

REPORT TITLE	Annual Procurement Report	
REPORT TO:	WSHA Board	 West of Scotland Housing Association
REPORT FOR:	Noting and Approval	
DATE OF MEETING:	31 st May 2023	
AGENDA ITEM:	B/22/64	
CONFIDENTIALITY:	Not Confidential	
AUTHOR:	Jennifer Cairns – Director of Corporate Services	
RESPONSIBLE DIRECTOR:	Not applicable	

PURPOSE OF THE REPORT:

The purpose of this report is to provide the Board annual update on procurement activities and progress made in relation to the Procurement Strategy.

BACKGROUND DOCUMENTS:

- Procurement Strategy

RECOMMENDATIONS:

That the Board

1. **Note the contents of this report**
2. **Approve the revised Strategy**

EXECUTIVE SUMMARY:

The Annual Procurement Report provides the Board with an update in respect of progress made against the objectives of our Procurement Strategy. It details Procurement activity from the past year and Key Performance Indicator Results in respect of Customer Satisfaction which is linked to supplier/contractor performance.

The report includes an update on revised Strategy and planned procurement activity as well as detailing current challenges in respect of procurement and increased risk in this area.

IMPLICATIONS OF THE REPORT	
FINANCIAL IMPLICATIONS AND VALUE FOR MONEY:	The report outlines the contract values and value for money achieved.
LEGAL AND NON SHR REQUIREMENTS:	The changes to the Strategy and also the publishing of the Strategy ensures that we comply with relevant procurement legislation.
KEY BUSINESS OBJECTIVES:	The Report and Strategy supports the achievement of the strategic aim to be “Well managed and financially strong”
LINK TO OTHER WSHA STRATEGIES:	The report and strategy link to the following strategies: <ul style="list-style-type: none"> • Green Strategy • Asset Management Strategy
CUSTOMER CONSULTATION AND COMMUNICATION REQUIRED:	We will involve tenants in any procurement where they are the end user. We have also included our customer care standards in the revised procurement strategy.
STAFF CONSULTATION AND COMMUNICATION:	Relevant staff have been consulted on the revised Strategy and the review of the policy.
EXTERNAL STAKEHOLDER COMMUNICATION:	Once approved we will send the strategy to the Scottish Government as per the legislative requirement.
HEALTH AND SAFETY:	There are no implications of this report.
EQUALITIES IMPACT ASSESSMENT:	Equalities Impact Assessment is attached.
ENVIRONMENTAL IMPACT CONSIDERATIONS	The Strategy links with our Green Strategy Objectives.
RISK REGISTER REFERENCE:	The annual report and revised strategy support the mitigation of the risk “Fail to procurement and manage contracts effectively” The report also includes a section on current risks in respect of procurement and what we can put in place to mitigate these risks.
SHR REGULATORY REQUIREMENTS:	The strategy and policy supports compliance with Regulatory Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

REPORT DETAILS:

1. INTRODUCTION & BACKGROUND

1.1 In April 2022, the Board approved WSHA's Procurement Strategy. This report provides an annual update on progress made against the Strategy.

1.2 A review of the Strategy has also been carried out and this report provides an overview of the key proposed changes to both documents and why these changes are being proposed.

2. Appendix 1 details progress that was made in relation to planned procurement activity as detailed in the Procurement Strategy approved by the Board in April 2022.

3. ISSUES FOR CONSIDERATION

3.1 STRATEGY UPDATE

Objective 1 – Ensure value for money is being achieved by the Procurement Strategy

Value for money is an essential part of our procurement strategy. Over this past year, it has been challenging to make efficiencies and ensure we obtain value for money due to the increase in costs and in some areas a limited number of bidders. With the majority of contracts we have procured we have seen significant increases in costs due to market conditions, increased costs and shortage of contractors and labour.

We have recently reviewed our Value for Money Strategy and are currently developing an efficiencies plan for this year.

Objective 2 – Establish a Framework for delivering, monitoring and reporting community benefit

We have included community benefit in our procurement processes this financial year where appropriate. Appendix 3 details the Community Benefit agreements that have either taken place or are underway.

It should be noted that all of the above benefit gained for our communities is in addition to the requirements set out in legislation other than the development contracts. The legislation states that for contracts over £4million in value, the Association must consider the inclusion of a community benefit clause in the contract. We have taken the approach to include community benefit proposals in all appropriate procurement proportionate to the value of the contract.

The key challenge in relation to Community Benefit is to ensure that the contractors deliver their agreements as well as the work they are contracted to do. We have incorporated this into contract management.

Young People's Employment and Training Strategy is incorporated into Willowacre Trust Business Plan, which provides a framework going forward for community benefit.

Objective 3 – Ensure tenant involvement in procurement that directly impacts our tenants

We have a five-year tender programme in place and the programme identifies which procurement exercises will include tenant involvement. This has been discussed and agreed with TAG. This year, we involved the tenants from Overtown and Law Street in respect of the refurbishment procurement for their properties. We held an open day at the Barrowfield Community Centre and got their views on different aspect of the refurbishment and these views were incorporated into the tender process. We also consulted with tenants at Charing Cross in terms of window replacements and this was one of our key transfer promises.

We will also ensure that there is tenant involvement in the development of the tender documents for the close cleaning contract as we start to prepare for this procurement.

Objective 4 – Ensure minimal environmental impact

We have always ensured this is factored into all procurement processes and where relevant we add a quality question in relation to this which has a score and weighting. This has been particularly important when we tender for our development projects. We will continue to develop this further in line with our new Sustainability Strategy and further review of the Procurement Strategy will come to the Board later this year which will include targets in respect of reducing our emissions and objectives in line with our new Sustainability Strategy.

Objective 5 - To effectively monitor and improve contractor and supplier performance

We have robust contract management in place and have established a contractor management framework. We now have a programme of in-house

customer satisfaction surveys in place which include a text survey link to all tenants who have a repair and also a text survey to customers in respect of planned maintenance e.g. bathroom/kitchen installation. This will allow us to manage contracts more effectively. We have just completed a review of our Contract Management Policy and are currently reviewing our Contract Management Procedures.

Objective 6 - Ensure a consistent, robust and transparent approach to procurement

Those regularly involved in procurement also attend regular sector training and forums to ensure our procurement is in line with good practice. The Director of Corporate Services has an overview of procurement and ensures that procurement is being carried out in line with the strategy and our policy and procedures.

We have carried out an analysis of our spend and an assessment of how much spend is within contract and what spend requires to be targeted in respect of contract coverage. We will include actions to increase contract coverage in overall Procurement Improvement Plan as detailed below. From the spend analysis process, the following has been added to the Procurement Strategy in terms of procurement of spend that is not currently within contract:

- Damp/Mould/Rot Works – we have seen an increase in these works and likely to see further spend in this area

Scotland Excel carried out a Procurement & Commercial Improvement Programme (PCIP) in 2018. It is a requirement of our Development Funding and we have a further PCIP assessment. The Director of Corporate Services and Development Manager are currently preparing for this assessment which is taking place on 5th June this year. The framework for this assessment can be found here for information.

<https://www.procurementjourney.scot/pcip/pcip-overview>

Following this assessment, we will develop a Procurement Improvement Plan to address any areas of improvement. The assessment report and procurement improvement plan will come to the Audit Committee in August.

KPI Reporting

The table below details our KPI Performance for 2022/23 in respect of the strategy:

KPI	Target	2022 Result	Commentary
% of appropriate procurement activities involving tenants	100%	100%	There were 2 procurements that required tenant involvement
% of satisfaction with repairs and maintenance	84%	90.00%	We now have an automated survey in place for all repairs to allow us to gather on real time information and follow up on any outstanding issues.
% repairs appointments kept	72.13%	90.00%	Up until Q3 of this year we did not have an appointments system in place. This is now in place and we now have 2 hour appointment slots in place.

% of repairs completed right first time	57.20%	90.00%	The current contractor is not meeting repair target timescales which has impacted on this indicator. An improvement plan is in place with the contractor
% of satisfaction with Planned maintenance	N/A	N/A	We did not collect this data for last year but are now collecting again for 2023/24
% satisfaction with management of the neighbourhood (Grounds Maintenance)	90%	92%	We have seen a real improvement in respect of grounds maintenance contractor. We hope to see improvement in this indicator in 2023 survey

As detailed above, we are currently developing our new Sustainability Strategy which will include KPIs in respect of sustainability and procurement.

Procurement Challenges for the Year Ahead

We reported to the Board in April 2022, a number of challenges that it was anticipated that we would face in respect of procurement last year. Unfortunately, we have experienced these issues in the past year and will continue to experience them in the coming year. It continues to be important that we have a partnership approach with key suppliers. The table below outlines the key challenges and what we will put in place to address these challenges:

Issue	Risk	Actions Identified
Increase in costs	Existing contractors approaching us in respect of increasing their costs	Development – design and build contracts (fixed costs) Any request needs to be considered and VFM established before agreeing to this approach.
Reduction of contractors in the market due contractors struggling financially	Difficulties in procuring new contractors and obtaining value for money	Seek competition for all tenders. Commit to longer agreements if helps generate interest / cashflow certainty from suppliers. Consider WSHA tender requirements – look at possible different ways of doing things Financial checks on key suppliers Consider joint procurement with other RSLs
Labour shortage – Existing contractors	Reduction in performance and customer satisfaction	Contract management and regular meetings with specific feedback to contractors

		In house customer satisfaction surveys – analyse and put actions in place as well as use to assist with contract management
Labour shortage – procuring contractors	Lack of capacity in the market	Take option to extend contracts where possible and where we have had satisfactory performance

4. REVISED PROCUREMENT STRATEGY

The Procurement Strategy is a 5-year Strategy, we review and update the strategy annually in terms of procurement activity over the past year and planned procurement activity. There are no significant changes been made to the Procurement Strategy. The Risk Management section has been updated to detail the issues we are experiencing which are detailed above. We also updated the strategy to ensure that it aligns with the objectives of our new Sustainability Strategy.

5. CONCLUSION

The annual report gives the Board an overview of procurement activity over the financial year 2022/23 in line with the Association’s Procurement Strategy. The report also outlines the changes to the revised Strategy and key challenges in respect of procurement over the next year.

RECOMMENDATION

5.1 The Board is asked to:

- (i) Note the contents of this report
- (ii) Approve the revised Procurement Strategy

Appendix 1 – Procurement Activity 2022/23

The table below provides an update in respect of procurement in 2022/23 as per our Procurement Strategy:

Contract Title	Contract Term	Anticipated Value	RAG Status	Progress Update	Follow Up Action
Chartered Surveyors	3 plus 2	£30k	Yellow	Extension agreed for 6 months and development will re-procure before expiry in June 2023	Include in new Strategy for 2023/24
Close Cleaning	3 plus 2	£200k per annum	Red	Has now been incorporated into the Charing Cross service charge review which commenced the end of October 22. A review has been completed and a wider procurement exercise will take place in 2023/24.	Include in new Strategy for 2023/24
Janitorial Services	3 plus 2	£50k per annum	Green	A review of this has taken place and this has now been included in our existing Grounds Maintenance contract	
Customer Satisfaction Surveys	3 plus 2	TBC – Annual Satisfaction Survey only	Blue	We have decided not carry out an annual satisfaction survey next year as the requirement is to do this every 3 years. We will tender for this next year.	Currently carrying out quick quote process.
Print & Mailing Tender	3 plus 2	£100k	Green	This has been completed and we have appointed Incdot.com as our new provider.	

Legal Services	3 plus 2	£300k		This tender has been issued and submissions are due in by 21 st April 2023	
Overtown Street	Specific MR works	£2m		This has been completed and Procast have been appointed.	
Pre 1919 energy efficiency	Specific pilot works	£80k		This has been completed and Everwarm were appointed.	
268 Gourlay St, demolition	One off demolition	£25k		Works procured and contractor ready to start on site subject to utility works being undertaken in advance by Scottish Power	
Fire Contract	3 plus 2	£184k		Contract was extended for this year	Include Procurement Strategy 2023/24
Lift Maintenance	3 plus 2	£65k		Contract was extended for this year	Include in Procurement Strategy 2023/24
Painting Contract	5 years	£500k		This has yet to be actioned yet due to other workloads and will require survey to identify what requires to be included for the purposes of procurement	Include in Procurement Strategy 2023/24
IT Support	3 plus 2	£100k		This has not yet been actioned due to other IT projects.	Include in new Strategy for 2023/24
Multi Functional Devices	5 years	£150k		This has been completed and we have appointed Apogee as our new provider.	
Consultant Framework (reduced to	4 years	£250k		Due to limited requirements for consultants in our development programme as the majority are developer-led	

QS/Employers Agent)				schemes, we have reduced this to a QS/EA procurement exercise. This has been completed – Langmuir and Hay appointed	
Warden On Call	5 years	£66k		<p>Has now been incorporated into the TEC review which commenced the end of October 22. The review will complete in January 23 then a decision will be taken on a wider procurement exercise. New estimate for completion is May 2023.</p> <p>We are currently awaiting information from Tunstall on delivery dates for the new equipment so we can determine warranty period etc. The procurement will take place after this. There are significant demands for Telecare equipment at present which is impacting on the timescales for this.</p>	Include in new Strategy for 2023/24
Snow Clearance & Gritting Contract	18 months	£100k		This has been completed and Idverde have been appointed for this contract. The prices submitted by them through the tender process were significantly lower than the prices they quoted to us the	

				previous year out with the procurement process.	
Meter Billing	5 years	£30k		This has not yet been actioned due to other priorities.	Include in Procurement Strategy 2023/24
Timber Window Replacement	5 Years	£5.8M		Tender is complete. Sidey have been appointed through a framework.	