

**OAK TREE HOUSING ASSOCIATION LTD.**

**Annual Procurement Report**

**2020 - 2021**

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## **Section 1 – Introduction & Purpose**

### **1.1 Introduction**

This report summarises Oak Tree Housing Association Ltd's (OTHA) regulated procurement activity completed between 1 April 2020 and 31 March 2021. 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**

OTHA reviewed its Procurement Strategy in December 2020. 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 2020 and 31 March 2021, 1 contract was subject to regulated procurement.

The value attached to the regulated procurement was £10,228,758.42.

The estimated value of the procurement which OTHA expects to undertake over the next two years is yet to be determined at present. The actual value of procurement over the period will be subject to the outcome of a programme and business plan evaluation.

## Section 2 – Summary of Regulated Procurement Completed 2020/21

### 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 of 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 from a Framework is subject to the regulated procurement thresholds.

### 2.2 Summary

The number of projects subject to regulated procurement and the process followed for those completed between 1 April 2020 to 31 March 2021 are noted in the tables below:

Provision	Open Tender	Restricted Tender	Framework	Total
Goods/supplies	0	0	0	0
Services	1	0	1	2
Works	0	0	1	1
Totals	1	0	2	3

The detail of these regulated procurements are provide below:

Projects	Contract Award	Value	Procurement Route	Supplier
<b>Development:</b> Tweed St/Tay St New-Build – Contractors Appointment	14/08/2020	£10,228, 758.42	SPA Framework Call off	CCG (Scotland) Ltd ( <b>Works Contract</b> )
<b>Planned &amp; Cyclical:</b> Consultancy Services	25/05/2020	% of Works Value	SPA Framework Call off	Brown & Wallace ( <b>Services Contract</b> )
<b>Planned &amp; Cyclical:</b> Landscape Maintenance Extension	02/07/2020	£90,493. 94	Negotiated	John O’Conner Grounds maintenance Ltd ( <b>Service Contract</b> )

## 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 2020/21.

Our Procurement Strategy addresses the following key objectives

<b>1.0 Compliance – We will comply with all relevant legislation and internal procedures</b>	
We do this by:	Review of Compliance:
Ensuring that staff are kept aware of forthcoming legislation	<b>Complied</b> - 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 regarding current legislation
Ensuring that we continually review our policies and processes	<b>Complied</b> - 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	<b>Complied</b> - Introduction to procurement is undertaken as part of OTHA's induction process. In addition, we are members of the Scottish Procurement Alliance (SPA), Procurement For Housing (PFH) and Scotland Excel and

	their resources can be called upon to assist with the training of staff.
Ensuring that the Guidance under the Procurement Reform Act (Scotland) Act 2014 is followed i.e.	<b>Complied</b> - 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 utilising the Public Contracts Scotland (PCS) Procurement Journey Toolkit.
Ensure that we track and monitor expenditure outside of agreed arrangements	<b>Complied</b> - Procurement undertaken outside agreed arrangements is subject to governing body scrutiny i.e. exceptions reports are provided for the Management Committee to review and sign-off before a decision to proceed is taken. This applies equally to regulated and non-regulated procurement.
Ensure our suppliers, contractors and subcontractors comply with all legislation related to the service they provide.	<b>Complied</b> – 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 in the minutes of the meetings.
<b>2.0 Engagement and Collaboration</b>	
We do this by:	Review of Compliance:

<p>Engaging with service providers and customers to ensure they are kept aware of procurement requirements</p>	<p><b>Complied</b> – Information provided in, annual reports newsletters, consultation meetings, AGM, meet the buyer events etc.</p>
<p>Ensuring that suppliers and service providers are given appropriate specifications regarding the goods and services that we need.</p>	<p><b>Complied</b> – 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 a specified Schedule of Rates.</p>
<p>By undertaking research to ensure we source suitable suppliers.</p>	<p><b>Complied</b> – Most of our suppliers are sourced from established Frameworks and the Public Contract Scotland Procurement Portal. For example, The I-FLAIR Framework is consistently used to source suitable suppliers for planned &amp; cyclical maintenance contract work.</p>
<p>Ensuring suitable processes are designed and reviewed to ensure we work in a way that is effective and efficient</p>	<p><b>Complied</b> - The established Frameworks have processes in place that ensure procurement remains effective and efficient. Staff also take stock of the PCS Procurement Journey Guidance</p>
<p>Ensuring that supplier performance feedback is obtained and acted upon</p>	<p><b>Complied</b> – KPI’s are introduced into contracts to ensure performance is logged and when</p>

	necessary, poor performance is acted upon.
<b>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.</b>	
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.	<b>Complied</b> – 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.
<b>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</b>	
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	<b>Complied</b> – All tender documents are drafted to include details to enable scoring and evaluation of a supplier or contractor’s commitment to address



ability to address sustainability requirements	sustainability requirements i.e. Energy efficiency, reducing carbon footprint, recycling etc.
<b>5.0 Measurement, Benefits and Reporting</b>	
We do this by:	Review of Compliance:
Ensuring that committee meeting agendas include for the requirement to submit regular reports on performance against a range of KPI's	<b>Complied</b> - Reports submitted to the full management committee and appropriate sub-committees in accordance with agreed committee meeting cycles i.e. bi-monthly for management committee meetings and quarterly for sub-committee meetings
Measuring, reporting and publishing benefits achieved through the procurement of new and existing contracts	<b>Complied</b> – 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 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 realised for the contracts awarded during 2020/21 are

	included in the Community Benefit Summary.
Providing information annually to assist with budget setting for the future purchase of goods and services	<p><b>Complied</b> – 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 East Renfrewshire. As a general principle, OTHA reviews historic trends and market movement as part of the overall business planning process.</p>

### 3.2 Plan to Improve Future Compliance

Work was due to be progressed in 2020/21 to produce a monthly dashboard that would provide KPI compliance information for all regulated procurement. This did not happen and the exercise will now be taken forward in 2021/22.

We will produce a contract register to record all procurement, regulated and non-regulated. This will be updated regularly and a link to this will be provided on our website.

## Section 4 – Community Benefit Summary

### 4.1 Community Benefits Expectations

OTHA operates a points based system that allocates benefit return proportional to the value of the procurement being undertaken. The undernoted tables detail the Community Benefits that OTHA would expect to be delivered from procurement.

**Table 1**

<b>Community Benefits Points Expectations</b>				
	<b>Contract Duration</b>			
<b>Contract Value</b>	<b>Less than 6 Months</b>	<b>6-12 Months</b>	<b>12-24 Months</b>	<b>24-36 + Months</b>
£50 - 100k	5	5	5	10
£100 – 250k	5	5	10	30
£250 – 500k	10	10	20	40
£500 – 1m	20	30	40	50
£1m – 3m	40	50	60	70
£3m – 5m	50	60	70	90
£5m – 10m	60	70	80	100
£10m – 20m	70	80	100	120
£20m – 30m	80	100	100	140

**Table 2**

<b>Community Benefit Points Weighting Table</b>		
<b>COMMUNITY BENEFIT OUTCOMES</b>	<b>DESCRIPTION</b>	<b>COMMUNITY BENEFIT POINTS</b>
<b>Modern Apprenticeship</b>	Create a new Apprenticeship Position registered with sector skills body	<b>20</b>
<b>Graduate</b>	New position created for university Graduate	<b>20</b>
<b>Job (Unemployed)</b>	Offer employment to a new entrant that is seeking employment (employment offered for a minimum of 6 months)	<b>20</b>
<b>Trainee Position</b>	Offer structured training places to new entrant leading to industry recognised Qualifications.	<b>10</b>
<b>Work Experience Placement</b>	Provide a structured period of work experience for a pupil, student or trainee (a minimum of 4 weeks is required to achieve 5 points i.e. (1 x student for 4 weeks or 4 x students for 1 week)	<b>5</b>
<b>Education Support Initiative</b>  (maximum of 10 points available for this section)	Industry Awareness Days or Workshops for school pupils or college students.	<b>5</b>
	Structured Career Events for school pupils or college students	<b>5</b>
	Workplace Visits for school pupils or college students (minimum 10 students to qualify)	<b>5</b>
	School Mentoring or Enterprise Programme	<b>5</b>
	Supply Chain Briefings with SME's	<b>5</b>

<b>Supply Chain Development Activity</b>  (maximum of 10 points available for)	Business Mentoring with SME's	5
	Business Support for Social Enterprises, Supported Businesses, Third Sector Organisations	5
	Mentoring Third Sector Organisations	5
<b>S/NVQ Training</b>  (maximum of 5 points available for this section)	S/NVQ's or equivalent for Existing Employees	5
	S/NVQ's or equivalent for New Entrants	5
	S/NVQ's or equivalent for Sub-contract staff	5
<b>Community Capacity Building Activity</b>	Any Approved Community Based Project Activity	5
<b>Community Volunteering Activity</b>	Assisting Community Groups, Volunteering professional / Labour Assistance for project work etc. (other approved activity)	5
<b>Planted area re-furbishment / renewal</b>	Assisting Community Groups to re-furbish or renew planted areas	5

#### **4.2 Community Benefits expected from OTHA's 2020/21 Regulated Procurement**

Tweed Street/ Tay Street Newbuild Development – Contract value £10,228,758.

A community benefit return of 80 points is expected to be delivered from this procurement.

### **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 The estimated value of the procurement which OTHA expects to undertake over the next two years is unknown at present. The actual value of procurement over the period will be subject to the outcome of a programme and business plan evaluation.

Functional Area/Procurement Route	Project	Procurement Value
Planned & Cyclical (works) I-FLAIR Framework	Lot 1 Roofs	TBC
Planned & Cyclical (works) I-FLAIR Framework	Lot 3 Windows	TBC
Planned & Cyclical (works) I-FLAIR Framework	Lot 9 Rewires/Common Electrics/Elec Insp.	TBC
Planned & Cyclical (works) Scotland Excel Framework	Maple Road Demolition	£1,076,318
Reactive Maintenance (works) Restricted Tender via PCS	Reactive Repairs Contract	£650,000
Reactive Maintenance (works) Restricted Tender via PCS	Void Repairs Contract	£400,000
Reactive Maintenance (services) PfH Framework	Specialist Servicing & Repairs	£214,272.65
Finance (services)	Insurance Tender	£180,000

## Section 7 – Annual Procurement Report Ownership & Contact Details

7.1 Brian Praties, Development and Technical Services Manager

Sean Marshall, Senior Development Officer

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