



Annual Procurement Report 2023

Introduction

The purpose of this report is to enable Loreburn Housing Association (LHA) to comply with its obligations under the Procurement Reform (Scotland) Act 2014, Section 18(1) to prepare and publish an annual procurement report on its regulated procurement activities.

The Procurement Reform (Scotland) Act 2014 requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of the next financial year. In addition to the mandatory procurement strategy, to meet regulatory requirements the organisation must also prepare and publish an annual procurement report disclosing how its procurement activity has complied with its published procurement strategy.

Regulated procurement is any procurement for public goods/supplies or services with a value of over £50,000 or any procurement for works with a value of over £2million. The guidance and template issued by the Scottish Government to report on our performance has been used.

The report covers LHA 2022/23 financial year which ended on the 31 March 2023.

In compliance with Section 18(2) of the Act, this report will include:

- Summary of Regulated Procurements Completed
- Review of Regulated Procurement Compliance
- Community Benefit Summary
- Supported Businesses
- Future Regulated Procurements Summary

Between 1 April 2022 and 31 March 2023, 16 regulated procurements contracts were completed.

Section 1 – Summary of Regulated Procurements Completed

Compliant procurement is a key fundamental to LHA's achievement of the strategic objective for delivering value for money and applying the general duties of fair and equal treatment as well as transparency and proportionality.

In total there were 42 live contracts used throughout 2022/23 (as at August) as listed in the Associations regulated contract register; of these 16 contracts were awarded in the year 2022/23 and 2 have been recorded so far in 2023/24.

The 16 contracts awarded in 2022/23 are as follows:

<u>Contractor</u>	<u>Works/Good/Services</u>	<u>Procurement Method</u>
Bell Group UK Ltd	Aids & Adaptations 1 year	PFH Framework
M- Four	Stock Condition surveys - 4 Years	PFH Framework
Furniture Resource Centre	Communal later living lounge furnishing and upgrades x 3 schemes	PFH Framework
Nithsdale Plumbing	Gas Servicing - 2 years + 2 & further 1 year optional	Public Contract Scotland
Arthur J Gallager	Insurance - 3 Years + 2 Optional	Public Contract Scotland
Sidey	Window and Fire Door Replacements	PFH Framework
MP Group	Kitchen Replacements	PFH Framework
Solway Water Management	Water Quality - (2 years+2+1)	PFH Framework
Easy Heat	Detectors	PFH Framework
Scotec Lift Ltd	Lift Repalcement	PFH Framework
MP Group	Bathroom Replacements	PFH Framework
Churches Fire Security	Cyclical Maintenance & Repairs: Maintenance, servicing and repairs of Fire Panels (2 Yrs+1+1)	PFH Framework
Churches Fire Security	Cyclical Maintenance & Repairs: Maintenance, servicing and repairs of CCTV and Door Entry systems (2Yrs +1+1)	PFH Framework
C&S Group Ltd	Adaptations	PFH Framework
idverde	Grounds Maintenance - Lot 1 (1Year+1)	Public Contract Scotland
idverde	Grounds Maintenance - Lot 2 (1 Year+1)	Public Contract Scotland

During the reporting period, LHA engaged with different procurement routes to ensure we could obtain the goods/services/works required and a value for money cost. All regulated procurement methods are reviewed to ensure that the correct route to procure is chosen in order to give the LHA customer the best value for money option.

The full list of regulated procurement contracts used by the association throughout 22/23 can be found in Appendix 1. This includes contracts that have been issued prior to 22/23 financial year, those issued within 22/23 and agreements signed early into 23/24.

The Regulated Contract Register is updated quarterly and publicised on the Association’s website under the Reports & Corporate Information Section of the following link:

<https://loreburn.org.uk/resource-library/>

Section 2 – Review of Regulated Procurement Compliance

The overall objective for LHA procurement strategy is to support the Associations Corporate plan by delivering best-in-class procurement outcomes which are customer focused whilst achieving value for money, innovation and delivering sustainable social value.

In order to achieve this, we considered the following key priorities in delivering the strategy;

Priority	We will do this by:	Compliance
Rent affordability	Ensure we get the best deal, quality, and value	To ensure we get the best possible deal in any procurement our policy includes guidance 60%/40% Quality/Price split to ensure our customers get value out of contract and not just a race to the bottom on price. Any deviation to the above guidance is included as part of the project plans which are approved with justification for the alternative approach taken.
Supporting Scotland’s Economic Strategy	Investment in suppliers in the communities we serve. Work with suppliers that create new opportunities for employment in D&G.	Of the 16 regulated contracts tendered, 13 were awarded to different suppliers. Where multiple contracts have been awarded to the same supplier these were of a similar nature. Working with existing suppliers to join national frameworks which open opportunities with both Loreburn and the wider sector.
	Innovation – work with suppliers that strive to innovate in product and service delivery	Actively worked within the year with the Disruptive Innovators Network to explore emerging technologies that be used across our properties and have explored further pilot programs following success in the previous year – these specifically being around emergency light testing.

	<p>Inclusive Growth – work with suppliers that provide training and employment opportunities, drive fair work practices, promote equality and tackle inequality and seek low carbon solutions</p>	<p>Loreburn has secured Living Wage Accreditation again this year and as part of our internal process for regulated procurement a contractor/supplier must commit to pay the living wage.</p> <p>As part of the community benefits associated to the two Passivhaus frameworks awarded in 21/22 will result directly in recruitment with some of the opportunities being offered to Loreburn customers in the first instance. The contract for £40m to Ashleigh also has tiered requirements in terms of Modern Apprentice recruitment levels as the cumulative spend on this framework progresses. Training and work experience placements are also included in both of these.</p>
	<p>Involving SME in delivery of our goods/service/works</p>	<p>Of the 16 regulated contracts we tendered in 2022/23, 10 of these went to SME's.</p>

Loreburn Housing Association is striving towards a robust and efficient procurement process that enables the organisational objectives to be achieved. Our strategy reflects the Scottish Governments shift to move to Zero Carbon and how through procurement we can support this.

In order to ensure measured progress, the strategy includes five ambitions to help us define progress towards our aims, being:

- All spend that can be positively influenced by procurement activity has a corresponding contract.
- All procurement activity complies with statutory and regulatory requirements and is supported by a detailed technical specification of our purchasing requirements.
- All relevant contracts are arranged to include sustainable procurement requirements.
- All relevant contracts are arranged to include community benefits and make use of these benefits.
- All staff trained to be able to carry out a regulated procurement activity.

The key areas of progression and improvements achieved throughout 2022/23 include:

- Engagement with customers via a consultation process for regulated tenders that directly impact the customer for grounds maintenance
- Annual collation and review of supplier spends to identify where Loreburn could benefit from contracts agreements being in place
- Made use of existing Supplier Frameworks to deliver planned maintenance works
- Invited trusted local suppliers to join existing national frameworks as a method of delivering services for both Loreburn and other buyers within the sector
- Expanded the use of our contractor portal which has improved communication regarding works completed and it has improved speed of invoicing and payment
- Introduced a new software platform which has improved the accuracy of the reporting of gas servicing and identification and completion of remedial works
- Tendered for a material supply framework for our responsive repair service with the use of several local contractors

Key priorities for the next year are to include:

- An internal skills assessment for procurement activities against the Procurement & Commercial Improvement Program (PCIP) will be planned with the support of Scotland Excel to meet the requirement of completion by December 2024
- Set up a Dynamic Purchase System for Cyclical Decoration works
- Set up a Dynamic Purchase System for Responsive Maintenance Subcontractor Works
- Continue to review supplier spends and maintaining a contract register to optimise purchasing method
- Continue to develop our understanding of property investment needs for planned and net zero works using our existing data, stock condition information & feasibility studies to enable us to form a long-term procurement plan and to be able to build a partnership with suppliers/contractors.
- Seek to combine multiple strands of investment activity into larger programmes and explore options for combining Planned Investment and Development works packages
- Explore funding opportunities for major investment works to sit alongside our existing investment plans to maximise the works that can be delivered for our properties
- Further training to be explored for the Asset Management and Investment team for them to further reduce reliance on consultants
- Explore opportunities for joint procurement to maximise potential savings based on economies of scale
- Review Procurement Strategy alongside the organisations 5-Year Corporate Plan for 2024-29

Section 3 – Community Benefit Summary

It is written into Loreburns procurement policy and procedure that regulated procurement activity requires the inclusion of community benefit clauses for major contracts. During the reporting period for those contracts awarded community benefits have been included except for the below contracts.

A centralised community benefit register continues to be updated throughout the year to ensure to allow us to match identified needs with the offerings available. The community benefits in future regulated contracts are under review as part of the 2024-2029 strategy with a focus on delivery through major contracts where more value can be added. For smaller contracts the community benefit contributions are looking to be financial based to simplify delivery under the contract and these contributions will be for community enhancement projects that will benefit Loreburn customers.

The key deliverables as part of the community benefit clauses included in regulated contracts are as follows:

- Low energy lightbulbs provided to LHA customers within the properties that received kitchen and bathroom replacements
- Financial support for community projects being re-couped and aligned to events or requirements identified
- Attendance at meet the buyer events and school STEM events
- Nithsdale Plumbing appointed 2 x apprentices to work across Loreburn contracts to expand their portfolio
- Ashleigh (Scotland) has delivered the below under the new build contracts:
 - o Subcontracting opportunities for 4 local organisations operating within D&G
 - o New employment opportunities created in direct relation to Loreburn sites
 - o Donation of surplus wood/timber to local group Men's Shed Initiative
 - o Engagement with local primary and secondary schools which included site visits/activities/presentations/competitions and also attended at careers event with a STEM activity delivered in local area
 - o Attendance at meet the buyer events
 - o Sponsorship and donations to local sporting groups

Section 4 – Supported Businesses Summary

The Act includes a new classification for supported business: “an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged”.

Our regulated contract activity for the last financial year did not provide us with an opportunity to utilise the goods or services from supported businesses.

We do however make use of supported businesses for our non-regulated procurement activities.

Section 5 – Future Regulated Procurements Summary

The Act States that all estimated regulated procurement over the next two years should be disclosed by the Association. Appendix 2 provides this summary and there are 15 contracts due to be tendered.

There are 6 potential extensions to current contracts, 4 known relets (replacement tender process) and 5 new tender due over the next two years.

Section 6 – Summary

Loreburn Housing Association is continuing to measure against the five ambitions defined in our strategy to help us achieve our aims.

Customers will continue be consulted, where applicable, on the tendering outcomes to ensure we are procuring the goods and services they expect.

Once a tender is advertised, supporting suppliers to engage with the Association through the legislative is key to the success of our procurement programme. This includes taking time at the outset of each tender to consider not just the financial impact but also the added value that the contract can deliver, including the economic, social and environmental benefits.

Appendix 1 - Regulated Procurement Register – 2022/23

Date of Award	Contractor	Works/Good/Services	Estimated Value (including VAT)	Start Date	End Date
07/02/2017	Arthur J Gallagher	Insurance Broker - 3 Years + 2 Optional	£300,000	29/05/2017	28/05/2022
01/02/2018	Girbau UK	Laundry Equipment	£92,707	12/02/2018	11/02/2024
05/03/2018	Bell Group UK Ltd	Cyclical Painting Programme	£201,000	05/03/2018	04/03/2023
13/12/2018	Stewart & Shields	Development - Garrick Site	£5,317,640	20/01/2019	30/09/2023
01/03/2019	Utility Aid	Landlord Gas and Electrical Supply Broker	£209,124	01/04/2020	30/09/2025
28/03/2019	BTO Solicitors	Legal Services Framework Agreement 2019-2022 (Lot 1-3) - 3 years + 1 (further 6 month extension)	£105,000	01/04/2019	30/09/2023
28/03/2019	TC Young Solicitors	Legal Services Framework Agreement 2019-2022 (Lot 4&5) - 3 years + 1 (further 6 month extension)	£75,000	01/04/2019	30/09/2023
30/08/2019	Environmental Essentials	Asbestos - Management and Re-Inspection Surveys	£120,000	01/10/2019	31/03/2024
11/10/2019	idverde	Grounds Maintenance 2019-2024 - Dumfriesshire Region - 3 years + 1	£370,000	04/11/2019	31/03/2023
18/11/2019	Stevie Wight	Cyclical Maintenance & Repairs (Fire Alarm, Emergency Lighting, CCTV, Warden Call & Door Entry Systems) - 1 year + 2 optional	£110,500	02/12/2019	01/12/2022
28/11/2019	idverde	Grounds Maintenance 2019-2024 - Galloway Region - 3 years + 1	£405,000	20/11/2019	31/03/2023
30/04/2020	Dumfries Electrical Services	EICR (1+1)	£160,337	10/08/2020	10/08/2022
30/04/2020	McGill Scotland Ltd	Installation of Smoke, Heat & Co Alarms (1+1)	£471,966	17/08/2020	17/08/2022
01/05/2020	Nithsdale Plumbing	Gas Servicing - 1 year + 1 optional	£80,325	01/05/2020	30/04/2022
01/10/2020	Wolseley	Plumbing and Heating Materials (2 year + 1)	£172,000	01/07/2020	30/06/2023
01/10/2020	Jewsons	General Building Materials and Services (2 years)	£760,000	01/07/2020	30/06/2022
20/10/2020	Ashleigh (Scotland) Ltd	Development - Heathhall Phase 1B	£10,021,409	26/10/2020	31/07/2022
30/10/2020	Caledonia Cleaning Services	Communal Cleaning - Lot 2 (2.5years + 1 + 1)	£135,281	01/12/2020	01/05/2025
25/11/2020	Caledonia Cleaning Services	Communal Cleaning - Lot 1 (2.5years + 1 + 1)	£182,202	11/01/2021	11/06/2025
08/12/2020	Ashleigh (Scotland) Ltd	Development - Longmeadow	£4,836,078	18/01/2021	30/09/2022
01/02/2021	Martec Engineering Group	Door Entry system Replacements (2+1+1)	£251,068	17/02/2021	17/08/2023
19/04/2021	Ashleigh (Scotland) Ltd	LHA Passivhaus Framework (3 years + 1 year optional)	£40,000,000	19/04/2021	19/04/2024
08/09/2021	Arjo UK Ltd	Patient Equipment Maintenance & Repairs Contract (2 year plus 2+1)	£57,228	01/08/2021	31/07/2025
12/11/2021	Designer Software Ltd	ICT Maintenance Contract (4 Years)	£168,000	30/11/2021	30/11/2025
31/01/2022	Ashleigh (Scotland) Ltd	Development - Academy Street Castle Douglas	£4,809,000	07/02/2022	30/09/2023
08/03/2022	ECD Architects	Principal Designer - New Build House (3 years + 1 optional)	£1,000,000	01/04/2022	31/03/2025
01/04/2022	Bell Group UK Ltd	Aids & Adaptations 1 year	£220,000	01/04/2022	01/04/2023
06/04/2022	M- Four	Stock Condition surveys - 4 Years	£425,000	01/04/2022	31/03/2026
12/04/2022	Furniture Resource Centre	Communal later living lounge furnishing and upgrades x 3 schemes	£120,000	01/04/2022	31/03/2026
12/04/2022	Nithsdale Plumbing	Gas Servicing - 2 years + 2 & further 1 year optional	£375,253	01/05/2022	30/04/2026
29/05/2022	Arthur J Gallagher	Insurance - 3 Years + 2 Optional	£924,400	29/05/2022	28/05/2025
22/07/2022	Sidey	Window and Fire Door Replacements	£350,000	15/02/2022	31/03/2023
19/08/2022	MP Group	Kitchen Replacements	£390,000	12/09/2022	31/03/2023
25/08/2022	Solway Water Management	Water Quality - (2 years+2+1)	£75,000	01/09/2022	31/08/2024
28/09/2022	Easy Heat	Detectors	£72,000	17/10/2022	01/08/2023
28/09/2022	Scotec Lift Ltd	Lift Repalcement	£80,000	09/01/2023	31/07/2023
28/09/2022	MP Group	Bathroom Replacements	£360,000	17/10/2022	31/03/2023
15/11/2022	Churches Fire Security	Cyclical Maintenance & Repairs: Maintenance, servicing and repairs of Fire Panels (2 Yrs+1+1)	£240,000	01/12/2022	30/11/2024
15/11/2022	Churches Fire Security	Cyclical Maintenance & Repairs: Maintenance, servicing and repairs of CCTV and Door Entry systems (2Yrs +1+1)	£242,000	01/12/2022	30/11/2024
22/11/2022	C&S Group Ltd	Adaptations	£250,000	01/12/2022	30/04/2024
28/03/2023	idverde	Grounds Maintenance - Lot 1 (1Year+1)	£121,314	01/04/2023	31/03/2024
28/03/2023	idverde	Grounds Maintenance - Lot 2 (1 Year+1)	£134,776	01/04/2023	31/03/2024
01/04/2023	Wolseley, City Plumbing Supplies, MKM, Rembrand, HH, YESSS, CEF, Edmundson	IHR Materials - Trade Parts Framework - 7 Lots (2 Years+1+1)	£3,200,000	01/04/2023	31/03/2024
17/07/2023	Nithsdale Plumbing & Heating Ltd	Aids & Adaptations (2 year + 1 year)	£400,000	01/08/2023	31/07/2025
01/08/2023	Corgi	Gas/Renewable Heating & Electrical Inspections - 2 year+1+1+1	£90,870	01/08/2023	31/07/2025

Appendix 2 - Future Regulated Procurement Summary 2023/24 & 2024/25

Contract Title	Contract Description	New, Ext, or Re-Let	Estimated Value	Est Publication Date	Est Start Date	Contract Duration
Cyclical Painting DPS	External Cyclical Painting Works Framework	Re-Let	£750,000	Published	Oct-23	5 Years
Legal Services	Legal Services Framework - Lot 1-3 & Lot 4/5	Ext	£80,000	Ext	Sep-23	1 Year
Legal Services	Legal Services Framework - Lot 1-3 & Lot 4/5	Re-Let	£250,000	Jan-24	Sep-24	3 Years
Asbestos	Management & Re-Inspection Surveys	Re-Let	£150,000	Dec-23	Apr-24	5 Years
Passivhaus Framework	New Build Development	Ext	£10,000,000	Ext	Apr-24	1 Year
Water Quality	Water Quality Testing	Ext	£30,000	Ext	Sep-24	2 Years
CCTV & Door Entry	Maintenance and Servicing	Ext	£60,500	Ext	Dec-24	1 Year
Grounds Maintenance	Grounds Maintenance - Lot 1	Ext	£125,000	Ext	Apr-24	1 Year
Grounds Maintenance	Grounds Maintenance - Lot 2	Ext	£135,000	Ext	Apr-24	1 Year
Renewables	Renewable energy equipment servicing	New	£186,000	Published	Sep-23	5 Years
Solar Panels	Solar panel cleaning & repairs	New	£65,000	Published	Sep-23	5 Years
Windows & Doors	Window Replacements (Various Locations)	New	£654,000	Published	Dec-23	6 Months
Heating Systems	Heating Systems	New	£160,000	Oct-23	Jan-23	1 Month
FRA Works	Fire Risk Assessment Works	New	£750,000	Sep-23	Jan-23	5 Years
Vans	IHR Teams Van Lease	Re-Let	£600,000	Dec-23	Jun-24	3 Years