They are also sponsoring the local Dumfries Ladies Cricket team.

The contractor, along with the Architects, have advised that there is scope to include a benefit clause within the Phase 2 contract which could be in the terms of our choosing. Our intention is to tailor these to the needs of our customers.

In addition to this as part of our Ground maintenance tender, we derived as much community benefit as possible, this seen us achieve the following over the life of the contract:

- The recruitment of two new start apprentices during the contract period. The apprenticeship programme will provide experience, vocational certification and encouragement to work towards an SVQ in Amenity Horticulture. The intention is to retain the apprentices subject to satisfactory performance.
- Two supply chain briefings with SMEs. The contractor will support local SMEs with how to meet their approval requirements and assistance with tendering activities.
- £12k in financial support for a community project.

- 16 days of contractor staff time to support local community projects or initiatives that will add value to the community or the environment.

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 2 provides this summary.

There is 3 potential extensions to current contracts, 6 known relets (replacement tender process) and 12 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, the focus is now on improving the quality of the Associations outputs, ensuring our procurement supports the sustainable procurement aims and deriving community benefits that specifically will benefit the people we serve. We are seeking to ensure that our contractor management processes are robust and that we hold our suppliers to account for poor performance.

Customers will continue be consulted, where applicable, on the tendering outcomes to ensure we are procuring the goods and services they expect. This is now written into revised procurement policy.

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. Again, this is reflected in our revised policy.

The revised procurement strategy now reflects 5 key ambitions with action plans supporting delivery of these aims. This will be reported on in next years report.

Appendix 1

Regulated Procurement Register – FY 2019/20

Date of Award	Contractor	Works/Good/Services	Estimated Value (including VAT where applicable)	Start Date	End Date
20/06/2016	Enterprising Dumfries & Galloway	Communal Cleaning	403,742	01/10/2016	30/09/2020
07/02/2017	Arthur J Gallager	Insurance - 3 Years + 2 Optional	300,000	29/05/2017	28/05/2022
09/05/2017	Aitken Turnbull Architects Limited/Asher Associates Limited/McGowan Miller	Principal Designer - New Build House	750,000	01/01/2017	01/01/2021
21/08/2017	Robert Potter & Partners/Asher Associates Limited/MR Rodgers	Principal Designer - New Build House	1,000,000	01/01/2017	01/01/2021
01/02/2018	Girbau UK	Laundry Equipment	92,707	12/02/2018	11/02/2024
01/03/2019	OPUS Energy	Landlord Gas and Electrical Supply	209,124	01/04/2020	31/03/2023
05/03/2018	Bell Group UK Ltd	Cyclical Painting Programme	201,000	05/03/2018	04/03/2021
13/12/2018	Stewart & Shields	Development - Garrick Site	5,317,640	20/01/2019	15/03/2020
28/03/2019	BTO Solicitors	Legal Services Framework Agreement 2019-2022 (Lot 1-3) - 3 years + 1 optional	105,000	01/04/2019	31/03/2022
28/03/2019	TC Young Solicitors	Legal Services Framework Agreement 2019-2022 (Lot 4&5) - 3 years + 1 optional	75,000	01/04/2019	31/03/2022
09/08/2019	Cleartech Water Solutions Ltd	Water Quality - 2 years + 1 optional	50,000	01/09/2019	01/09/2021
11/10/2019	idverde	Grounds Maintenance 2019-2024 - Dumfriesshire Region - 3 years + 1 optional	80,000	04/11/2019	03/11/2022
28/11/2019	idverde	Grounds Maintenance 2019-2024 - Galloway Region - 3 years + 1 optional	80,000	20/11/2019	28/11/2022
18/11/2019	Stevie Wight	Cyclical Maintenance & Repairs (Fire Alarm, Emergency Lighting, CCTV, Warden Call & Door Entry Systems) - 1 year + 1 optional	110,500	02/12/2019	01/12/2020
11/03/2020	Ashleigh (Scotland) Ltd	Development - Heathhall Phase 1A	5,258,206	16/03/2020	01/02/2021
01/05/2020	Nithsdale Plumbing & Heating	Gas Servicing - 1 year + 1 optional	80,325	01/05/2020	30/04/2021
25/01/2020	Wm Waugh & Sons (Builders) Ltd	Fire Risk Assessment Works Arising - Batch 1	72,006	29/05/2020	21/08/2020

Appendix 2

Future Regulated Procurement Summary 2020/21 & 2021/22

Contract Title	Contract Description	New, Ext or Re-Let	Estimated Value	Est Publication Date	Est Start Date	Contract Duration
Insurance	Property insurance and other insurance cover	Re-let	£750,000	01/10/2021	29/05/2022	36 Months
Legal Tender	Legal Services	Ext	£120,000	01/01/2020	01/04/2022	24 Months
Communal Cleaning	Cleaning of internal and external communal areas	Re-let	£420,000	Mar-20	01-Oct-20	48 Months
Cyclical Repairs	Fire alarm systems, Emergency lighting, CCTV systems, Warden call systems & Door entry systems repairs.	Re-let	£120,000	Apr-21	01-Oct-21	24 Months
Adaptation Works	Install specially adapted works into properties	Re-let	£220,000	Jul-20	01-Oct-20	36 Months
Gas Servicing	Annual Gas Servicing & Safety Checks	Re-let	£105,000	Jan-20	01-May-20	24 months
EICR	Electrical Inspection Condition Report Programme	Re-let	£140,000	Feb-20	10-Aug-20	24 Months
Automatic Door Maintenance	Servicing and Repairs of Automatic Doors	New	£175,000	Aug-20	01-Oct-20	60 Months
Door Entry System Installation	Installtion of new door entry systems	New	£325,000	Oct-20	01-Jan-21	60 Months
Doors & Windows	Install of new doors and windows, Framework extenstion	Ext	£211,559.00	Extended	Extended	12months
Kitchens	install of new kitchens fit only, frameworks	New	145,200.00	Aug-20	Sep-20	12 Months
Kitchen Supply	Supply only framework	Ext	154,800.00	Extended	Extended	12month
FRA Works	Install of Automatic cross corridor systems communal areas- Smoke vent windows - Replace communal doors with FD 60 + 30 - Replacing windows with external doorways in supported properties - nstal Grade A fire alarm system - Fire compartmental works in Attic spaces and service spaces	New	240,000.00	Aug-20	Oct-20	12months
Glentroot Village	3 Properties extensive planned works	New	142,514.46	Jul-20	20/07/2020	3months
Longmeadow	Development of 32 units in Annan	New	£5,000,000	Scotland Excel	Sep-20	13 Months
Academy Street	Development of 27 Passive Standard flats in Castle Douglas	New	£3,000,000	Scotland Excel	Nov-20	13 Months
Former College Site Phase 1B	Development of 60 Units in East Dumfries	New	£13,300,000	Scotland Excel	Nov-20	21 Months
Racegreen Avenue	Development of 22 Units in Newton Stewart	New	£3,300,000	N/A (D & B)	Mar-21	15 Months
Former Church Site Lincluden	Development of 18 units in West Dumfries	New	£2,700,000	N/A (D & B)	Nov-20	12 Months
Consultancy Framework	Consultancy Framework for New Build Development	New	£3,000,000	Oct-20	Mar-21	36 Months
Contractor Framework	Developments - Incorporating Selkirk Road Moffat, Murtholm Langholm, Rosebank Farm Dumfries & Station Road Dalbeattie	New	£40,000,000	Aug-20	Jan-21	36 Months