


REPORT TITLE	Annual Procurement Report	
REPORT TO:	WSHA Board	
REPORT FOR:	Noting and Approval	
DATE OF MEETING:	28 th April 2021	
AGENDA ITEM:	B/21/050	
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 Policy**
- 3. 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 report also outlines proposed changes to the Procurement Policy in line with Brexit and additions relating to our Green Strategy.

The Procurement Strategy has been revised and has also been expanded to include reference to our Green Strategy and Equalities. The report highlights the key additions to the Strategy which outlines proposed procurement activity for the next 5 years.

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 Procurement Policy 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 KBO – “Become more efficient and reduce costs”
LINK TO OTHER WSHA STRATEGIES:	The report and strategy link to the Green Strategy.
CUSTOMER CONSULTATION AND COMMUNICATION REQUIRED:	We will involve tenants in any procurement where they are the end user.
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:	We have added in reference to Equalities to the policy and Strategy and will be incorporating this into our procedures going forward.
ENVIRONMENTAL IMPACT CONSIDERATIONS	The updated Strategy and Policy links with our Green Strategy Objectives.
RISK REGISTER REFERENCE:	The annual report, policy and revised strategy support the mitigation of the risk “Fail to procure and manage contracts effectively”
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 2020, 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 Procurement Policy and 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.
- 1.3 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 2020. The Board are aware from the mid year Procurement Update in November that some procurement exercises were not carried out in 2020/2021 due to the Coronavirus Pandemic as we were unable to carry out procurement exercises for the first 4 months of the financial year.

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

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

As the value for money we obtain from our procurement can often be more value for money for the same contract amount, it is not always possible to assess the savings made by 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.

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 have also developed our Young People's Employment and Training Strategy which provides a framework going forward for community benefit.

We have been limited in the community benefit opportunities we have been able to offer in respect of work experience and apprenticeships due to the pandemic but this will be key focus in terms of community benefit when we are able to do this.

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. 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 in the past 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. However, we will develop 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 and Procurement Policy has been updated to reflect the links between procurement and the objectives of the Green Strategy.

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

We continue make improvements in this area. BDO carried out an audit of our contract management in 2020 and we are currently implementing the recommendations from the audit. The key ones being around improving our record keeping and monitoring all contract KPIs.

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. Our Procurement Policy has just been reviewed and details of proposed changes are included in this report.

Procurement Activity 2020/21

Appendix 1 details procurement activity for this financial year. As reported to the Board in November, there has been some procurement that did not take place due to the pandemic and these have been postponed until 2021/22. We also procured for a new Grounds Maintenance Contractor this year as this had not been planned.

2.2 Key Performance Indicators

The table below details the results in respect of the Key Performance Indicators outlined in the Procurement Strategy:

KPI		Commentary	Target 2019/2020
Tender processes carried out in line with the tender programme	67%	As detailed in the report and appendix – a number of procurements were not completed due to covid	95%
% of savings achieved through procurement process		It is difficult to quantify this due to value for money received rather than savings. This KPI has been amended in the revised strategy	30%
Customer satisfaction with key contractors	83.53%	Repairs and Maintenance – we have seen a dip in performance due to not delivering a non emergency repairs service	95%

		for a significant part of the year.	
		Planned Maintenance – we have not carried out any planned maintenance satisfaction surveys this year due to the limited amount of planned maintenance carried out.	95%
Number of community benefits opportunities		These are detailed in Appendix 3	1 for every relevant procurement

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. This year further revisions have been made to the Strategy and these are outlined below:

- Reference to the Green Strategy and how we will procure in line with the Green Strategy Objectives
- Inclusion of Equalities considerations in respect of our procurement processes
- More strategic approach to procurement routes – previously we would set out in our Procurement Strategy the detail of what procurement route we are going to take for each procurement. The revised strategy details a more flexible approach in respect of assessing the desired outcomes of the procurement then choosing the best procurement route using the Scottish Government Journey Planner.
- Measuring performance – the KPI section (section 11) in the strategy has been expanded to outline how we will measure the impact of each of the strategy objectives. This is a combination of reporting and KPIs.

4. REVIEW OF PROCUREMENT POLICY

A full review of the Procurement Policy was last carried out in 2018, therefore the policy was due for review. In addition to this, the UK left the EU on the 31st December 2020 and while this doesn't change our processes significantly it changes the language and terms we use that were previously based on EU Procurement Directives. The policy has been reviewed and changes have been made to reflect the fact that the UK has now left the EU, the policy has also been updated to include references to the Green Strategy Objectives and Equalities. Following approval of the policy, we will update the Procurement Procedures accordingly which will provide guidance for procuring officers in respect of implementing these changes.

5. CONCLUSION

The annual report gives the Board an overview of procurement activity over the financial year 2020/2021 in line with the Association's Procurement Strategy. The report also outlines the

changes to the revised Strategy and changes to the Procurement Policy following a review of the policy.

RECOMMENDATION

5.1 The Board is asked to:

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