


REPORT TITLE	Annual Procurement Report	
REPORT TO:	WSHA Board	 West of Scotland Housing Association
REPORT FOR:	Noting and Approval	
DATE OF MEETING:	27 th April 2022	
AGENDA ITEM:	B/22/046	
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:

This report gives an overview of progress made against each of the objectives in our Procurement Strategy including procurement activity over the past year and value for money obtained.

The Procurement Strategy has been revised and has also been expanded to include reference to our new values, customer care standards and considerations in respect of Scottish Government reporting. The report highlights the key additions to the Strategy which outlines proposed procurement activity for the next 5 years.

The report also contains a section outlining the current risks in terms of procurement as a result of Brexit, the pandemic, the increase in costs and the shortage of labour and materials.

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.
EQUALTIES:	There are no implications of this report.
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 2021, 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 2021.

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. Appendix 1 of the report details where savings have been made and value for money has been obtained through procurement.

We also have an annual Efficiencies Plan which includes key procurement areas.

It is not always possible to assess VFM from contracts solely by the savings made from procurement. We can often squeeze greater customer service or add to tender specification in new procurement. As you will see from Appendix 1 it is not always possible to assess savings, however it is important that we continue to have focus on either making savings or obtaining more value for money.

It is becoming more difficult to achieve value for money in the current climate of rising costs and shortage of contractors.

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.

We are also in the process of incorporating the Young People's Employment and Training Strategy 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 involving members of TAG in the options appraisal for the Void and Reactive Repairs Contract, they were also involved a Meet the Buyer event for the procurement of the new contract. We also met with TAG and got their input into the Grounds Maintenance tender and they will be involved in planning the contract mobilisation with the contractor. TAG's influence also resulted in the scope of tendered works under the kitchen and bathroom contract being improved to add floor coverings and painting. Over the next year, TAG will be involved in a number of procurements including the planned maintenance procurement, the first meeting on this with TAG was held at the end of March.

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 are developing this further in line with the Green Strategy that is now in place and we will focus on KPIs and reporting in relation to reduction in carbon emissions as part of our contract management. Our Procurement Strategy includes links between procurement and the objectives of the Green Strategy. We will be reviewing our Green Strategy in 2022 and looking to set carbon reduction targets.

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 are also expanding our customer satisfaction survey programme to include a satisfaction survey being sent to all customers following repair and other works. This will allow us to manage contracts more effectively.

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

Procurement is included in all staff induction. 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.

Procurement Challenges for the Year Ahead

The year ahead is likely to be the one of the most challenging years so far in respect of being able to procure effectively as a result of external factors such as Brexit, impact of the pandemic, rise in costs and shortage in labour and the war in Ukraine. It is important that we try and develop 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) Planned Maintenance – recently reproced k&bs, gas servicing, windows. Strong contract management and inflation clauses for some agreements Any request needs to be considered and VFM established before agreeing to this approach. Impact on budget and procurement legislation considered
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 Financial checks on key suppliers
Labour shortage – Existing contractors	Reduction in performance and customer satisfaction	Contract management and regular meetings with specific feedback to contractors
Labour shortage – procuring ontractors	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. This year further revisions have been made to the Strategy and these are outlined below:

- Inclusion of new values and customer care standards
- Inclusion of Scottish Government Public Procurement Priorities

5. CONCLUSION

The annual report gives the Board an overview of procurement activity over the financial year 2021/2022 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