



OAK TREE HOUSING ASSOCIATION

Annual Procurement Report

2018 - 2019

Contents

	Page
Section 1 – Introduction & Purpose	3
Section 2 – Summary of Regulated Procurement Completed 2017/18	4
Section 3 – Review of Regulated Procurement Compliance	6
Section 4 – Community Benefit Summary	13
Section 5 – Supported Business Summary	13
Section 6 – Future Regulated Procurement Summary	14
Section 7 – Annual Procurement Report Ownership & Contact Details	14

Section 1 – Introduction & Purpose

1.1 Introduction

This report summarises Oak Tree Housing Association's (OTHA's) regulated procurement activity completed between 1 April 2018 and 31 March 2019. 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 £2 million.

1.2 Procurement Strategy

Oak Tree Housing Association (OTHA) published its first Annual Procurement Strategy in December 2016. The Procurement Strategy (Appendix A) will be published with this Annual Report.

1.3 Purpose of the Procurement Strategy

The strategy for sourcing and procuring goods and services is fundamental to keeping the business running and developing.

This Procurement Strategy is essential in establishing (and maintaining) the processes, systems and relationships that contribute to the achievement of strategic objectives set down in OTHA's Business Plan. In doing so, it considers the needs of our customers, our service delivery requirements, our staff and our suppliers.

We make sure we buy the correct goods and services required by OTHA to run our business and deliver services to our customers at the right price and quality.

1.4 Executive Summary

Between 1 April 2018 and 31 March 2019, five contracts were subject to regulated procurement.

The value attached to the regulated procurement was £6,054,449.

OTHA expects to undertake procurement at an estimated value of £17.7m over the next two years. The actual value of procurement over the period will be subject to the outcome of programme and business plan evaluation.

Section 2 – Summary of Regulated Procurement Completed 2018/19

2.1 Regulated Procurement

As noted previously 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 £2 million. The value the procurement is measured over the total contract period. For the purposes of this section a regulated procurement is completed when the award notice is published or when the procurement process otherwise comes to an end. This includes contracts and Framework agreements. OTHA uses established Frameworks for a good deal of its procurement. Call-offs from established Frameworks have also been included in this report if the known aggregated value of a particular LOT is subject to regulated procurement.

2.2 Summary

The number of each type of regulated procurement and the process followed for those completed 1 April 2018 to 31 March 2019 are:

Provision	Open Tender	Restricted Tender	Framework Call-Off	Total
Goods	0	0	0	0
Services	0	0	1	1
Works	0	0	4	4
Totals	0	0	5	5

The detail of these regulated procurements are provide below:

Projects	Contract Award	Value	Procurement Route	Supplier
Planned & Cyclical: Lot 2 – ECO Works (Maple Road)	23/05/18	£74,207	I-FLAIR Framework (Mini Tender/ PCS - Quick Quote)	Mitie
Planned & Cyclical: Lot 3 – Window Replacements	31/05/18	£42,694	IFLAIR Framework (Mini Tender/ PCS - Quick Quote)	Lakehouse
Planned & Cyclical: Lot 10 – Painterwork	01.10.18	£51,760	I-FLAIR Framework (Mini Tender/	JS McColl

			PCS - Quick Quote)	
Development: Auchmead Road Newbuild – Contractor/Principal Designer Appointment	07.01.19	£5,381,265	SPA Framework Call-off	CCG Ltd
Development: Tweed Street/Tay Street – Design Team Appointment	08.01.19	£504,523	Wheatley Group Framework Call-off	Mast Architects

Section 3 – Review of Regulated Procurement Compliance

3.1 Review of Compliance with the Procurement Strategy

The following is a summary of compliance against our Procurement Strategy and the Regulated Procurement undertaken in 2018/19.

Our Procurement Strategy addresses the following key objectives

1.0 Compliance – We will comply with all relevant legislation and internal procedures	
We do this by:	Review of Compliance:
Ensuring that staff are kept aware of forthcoming legislation	Complied - We are members of the Scottish Federation of Housing Associations (SFHA) and the Glasgow and West of Scotland Forum of Housing Associations (GWSF). They ensure that their members are kept apprised of forthcoming legislation
Ensuring that we continually review our policies and processes	Complied - As a business requirement, OTHA regularly reviews its policies and processes. A Policy Review Schedule is maintained and overseen by OTHA's Management Committee to ensure all policies are reviewed in accordance with programmed review dates.
Training staff to ensure compliance is maintained	Complied - Introduction to procurement is undertaken as part of OTHA's induction process. In addition, we are members of the Scottish Procurement Alliance (SPA) and Scotland Excel and their resources can be called upon to assist with the training of staff.

<p>Ensuring that the Guidance under the Procurement Reform Act (Scotland) Act 2014 is followed i.e.</p>	<p>Complied - The Procurement Strategy includes guidance on regulated procurement thresholds. In addition, OTHA's own Financial Regulations also give clear indication regarding delegated authority for procurement. During the course of this year compliance has been assured through the use of established frameworks and by utilizing the Public Contracts Scotland (PCS) Procurement Journey Toolkit.</p>
<p>Ensure that we track and monitor expenditure outside of agreed arrangements</p>	<p>Complied - Procurement undertaken outside agreed arrangements is subject to governing body scrutiny i.e. exceptions reports are provided for the Management Committee for review and sign-off before a decision to proceed is taken. This applies equally to regulated and non-regulated procurement. A number of non - regulated procurements were subject to exceptions reports and the governing body has been made fully aware of the circumstances regarding the reasons why.</p>
<p>Ensure our suppliers, contractors and subcontractors comply with all legislation related to the service they provide.</p>	<p>Complied – Due diligence is carried out as part of the selection process and subsequent audits are undertaken at pre-start meetings and again at contract progress meetings. Details are recorded the minutes of the meetings.</p>

2.0 Engagement and Collaboration	
We do this by:	Review of Compliance:
Engaging with service providers and customers to ensure they are kept aware of procurement requirements	Complied – Information provided in, annual reports newsletters, consultation meetings, AGM, meet the buyer events etc.
Ensuring that suppliers and service providers are given appropriate specifications regarding the goods and services that we need.	Complied – Specifications have been developed for the goods and services we need i.e. The I-FLAIR Framework has a suite of specifications covering requirements for the replacement of bathrooms, kitchen, heating systems etc., Development contract requirements are covered in Employers Requirement’s documents, project design briefs and NBS specifications. The Reactive Repairs contract incorporates the M3 NHF Schedule of Rates.
By undertaking research to ensure we source suitable suppliers.	Complied – Most of our suppliers are sourced from established Frameworks and the Public Contract Scotland Procurement Portal. For example, the Wheatley Group Framework was used to procure consultants services. The Scottish Procurement Alliance Framework was used to secure off-site manufacture and D&B construction services. The Scotland Excel Framework was used to secure a specialist contractor for the supply and installation of play area equipment. The I-FLAIR Framework is consistently used to source

	suitable suppliers for planned & cyclical maintenance contract work.
Ensuring suitable processes are designed and reviewed to ensure we work in a way that is effective and efficient	Complied - The established frameworks have processes in place that ensure procurement remains effective and efficient. Staff also take stock of the PCS Procurement Journey guidance
Ensuring that supplier performance feedback is obtained and acted upon	Complied – KPI's are introduced into contracts to ensure performance is logged and where necessary, acted upon. The outcome of feedback on the reactive repairs service contract gave rise to the service being re-tendered.
3.0 Category and Supplier Segmentation – To ensure we get the best use of resources, we continuously analyse spend and volumes for specific commodities and relate this to business continuity risk.	
We do this by:	Review of Compliance:
Analysing spend against functional activity and assessing this in terms business critical risk e.g. development spend, planned and cyclical maintenance spend, gas servicing, landscape maintenance, reactive repairs, purchase of supplies etc.	Complied – It remains evident from the analysis of OTHA's annual expenditure that procurement relating to the activities of development project work, responsive maintenance and planned and cyclical maintenance is still the most critical in terms of business risk. We have robust asset management software (SAMS – Strategic Asset Management System) in place that analyses expenditure trends and identifies where future resources need to be invested. The outcome of the annual analysis informs our

	future planning and subsequent investment needs. This has identified a number of areas where investment needs to be targeted.
4.0 Sustainability – In the scoring and evaluation of tenders OTHA will take into account those suppliers that can demonstrate they have the ability to supply goods and services that have a clear environmental advantage	
We do this by:	Review of Compliance:
Ensuring that tender documents are drafted appropriately to include questions that suppliers can answer that will demonstrate their ability to address sustainability requirements	Complied – All tender documents are drafted to include details to enable scoring and evaluation of a supplier or contractor’s commitment to address sustainability requirements i.e. Energy efficiency, reducing carbon footprint etc.
5.0 Measurement, Benefits and Reporting	
We do this by:	Review of Compliance:
Ensuring that a monthly dashboard to report performance against a range of KPI’s is prepared.	Not Complied – KPI’s are incorporated into the contracts and are monitored at contract level. A procedure has yet to be put in place to transfer this information into a monthly dashboard.
Measuring, reporting and publishing benefits achieved through the procurement of new and existing contracts	Complied – Community benefits are proportional to the value of contract undertaken and are measured on a points based system. For example, community benefit points are allocated to different types of benefits. This might include apprentice training, work placements or financial

	<p>support for a community project etc. Larger contracts attract more points and subsequently a higher expectation on the benefits that should be provided through the procurement process. Benefits KPI's are included as part of the contract monitoring process and these are used to monitor a supplier or service provider's compliance against the commitment they gave when their contract was awarded. The benefits realized for the contracts awarded during 2018/19 are included in the Community Benefit Summary.</p>
<p>Providing information annually to assist with budget setting for the future purchase of goods and services</p>	<p>Complied – The Future Regulated Procurement Summary details the regulated procurement that OTHA expects to undertake over the next two years. We have a loan facility in place that matches the capital cost requirements of our development programme. This is a strategic commitment that is reviewed at regular programming meetings with Inverclyde Council and the Scottish Government. Planned and cyclical maintenance commitments are also reviewed annually and OTHA's commitment to planned and cyclical maintenance over the next five years has been factored into the procurement of the new IFLAIR Framework. Work on this procurement started in March 2019. OTHA jointly procures this Framework with other partner RSL's who operate in Inverclyde and Renfrewshire. As a general principle, OTHA reviews historic</p>

	trends and market movement as part of the overall business planning process.
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3.2 Plan to Improve Future Compliance

During 2019/20 work will be undertaken to produce the monthly dashboard for recording KPI compliance.

We will produced a contract register to record all procurement, regulated and non-regulated. This will be updated regularly and published externally on a quarterly basis.

Section 4 – Community Benefit Summary

4.1 Community Benefits through our 2018/19 Regulated Procurement

OTHA operates a points based system that allocates benefit return proportional to the value of the procurement being undertaken. A community benefit return is expected where the procurement of works is valued over £100,000. A community benefit return of 70 points is expected to be delivered by the contractor procured by OTHA for its new build development at Auchmead Road in Greenock. Work started on this project in January 2019. Completion is programmed to take place in January 2020. In accordance with the points requirement the contractor has proposed the following community benefits and compliance regarding delivery of these benefits will be monitored against the community benefit KPI's for the project.

- 2 New starts
- 4 work placements
- Contribution to 2 Skills Survey Finding and Networking Sessions at West College Scotland (Greenock)
- Involvement/facilitation in Community Engagement/projects/initiatives (TBC)

4.2 Community Benefits Delivered in 2018/19

In respect of contracts awarded in previous years, Community Benefits totaling £9,768 were delivered during 2018/19.

Section 5 – Supported Business Summary

5.1 OTHA remains committed to including the involvement of supported businesses.

5.2 Public sector bodies are encouraged where possible to restrict the tendering process for goods or services to supported factories and businesses only.

5.3 Supported businesses are those businesses which fulfill the following criteria:

- Firstly, the business' primary aim must be for the social and professional integration of disabled or disadvantaged persons.
- Secondly, at least 30 per cent of the employees of those businesses should be disabled or disadvantaged.

5.4 OTHA does not currently have any contracts in place with supported businesses.

Section 6 – Future Regulated Procurement Summary

6.1 OTHA expects to undertake £17.7m of procurement over the next two financial years, however this may be subject to change. The following table provides a summary of our anticipated contract requirements during this time.

Functional Area/Procurement Route	Project	Procurement Value
Development (works) Negotiated D & B	Strone Farm	£2,178,919
Development (works) SPA Framework	Tweed Street / Tay Street	£9,628,309
Planned & Cyclical (works) I-FLAIR Framework	Kitchens	£321,480
Planned & Cyclical (works) I-FLAIR Framework	Bathrooms	£261,600
Planned & Cyclical (works) I-FLAIR Framework	Heating Systems	£458,771
Planned & Cyclical (works) I-FLAIR Framework	Windows	£209,916
Planned & Cyclical (works) I-FLAIR Framework	Ext Doors	£425,044
Planned & Cyclical (works) I-FLAIR Framework	Roofs	£58,552
Planned & Cyclical (works) I-FLAIR Framework	Render	£225,000
Planned & Cyclical (works) I-FLAIR Framework	Rewires	£440,028
Planned & Cyclical (works) I-FLAIR Framework	Painterwork	£201,060
Planned & Cyclical (works) PCS Route 2	Landscape Maintenance	£300,000
Planned & Cyclical (works) PCS Route 2	Gutter Cleaning	£45,000
Reactive Repairs (works) (OJEU)	Responsive Repairs & Voids Maintenance	£2,926,640

Section 7 – Annual Procurement Report Ownership & Contact Details

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