


REPORT TITLE	Annual Procurement Report	
REPORT TO:	WSHA Board	 West of Scotland Housing Association
REPORT FOR:	Noting and Approval	
DATE OF MEETING:	24 th April 2024	
AGENDA ITEM:	B/24/049	
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 proposed procurement activity for 2024/25**

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 Annual Report and Strategy ensure we comply with the relevant procurement legislation. We also publish both on our website to ensure compliance and send both to the Scottish Government.
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"> • Sustainability Strategy • Asset Management Strategy • Value for Money Strategy
CUSTOMER CONSULTATION AND COMMUNICATION REQUIRED:	We will involve tenants in any procurement where they are the end user. We also include our customer care standards in the 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:	An Equalities and Human Rights Impact Assessment was completed when we reviewed the Strategy last year. No significant changes have been made to the strategy this year.
ENVIRONMENTAL IMPACT CONSIDERATIONS	The Strategy links with our Sustainability Strategy Objectives.
RISK REGISTER REFERENCE AND RISK APPETITE CONSIDERATIONS:	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. Our risk appetite compliance with legislation is minimal. We would seek to ensure we comply with

	relevant procurement legislation and regulations.
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 May 2023, the Board approved WSHA’s Procurement Strategy. This report provides an annual update on progress made against the Strategy.
- 1.2 Appendix 1 details progress that was made in relation to planned procurement activity as detailed in the Procurement Strategy approved by the Board in May 2023.
- 1.3 The Strategy has been updated to outline planned procurement activity for 2024/25. The updated strategy can be found at Appendix 2.

2. ISSUES FOR CONSIDERATION

2.1 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 continues to be 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 hope that we will see this plateau this year as inflation has now decreased.

We have an Efficiencies Plan in place which was approved by the Board in September 2023. We are also implementing our Value for Money Strategy and will produce an Annual Report on this in June 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, but it tends to get lost. This year, we will be issuing quarterly returns to contractors to complete which will include information in respect of community benefits to ensure that this remains a priority.

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 carried out a full tenant consultation in preparing for our Close Cleaning tender. Feedback from the consultation and discussions with TAG were incorporated into the specification.

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 continue to develop this further in line with our Sustainability Strategy. The next stage in respect of this is to measure the carbon emissions and other key sustainability measures of our contractors. The quarterly return as detailed above, will also include sustainability reporting.

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 have our programme of in-house customer satisfaction surveys in place which include an automated survey for every repair. We also have a text survey to customers in respect of planned maintenance e.g. bathroom/kitchen installation. This will allow us to manage contracts more effectively. Relevant managers have also completed Contract Management training this year.

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 Assessment (PCIP) in June 2023 which is a requirement of our Development Funding. We scored 90% (previous assessment in 2018 – 69%). The main areas of improvement are in respect of sustainability.

KPI Reporting

The table below details our KPI Performance for 2023/24 in respect of the strategy:

KPI	Target	2023/24 Result	Commentary
% of appropriate procurement activities involving tenants	100%	100%	
% of satisfaction with repairs and maintenance	90%	87.12%	We 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. While this result is below target – it is an improvement from the previous year (83.16%)
% repairs appointments kept	90%	86.60%	As above, while this is below target, it is an improvement from the previous year (72.13%)
% of repairs completed right first	86.5%	TBC	We have always calculated this annually and don't have this figure

time			for 2023/24. Going forward we will be monitoring this quarterly.
% of satisfaction with Planned maintenance	90%	89.3%	
% satisfaction with management of the neighbourhood (Grounds Maintenance)	90%	72.80%	We have seen decline in respect of this indicator, and this will key area in respect of our Tenant Satisfaction Survey Action Plan.

3. 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, it has been updated to reflect procurement activity for the next year.

4. CONCLUSION

The annual report gives the Board an overview of procurement activity over the financial year 2023/24 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

4.1 The Board is asked to:

- (i) Note the contents of this report
- (ii) Approve the proposed Procurement Activity for 2024/25