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**ITEM 4**

**Annual Procurement Report**

**Report Period: 01/04/24– 31/03/25**

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1. **INTRODUCTION**
   1. Queens Cross Housing Association issued its Procurement Strategy, (required under Section 15 of the Procurement Reform (Scotland) Act 2014) in April 2024, for the period to 31 March 2025. The Strategy outlines all planned procurement activity, that would qualify as regulated procurement.
   2. A regulated procurement is any procurement for public supplies or services with an estimated value equal to or greater than £50,000, and for public works with an estimated value equal to or greater than £2 million (exclusive of VAT).
   3. This report details our compliance with the Strategy 2024-25 which set out the Association’s four strategic aims for procurement activity and how we would achieve these:

|  |  |
| --- | --- |
| Delivering savings and benefits | Maximising efficiency and collaboration |
| Improving supplier access to public contracts | Embedding sustainability in all we do |

* 1. Section 18 of the Act requires the Association to publish an Annual report at the end of each year where Regulated procurements have taken place to review how these have complied with the Strategy.

1. **SUMMARY OF REGULATED PROCUREMENTS COMPLETED**
   1. For the period from 1st April 2023 to 31 March 2024, the Association’s programme of Regulated Procurements, as set out in the Strategy was:

|  |  |  |  |
| --- | --- | --- | --- |
| **Procurement (Type)** | **Estimated Spend** | **Route** | **Duration** |
| Works (Development) | £11,368,586 | External Framework | 2024-26 |
| Works (Investment) | £4,106,000 | Single stage | 2023-24 |
| Goods & Services (Corporate) | £860,000 | Single Stage | 2024-26 |

2.2 In the period from 1 April 2023 to 31 March 2024, the Association completed the following Regulated Procurements:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Contract (Name or description)** | **Date of Award** | **Supplier** | **Contract value** | **Start Date** | **End Date (excl. any extension)** |
| Burnbank Gardens  Construction Works | 28/03/24 | McTaggart Construction | £11,368,586 | 06/24 | 12/26 |
| Making Places – Phase 1 | 03/08/23 | Mackenzie  Construction | £4,106,435 | 09/23 | 10/24 |
|  |  |  |  |  |  |

**3.0** **REVIEW OF REGULATED PROCUREMENT COMPLIANCE**

3.1 The Association is committed to ensuring that all regulated procurements comply with the Association’s Procurement Strategy, following a process which is in line with our detailed Procedures and all relevant legislation. Of the 3 regulated procurements completed during the reporting period, all were undertaken in line with the Association’s approved Procurement Procedures.

3.2 However, our procurement activity in the last year has varied significantly from the activity planned in the Strategy in terms of value and timescale. In the aftermath of Brexit and Covid-19, we continue to see low levels of competition and inflated pricing in the marketplace. Tender price inflation was particularly significant in the construction market where labour and material shortages were combined with high demand, fuelled by a backlog of building projects.

3.3 In Investment, we progressed a number of Works procurements, but were only able to secure one contract at an affordable cost, so did not complete the others. In Development, the planned procurement of construction works for new housing at Burnbank Gardens was eventually confirmed with a Tender acceptance.

3.4 All awarded contracts are recorded within our Contracts Register, which is available to the public on our website.

3.5 The Table below details information on how the Association’s procurement activity achieved the strategic aims set out within its Procurement Strategy.

|  |  |
| --- | --- |
| Delivering savings and benefits**:** | As set out in the Strategy, the Association assesses where possible, its regulated procurements (listed in section 2 above) by means of a balance between Quality and Price, in order to deliver the most economically advantageous tender. Where utilising existing external Framework Agreements, these were selected on the basis of a close fit with the Association’s objectives and delivering cost and time savings in the procurement process. In all cases the Association has considered the potential for the contract to deliver wider benefits, in line with our Community Benefits model. |
| Improving supplier access to public contracts**:** | For all regulated procurement activities undertaken where possible, the Association advertises contracts at each relevant stage on the Public Contracts Scotland Portal. Where utilising existing external Framework Agreements, these are checked to ensure that a fully accessible and inclusive process has been followed, with appropriate provision made for SME suppliers to compete on a fair footing. |
| Maximising efficiency and collaboration**:** | For all regulated procurements the Association uses:   * Electronic communication when communicating with suppliers * Clear and precise language to detail the requirements * The European Single Procurement Document when seeking potential suppliers.   The Association is committed to ensuring that all suppliers who are awarded business are paid within 30 days and we monitor our performance on this. We will review annually the percentage of invoices within regulated contracts paid within timescale, to ensure processing is efficient.  The Association has and will collaborate with other RSLs with similar requirements to procure goods and services where there is potential for efficiency and cost reduction. |
| Embedding sustainability in all we do**:** | The Association ensures that in all regulated procurements it will frame the contract requirements to contribute to the following:   * Improving the economic, social and environmental wellbeing in particular, reducing inequality within our main areas of operation * Facilitating the involvement of small and medium enterprises and supported businesses in the process * Promoting innovation   The Association recognises that where relevant and proportionate to a regulated contract, we will encourage fair and ethical trading principles in our procurement requirements e.g. as a Living Wage employer, we require suppliers to undertake to pay their employees working within our premises the Living Wage. |

**4.0 COMMUNITY BENEFIT SUMMARY**

4.1 The Association aims to maximise Community Benefits from its procurement activities. In 2018, we developed a new model to generate Community Benefits from our procurements and are now applying this consistently to our procurements.  We’ve also had some success in applying the model retrospectively to our existing Repairs and Maintenance contracts.

4.2 There is no formal requirement for the consideration of Community Benefits in contracts with an estimated value of less than £4 million, however the Association’s approach is to consider a proportionate level of Community Benefits for each contract that is subject to regulated procurement.

4.3 At the outset of a regulated procurement process, the Lead Officer considers whether Community Benefits can be included in the contract requirements. This is not possible however when the supplier is being procured via an external Framework Agreement which did not state within its terms that Community Benefits were to be provided. In these circumstances, the Association aims to negotiate with the supplier to establish a voluntary agreement on a fair and achievable level of benefits to be delivered alongside the contractual requirements.

4.4 The table below provides information on the Association’s Community Benefit activity during the reporting period.

|  |  |
| --- | --- |
| **Use of Community Benefit Requirements: 1 April 2023 to 31 March 2024** | |
| Total number of contracts awarded | 9 |
| Total number of contracts awarded over £4 million | 3 |
| Total number of contracts awarded with community benefit requirements | 10 |
| Total number of contracts awarded over £4 million with community benefit requirements | 3 |

4.5 This outcome suggests our ability to deliver additional benefits from regular procurement activity has been limited, in comparison with previous years. This reflects the nature of the contracts the Association procured, which were predominantly lower value, service and supply contracts, at a time when procurement of works and multi-year services contracts was reduced, due to the difficulties outlined in Section 3 above. The Lead Officers for each procurement continue to ensure the inclusion of community benefits is normal practice, whether within the contractual terms or via negotiation.

**5.0 SUPPORTED BUSINESSES SUMMARY**

5.1 The Association acknowledges that before we start a regulated procurement, we need to consider how we might design the procurement process to facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses.

5.2 The procurements undertaken in this reporting period did not provide suitable opportunities to deliver on this, due to the service type and use of existing external Framework Agreements. However, by negotiation, we were able to continue a sub-contract for a supported business (Total Homes) within our current Repairs & Maintenance contract. It is still our intention for future regulated procurements to include the use of charitable/supported businesses as suppliers and sub-contractors, as an option for achieving Community Benefits.

**6.0 FUTURE REGULATED PROCUREMENTS SUMMARY**

6.1 **Appendix 1** Over the next two financial years, the Association anticipates progressing the following procurements:

|  |  |  |
| --- | --- | --- |
| Project Name | 2024-25 Value  £,000s | 2025-26 Value  £,000s |
| Development – Works   1. Maryhill Rd/Northpark St 2. Hamiltonhill Phase 2 | 2,100 | 15,000 |
| |  |  |  | | --- | --- | --- | | Development – Goods & Services  1. Project Consultants | 200 | 300 | | 147 |  |
| Capital Investment – Works   1. Making Places Phase 2 in Woodside 2. Westercommon Multi-1 | 4,100 | 0  2,500 |
| Capital Investment – Goods & Services  1. Project Consultants | 200 | 300 |
| Corporate – Goods & Services   1. Leasing – Company Vehicles 2. Facilities/Office Cleaning 3. Electronic Payment System 4. Stationary | 400  100  60 | 300 |
| Technical   1. Common Area Cleaning   2. Fire Safety Maintenance (Dry risers, smoke vents, sprinklers etc)  3. Alarm Maintenance (Fire/Intruder)  4. Fire Risk Assessor  5. Water Pump Maintenance  6. Extract Ventilation Maintenance  7. Legionella Control  8. Environmental Maintenance  9. CCTV Maintenance  10. Lift Maintenance | 2,000  200  200  180  100  140  150  550  120  0 | 0  0  0  0  0  0  0  0  0  200 |

**7.0** **CONCLUSION**

7.1 The Association has produced this annual procurement report to record our regulated procurement activity for the period 01.04.23 – 31.03.24. We are continuing to work to improve our reporting against the agreed strategic aims going forward and will monitor progress in generating Community Benefits (against a backdrop of this year’s difficult procurement climate).

7.2 Our approach to procurement continues to evolve, based on the growth in the number of regulated procurements, our capacity and appetite for risk, and the challenges and opportunities arising in our environment. There is a significant list of planned procurements in the next two financial years, reflecting delays in contract placement due to the difficult tender climate in the last year. The Association has updated its **Value for Money** **Procurement Strategy for the period 1 April 2024 to 31 March 2025 (Appendix 2)** to reflect our current projections for procurement activity, and will report on the outcomes from that updated strategy next year.