



Loreburn

Housing Association

Annual Procurement Report 2022



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 2021/22 financial year which ended on the 31 March 2022.

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 2021 and 31 March 2022, 10 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 are 31 live contracts (as at July) listed in the Associations regulated contract register; of these 10 contracts were awarded in the year 2021/22 and 4 have been recorded so far in 2022/23. The 10 contracts awarded in 2021/22 are as follows:

| <u>Contractor</u> | <u>Works/Good/Services</u> | <u>Procurement Method</u> |
|-----------------------------------|--|----------------------------|
| L&D Plumbing Services | Aids & Adaptations | PFH Framework |
| Ashleigh (Scotland) Ltd | LHA Passivhaus Framework | PCS |
| Scotec Lift Ltd | Gifhorn House Lift Replacement | PFH Framework |
| Arjo UK Ltd | Patient Equipment Maintenance & Repairs Contract | ESPD Procurement Framework |
| PH Jones (British Gas subsidiary) | Gas Central Heating Systems | PFH Framework |
| PH Jones (British Gas subsidiary) | Gas Boiler Installs | PFH Framework |
| Designer Software Ltd | ICT Maintenance Contract | PCS - VEAT Notice |
| Ashleigh (Scotland) Ltd | Development - Academy Street Castle Douglas | Scotland Excel Framework |
| ECD Architects | Principal Designer - New Build | PCS |
| Easy Heat | Boiler Replacements | PFH Framework |



During the reporting period, LHA engaged with multiple 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 21/22 can be found in Appendix 1. This includes contracts that have been issued prior to 21/22 financial year, those issued within 21/22 and agreements signed early into 22/23.

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 10 regulated contracts tendered, 8 were awarded to different suppliers. Where multiple contracts have been awarded to the same supplier these were of a similar nature and were for boiler/heating replacements & new build development. The highest value regulated contract of £40m for Passivhaus New Build Framework has a satellite office in Dumfries & Galloway and employ locally. Another one of the contracts doesn’t have offices in the region but do employ locally. |



| | | |
|--|---|---|
| | <p>Innovation – work with suppliers that strive to innovate in product and service delivery</p> | <p>Two Passivhaus framework agreement contracts were awarded within the year; one for new build and the other for designer consultancy services.</p> <p>Actively working with the Disruptive Innovators Network to explore emerging technologies that be used across our properties and starting to explore the offering by Procurement for Housing Social Housing Emerging Disruptors Framework.</p> <p>Pilot projects continue to be regularly used for activities to explore new ways of working with innovative technology prior to contracts being awarded. In the year two key successful projects were for stock condition surveys (contract awarded April 2022) and remote water quality testing using sensors (unregulated procurement).</p> |
| | <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 this 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 frameworks.</p> |



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|--|--|---|
| | | The contracts awarded to PH Jones has resulted in face-to-face training in both Dumfries and Stranraer being delivered to educate Loreburn on energy theft/meter tampering. |
| | Involving SME in delivery of our goods/service/works | Our policy states that staff should review the register of suppliers on Public Contracts Scotland to understand what suppliers are out there to deliver what we require. Of the 10 regulated contracts we tendered in 2021/22, 7 of these went to SME's. |

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 2021/22 include:

- Engagement with customers via a consultation process for regulated tenders that directly impact the customer for window cleaning
- Developed our own new build supplier and consultant framework to deliver the innovation we require around delivery of Passive Haus properties, which is Loreburn's response to zero carbon and affordable homes
- Project plans continue to be used to ensure contract award can be done in a timely manner as to not disrupt the supply of goods and services
- Quarterly review of all regulated procurement activity across all areas of the business to ensure all information is captured
- Annual collation and review of supplier spends to identify where Loreburn could benefit from contracts agreements being in place and work has commenced on forming a central contract depository
- Community working group has been formed with representatives from across the organisation actively working to promote and use the community benefits ensuring needs and demands are matched. A centralised community benefit register has been collated to ensure these are visible and can be monitored against.



- A pilot program was run for stock condition surveys late 2021 with a contract awarded following successful completion of using innovative technologies to enhance understanding of our existing stock and to develop the understanding of the retrofit process
- Innovative solutions for remote water quality testing have been piloted and rolled out which takes the contract associated to this below the regulated threshold
- Meet the buyer event was held in partnership with Dumfries & Galloway Council and other partners in June 2022 demonstrating to suppliers how they can engage with LHA in tendering for both regulated and unregulated activity

Key priorities for the next year are to include:

- An internal skills assessment for procurement activities will be carried out against the Procurement & Commercial Improvement Program (PCIP) with the support of Scotland Excel by the end of the financial year
- Continued review of supplier spends and the contracts in place for these alongside completion of a central contract depository
- Develop and agree an aspirational standard strategy for existing stock to achieve Net Zero Carbon by 2040
- Continue to expand the use of a contractor portal which works in conjunction with our existing systems
- Introduction of a new software platform is in testing phase to improve the accuracy of gas servicing with this to be fully embedded within the year
- Further training being explored specifically for contract pricing and documentation work in order for this to be completed internally instead of outsourced to consultants
- Community benefit working group will input into expanding the procurement policy and procedure in relation to community benefits as they better understand how we interact and gain perspective on what it is our communities want and need. This will then lead into aligning future community benefit clauses to these needs to be can best support the communities we operate in
- Explore innovative solutions available through the Procurement for Housing Social Housing Emerging Disruptors (SHED)

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. During the reporting period for those contracts awarded community benefits have been included except for the below contracts.

- Lift replacement (Up to 3 month contract for a lift replacement)
- Boiler replacement program (1 month contract for a replacement program)
- Maintenance contract for our Housing Management & Finance System

A centralised community benefit register has been collated within the year which details the community benefits in each of the contracts and these can be monitored to ensure the value from these can be extracted. A community working group within the year was formed are they are now actively working with this list to match needs and demands with what is available.



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

- Training sessions across Dumfries & Stranraer for LHA employees on energy theft delivered by PH Jones (contract awarded within the year)
- Financial support for community projects being re-couped and aligned to events that are being scheduled and delivered by the community working group
- Ashleigh (Scotland) has delivered the below as part of the Heathhall and Longmeadow contracts with both nearing completion:
 - o Interaction with several community groups in the region with sponsorship/donations given
 - o Engagement with local primary schools which included site visits, presentations a competition and donations. Further engagement with local secondary schools including a site tour and virtual mock interviews
 - o 3 new jobs created in Dumfries for Heathhall development
 - o 4 Apprentices working on the Heathhall development
 - o 3 further apprentices recruited in Dumfries & Galloway region
 - o 2 completed apprenticeships (one Feb 22 and another June 22)

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 24 contracts due to be tendered.

There are 5 potential extensions to current contracts, 13 known relets (replacement tender process) and 6 new tender due over the next two years.

This represents a significant workload primarily for the Asset Management Team.



Section 6 – Summary

Loreburn Housing Association is continuing to measure against the five ambitions defined in our strategy to help us achieve our aims. Deriving value through community benefits that benefit those that we serve, improvement in internal training and skills and the use of innovative technologies are the key areas we will expand our attention and focus into throughout 2022/23.

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. Again, this is reflected in our revised policy.



Appendix 1 - Regulated Procurement Register – 2021/22

| Date of Award | Contractor | Works/Good/Services | Estimated Value (including VAT where applicable) | Start Date | End Date |
|---------------|--|---|---|------------|------------|
| 07/02/2017 | Arthur J Gallagher | Insurance - 3 Years + 2 Optional | £300,000 | 29/05/2017 | 28/05/2022 |
| 09/05/2017 | Aitken Turnbull Architects Limited/Asher Associates Limited/McGowan Miller | Principal Designer - New Build House | £750,000 | 01/01/2017 | 01/01/2021 |
| 21/08/2017 | Robert Potter & Partners/Asher Associates Limited/MR Rodgers | Principal Designer - New Build House | £1,000,000 | 01/01/2017 | 01/01/2021 |
| 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 | 15/03/2020 |
| 01/03/2019 | OPUS Energy | Landlord Gas and Electrical Supply | £209,124 | 01/04/2020 | 31/03/2023 |
| 28/03/2019 | BTO Solicitors | Legal Services Framework Agreement 2019-2022 (Lot 1-3) - 3 years + 1 | £105,000 | 01/04/2019 | 31/03/2023 |
| 28/03/2019 | TC Young Solicitors | Legal Services Framework Agreement 2019-2022 (Lot 4&5) - 3 years + 1 | £75,000 | 01/04/2019 | 31/03/2023 |
| 09/08/2019 | Cleartech Water Solutions Ltd | Water Quality - 2 years + 1 optional | £50,000 | 01/09/2019 | 01/09/2022 |
| 30/08/2019 | Environmental Essentials | Asbestos - Management and Re-Inspection Surveys | £120,000 | 01/10/2019 | 01/10/2023 |
| 16/09/2019 | Sidey | Windows & Doors | £300,000 | 20/08/2019 | 31/03/2022 |
| 11/10/2019 | idverde | Grounds Maintenance 2019-2024 - Dumfriesshire Region - 3 years + 1 | £370,000 | 04/11/2019 | 03/11/2022 |
| 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 | 28/11/2022 |
| 25/01/2020 | Wm Waugh & Sons (Builders) Ltd | Fire Risk Assessment Works Arising - Batch 1 | £72,006 | 29/05/2020 | 31/01/2020 |
| 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 & Heating | 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 | 01/05/2023 |
| 25/11/2020 | Caledonia Cleaning Services | Communal Cleaning - Lot 1 (2.5years + 1 + 1) | £182,202 | 11/01/2021 | 11/06/2023 |
| 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 | £251,068 | 17/02/2021 | 17/08/2025 |
| 19/04/2021 | Ashleigh (Scotland) Ltd | LHA Passivhaus Framework (3 years + 1 year optional) | £40,000,000 | 19/04/2021 | 19/04/2024 |
| 21/07/2021 | Scotec Lift Ltd | Gifhorn House Lift Replacement | £69,221 | 18/10/2021 | 31/12/2021 |
| 08/09/2021 | Arjo UK Ltd | Patient Equipment Maintenance & Repairs Contract (2 year plus 2+1) | £57,228 | 01/08/2021 | 31/07/2023 |
| 09/09/2021 | PH Jones (British Gas subsidiary) | Gas Central Heating Systems x 32 | £230,000 | 30/09/2021 | 31/03/2022 |
| 09/09/2021 | PH Jones (British Gas subsidiary) | Gas Boiler Installs x 61 | £190,300 | 30/09/2021 | 31/03/2022 |
| 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 |
| 22/03/2022 | Easy Heat | Boiler Replacements | £110,000 | 28/03/2022 | 31/01/2022 |
| 01/04/2022 | Bell Group UK Ltd | Aids & Adaptations 1 year | £220,000 | 01/04/2022 | 01/04/2023 |
| 12/04/2022 | Nithsdale Plumbing & Heating | Gas Servicing - 2 years + 2 & further 1 year optional | £375,253 | 01/05/2022 | 01/04/2024 |
| 06/04/2022 | M- Four | Stock Condition surveys - 4 Years | £425,000 | 01/04/2022 | 31/03/2026 |
| 29/05/2022 | Arthur J Gallagher | Insurance - 3 Years + 2 Optional | £924,400 | 29/05/2022 | 28/05/2025 |

Appendix 2 - Future Regulated Procurement Summary 2022/23 & 2023/24

| Contract Title | Contract Description | New, Ext or Re-Let | Estimated Value | Est Publication Date | Est Start Date | Contract Duration |
|--|---|--------------------|-----------------|----------------------|----------------|-------------------|
| Legal Tender | Legal Services Framework Agreement | Re-let | £180,000 | Sep-22 | Apr-23 | 3 Years |
| Cyclical Painting | Cyclical Painting Programme | Re-let | £240,000 | Oct-23 | Apr-24 | 2 Years |
| Water Quality | Water Quality / Legionella Inspections | Re-let | £50,000 | Published | Sep-22 | 2 Years |
| Lift | Swans Vennel Lift Replacement | New | £78,000 | Published | Feb-23 | 3 Months |
| Lift | Lift Replacement | New | £78,000 | Sep-22 | May-23 | 3 Months |
| Windows & Doors | JM Barrie House | New | £350,000 | Published | Jan-23 | 3 Months |
| Bathrooms | Supply & Fit | New | £438,000 | Published | Oct-22 | 5 Months |
| Kitchens | Supply & Fit | New | £390,000 | Published | Sep-22 | 6 Months |
| Design & Build (with land) Development | Design & Build at Hayleys Yard, Dumfries | New | £4,220,000 | Oct-22 | Jun-23 | 12 Months |
| Cyclical Maintenance & Repairs | Maintenance, servicing and repairs of Fire Panels | Re-Let | £240,000 | Sep-22 | Dec-22 | 4 Years |
| Cyclical Maintenance & Repairs | Maintenance, servicing and repairs of CCTV and Door Entry systems | Re-Let | £242,000 | Sep-22 | Dec-22 | 4 Years |
| Aids & Adaptations | Aids & Adaptations installations | Re-Let | £120,000 | Sep-22 | Oct-22 | 6 Months |
| Cyclical Maintenance & Repairs | Maintenance & Repairs Contract | Ext | £28,614 | Ext | Jul-24 | 12 Months |
| Cyclical Maintenance & Repairs | Laundry Equipment | Re-Let | £80,000 | Oct-24 | Mar-25 | 5 Years |
| Landlord Gas and Electrical Supply | Communal Electricity and Gas | Re-Let | £200,000 | Published | Apr-23 | 3 Years |
| Grounds Maintenance | Lot 1 - Dumfriesshire Region | Ext | £123,333 | Ext | Nov-23 | 12 Months |
| Grounds Maintenance | Lot 2 - Galloway Region | Ext | £135,000 | Ext | Nov-23 | 12 Months |
| Grounds Maintenance | Lot 1 - Dumfriesshire Region | Re-let | £407,000 | Apr-23 | Dec-23 | 3 Years |
| Grounds Maintenance | Lot 2 - Galloway Region | Re-let | £445,500 | Apr-23 | Dec-23 | 3 Years |
| Electrical Inspections | EICR inspections | Re-let | £200,000 | Oct-22 | Apr-23 | 4 Years |
| Communal Cleaning | Lot 1 - Dumfriesshire Region | Ext | £54,112 | Ext | May-24 | 12 Months |
| Communal Cleaning | Lot 2 - Galloway Region | Ext | £72,881 | Ext | Jun-24 | 12 Months |
| Building Materials | Plumbing and Heating Materials | Re-let | £150,000 | Dec-22 | Jun-23 | 2 Years |
| Building Materials | General Building Materials and Services | Re-let | £400,000 | Aug-22 | Jan-23 | 2 Years |