



Affordable homes.
Exceptional care.

Annual Procurement Report

April 2021 to March 2022

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| Published: | December 2022 |
| Lead Officer: | Procurement Manager |
| Approved: | Trust Board on 1 December 2022 |

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1 Introduction

- 1.1 The Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated spend of £5 million or more to develop a procurement strategy and then review it annually. This requirement took effect from 31 December 2016. Organisations (including RSL's) are required to develop and publish a procurement strategy and are also required to publish an Annual Procurement Report, reflecting on the relevant reporting period of the procurement strategy. This is the first Annual Procurement report for Trust Housing Association.

- 1.2 Trust Housing Association is a not-for-profit registered social landlord, regulated by the Scottish Housing Regulator, Care Inspectorate and Scottish Charities Regulator (OSCR). Trust is a national organisation and one of the largest housing, support and care providers in Scotland offering a range of housing and support services across the length and breadth of the country. Trust was established in 1973 and has now evolved and grown to over 3,600 social rented homes and delivering services to over 4,000 customers.

Our primary social rented offer includes general needs housing for households of all ages and specialist housing for older people (circa 3,600 units). In addition, we provide some mid-market homes (circa 56 units) and shared ownership (circa 38 units). We also act as a property manager for homeowners and sharing owners in areas where we have an interest (circa 381 units).

Our wide range of services from landlord only to care and support are flexible and tailored to the needs of individuals. This allows customers to live independently with an enhanced quality of life, and for their families to have peace of mind.

- 1.2 This report covers the period 1 April 2021 to 31 March 2022 and demonstrates the effectiveness of processes and transparency in procurement activity, highlighting performance and achievements in delivering the organisational Procurement Strategy in compliance with the requirements of the Procurement Reform Act.

2 Procurement Strategy and Procurement Transformation Programme

- 2.1 Procurement has historically been an internally devolved function for Trust. With changes to legislation in recent years, and with the acquisition of another Housing Association in late 2019, it became clear that a new approach to procurement should be explored. Development of the future procurement function for Trust was the result of consultation with internal and external stakeholders. In April 2021 a dedicated Procurement Manager was introduced to lead strategic and transformational change. A Procurement Officer was also introduced in August 2021 to undertake operational procurement activities. This has led to the enablement of a small team to design and implement a structure of transformational change towards centralisation of the procurement function across the organisation.

- 2.2 In line with the Trust published Procurement Strategy 2021 to 2023, the newly formed Procurement Team set out its strategic aims, objectives, and key priorities to support a plan for implementing an enabling an effective centralised procurement function. The vision is to deliver commercially effective and compliant processes across the organisation to support the purchasing of goods, services and works in a fair, transparent, and non-discriminatory manner, whilst complying within the regulatory environment from which Trust needs to operate.

- 2.3 The process of regular review of the implementation plan will inform any adjustments to the procurement strategy, and any further action planning that may be deemed necessary. The aim is to secure future performance improvements and to respond to the economic, political, and any financial influences on which Trust may need to make amendment to meet with its corporate strategic aims and objectives. Engagement with Stakeholders will also be key to the continued development of the procurement strategy, as well as forming the foundation upon which Trust will assess its regulatory compliance in its pursuit of best value for money.
- 2.4 Following the principles set out in the strategic objectives within the Procurement Strategy, a key focus for Trust is to deliver best value, whilst identifying opportunities to make significant cost savings. Introduction of contract management will assist to obtain full optimisation of current and future supply contracts.
- 2.5 The newly formed procurement service will deliver and embed revised governance along with revised policy and procedure that meets with strategic internal aims as well as meeting legal requirements for compliance under the Procurement Reform (Scotland) Act 2014.

3 Summary of Regulated Procurements Completed

- 3.1 Where appropriate, Trust Housing Association has made use of collaborative contracts to deliver improved contract terms, to support contract and supplier management, and to meet with sustainable procurement outcomes and value for money. This has covered the best balance of resource, cost, quality, and sustainability.
- 3.2 In the period covered by this report, Trust provides details of its regulated procurements completed. These are set out in a list at the end of this report with details summarised in Section 10. This information, coupled with publication of the corporate Contracts Register provides visibility of Trusts procurement activity over the reporting period.
- 3.3 Between 1st April 2021 and 31st March 2022 Trust Housing Association spent approximately £15.9m on the purchase of goods, services and works. Spend was directed as below through existing regulated and unregulated contracts or by using Framework Agreements. All non-regulated spend is under review to seek opportunity to optimise value, explore cost savings, seek vendor reduction, and to identify commodity strategies for future contract opportunities.

| | |
|------------------------|----------------|
| Contracted Regulated | £11,651,506.08 |
| Non-Regulated Spend | £4,198,054.86 |
| Non-Competitive Action | £800,000.00 |

- 3.4 Details of the regulated contracts awarded for this period is shown in the table in **Section 10**.
- 3.5 During the period, Trust made use of national and sectoral framework agreements for both regulated and unregulated spend thresholds from the following bodies:
- Crown Commercial Services
 Scottish Government
 Procurement for Housing
 Scotland Excel
 Scottish Procurement Alliance

- 3.6 Analysis of expenditure and has identified that over the period covered by this report the following expenditure has occurred:

GPA Regulated Procurements

Goods & Services worth over £189,330 and Works worth over £4,733,252

Total Value of Procurements **£795,346.56**

There were **3** such procurements completed

PRA Regulated Procurements

Goods & Services worth over £50,000 and Works worth over £2million

Total Value of Procurements **£430,705.00**

There were **4** such procurements completed

4 Review of Regulated Procurement Compliance

- 4.1 In undertaking its regulated procurements, every care has been taken to ensure that Trust awards its contracts to suppliers who are capable, reliable and who can demonstrate that they meet high ethical standards and values in the conduct of their business.
- 4.2 Our newly revised procurement policy and procedure documents align fully with the Scottish Government Procurement Journey which follows best practice procurement in a legally compliant manner, and in line with the general duties of the relevant legislative Acts. Feedback received from suppliers that participated in our revised formal tendering processes has been highly positive, and Trust received ZERO complaints or legal challenges during 2021/22.
- 4.3 The revised Procurement Strategy produced in September 2021 set the strategic aims, objectives, and the key priorities Trust has set for itself to ensure the continued development and delivery of its revised internal governance.

High level key strategic objectives were set to support an action plan to enable and successfully deliver a new and effective centralised procurement function during a period of transformational change set between April 2021 and March 2023.

Some of the key objectives set in Trust's review of procurement compliance:

- Spend analysis and monitoring
 - Revision of the contracts register
 - Development of governance, policy, and procedure
 - Development of standardised operational procurement documents
 - Introduction of contract strategies
 - Formation of an internal digital information hub for procurement support
 - Development of contract and supplier management
 - Introduction of a Supply Chain Code of Conduct
 - Vendor Base Reduction
- 4.4 Successful delivery against the objectives of the procurement strategy provides commitment to the continual and on-going development of processes and procedures. This also assists to identify any further incremental improvements to our outcomes that will ensure that our

strategic, operational, and commercial objectives are met in line with internal and external drivers, to include all regulatory requirements and periodical legislative changes.

5 Non-Compliant Regulated Procurements

5.1 During the period, Trust had 2 occurrences of utilising above regulated spend without undertaking a competitive tendering exercise. The Covid 19 Pandemic influenced the justification for not taking the two procurements to market and existing contracts were extended. Planned procurement activity for the two contracts has been carried forward into the financial year 2022/23.

- Cleaning Chemicals: 4 Year ETV £600k
- Out of Hours Call Management Service (Alarm Receiving Centre): 2 Year ETV £200K

5.2 Trust will continue to work with internal customers to ensure that contract requirements are competitively tendered and effectively planned whilst the procurement transformational journey of change is underway. This will ensure the implementation of newly formed policy, governance and procedure is embedded.

5.3 Where any legitimate cases of Non-Competitive Action are identified, these will continue to be fully reported in a transparent manner and will be appropriately authorised.

6 Community Benefits Summary

6.1 For every procurement over £4m, Trust will consider how we can improve the economic, social, or environmental wellbeing of the local area through inclusion of community benefit clauses, to assist with achieving sustainability in contracts activity, including targeted recruitment and training, small business and social enterprise development and community engagement. Where possible, relevant, and proportionate, and where they are considered not to have a negative impact on the delivery of value for money, such clauses may also be included in regulated procurements valued at below £4m.

6.2 Trust's approach to identifying community benefits will be carried out on an individual project basis through engagement and consultation with stakeholders. As part of the tendering process, tenderers will be asked to describe their approach to delivery of community benefits noted within the tender specification. Tenderers will also be encouraged to identify additional benefits or opportunities that will deliver social value throughout the performance of the contract. Community Benefits will always be considered on a proportionate basis.

6.3 During this reporting period no procurements over £4m were undertaken directly by Trust.

6.4 No community benefits were reported or received during the period.

7 Supported Business Summary

7.1 Regulation 21 of the Public Contracts (Scotland) Regulations 2015 allows public bodies the ability to reserve public contracts for supported businesses. Supported businesses provide essential job opportunities for disabled and disadvantaged people within our communities, enabling such employees to become more independent, while also delivering a range of excellent supplies and services.

- 7.2 Trust does not have any contracts which are currently delivered through a supported business and no contracts were awarded to supported businesses during this period.
- 7.3 In future periods, Trust is committed to seek out opportunity to award contracts to supported businesses where this is possible to do so, and Framework Agreements will be actively explored.

8 Future Regulated Procurements Summary

- 8.1 Increased collaboration is important to drive efficiency in the procurement process. The Procurement Strategy specifies that opportunities for external collaborative procurement require to be maximised to enable delivery of lasting savings and benefits through procurement activity.
- 8.2 As part of the procurement transformation process and in line with review of regulatory procurement compliance, spend analysis and supplier profiling activities are underway to identify supply commodities for future planned procurements.
- 8.2 When identifying procurement activities, Trust intends to continue to explore, assess and access available collaborative contract types, whether this be through contract award against national and regional Framework Agreements, or through collaboration and subsequent tendering of local contracts alongside other Housing Associations.
- 8.3 It is acknowledged that collaboration through the aggregation of supply may favour larger suppliers that are better placed to compete for higher value contracts, therefore, Trust intends to consider the needs of SME's and locally or regionally based contractors to maximise benefits to local economic operators.
- 8.4 A summary of the planned regulated procurements for the period April 2022 to March 2024 is provided for view in Section 11.

9 Annual Procurement Report Responsible Officers

- 9.1 Procurement and its governance is led and influenced by the following responsible officers:

The Procurement Manager &
The Director of Finance & People

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Trust Housing Association
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10 Regulated Procurements April 2021 to March 2022

| Contract Reference | Contract Title | Supplier Name | Estimated Total Contract Value | Contract Start Date | Contract End Date |
|--------------------|-------------------------------------|-----------------------------|--------------------------------|---------------------|-------------------|
| CS-21-017 | IT Consumables & Printer Cartridges | Spectrum Computer Supplies | £182,573.08 | 01.11.2021 | 01.09.2025 |
| CS-21-018 | Travel, Accommodation & Venue Hire | Travel Planet | £250,206.56 | 01.01.2022 | 01.01.2026 |
| BD-21-019 | Print & Design Services | APS Group (Scotland) Ltd | £240,000.00 | 26.10.2021 | 01.10.2025 |
| AS-21-015 | Fire Safety Risk & Consultancy | M4Momentum 4 Ltd | £305,140.00 | 19.07.2021 | 18.07.2025 |
| BD-21-013 | Microsoft 365 Licencing | Phoenix Software Limited | £123,132.00 | 01.08.2021 | 31.07.2025 |
| FP-21-007 | External Audit Services | Anderson Anderson Brown LLP | £75,000.00 | 01.10.2021 | 30.09.2026 |
| FP-21-005 | Internal Audit Services | BDO LLP | £50,000.00 | 01.06.2021 | 31.05.2026 |

Regulated Procurements Completed & Estimated Total Contract Value 2021/22 - £1,226,051.64

11 Future Regulated Procurements April 2022 to March 2024

| Financial Year | Contract Title | Expected Route to Market | Estimated Total Contract Value | Expected Contract Start Date | Expected Contract End Date |
|----------------|---|--------------------------|--------------------------------|------------------------------|----------------------------|
| 2022/23 | Care & Support Agency Staff Master Vendor Agreement | Open Tender | £720,000.00 | 01.05.2022 | 30.04.2025 |
| 2022/23 | HR Software Solution (SaaS) | Open Tender | £375,000.00 | 01.08.2022 | 31.07.2027 |
| 2022/23 | Electrical Installation Condition Reports EICR | Open Tender | £200,000.00 | 01.03.2022 | 28.02.2026 |
| 2022/23 | Housing Management System & CRM Software | Framework Agreement | £340,000.00 | 01.06.2022 | 31.05.2032 |
| 2022/23 | Ambient & Frozen Foods | Framework Agreement | £2,500,000.00 | 01.10.2022 | 30.09.2027 |
| 2022/23 | Floor Coverings | Framework Agreement | £700,000.00 | 01.08.2022 | 31.07.2027 |
| 2022/23 | Furniture & Furnishings | Framework Agreement | £500,000.00 | 01.08.2022 | 31.07.2027 |
| 2022/23 | Energy Performance Certificates | Framework Agreement | £120,000.00 | 01.08.2022 | 31.03.2027 |
| 2022/23 | Legal Services - Tenancy | Framework Agreement | £120,000.00 | 01.12.2022 | 31.11.2025 |
| 2022/23 | Cleaning Chemicals & Equipment | Collaborative with HA | £600,000.00 | 01.04.2022 | 31.03.2027 |

Planned Regulated Procurements & Estimated Total Contract Value 2022/23 - £6,175,000.00

| Financial Year | Contract Title | Expected Route to Market | Estimated Total Contract Value | Expected Contract Start Date | Expected Contract End Date |
|----------------|--|--------------------------|--------------------------------|------------------------------|----------------------------|
| 2023/24 | Warden Call Maintenance & Reactive Repairs | Open Tender | £3,500,000.00 | 01.04.2023 | 31.03.2027 |
| 2023/24 | Gutter Cleaning & Minor Roof Repairs | Restricted Tender | £450,000.00 | 01.09.2023 | 31.08.2026 |
| 2023/24 | Grounds Maintenance Services | Open Tender | £500,000.00 | 01.06.2023 | 31.05.2027 |
| 2023/24 | Winter Gritting & Snow Clearance Services | Open Tender | £240,000.00 | 01.10.2023 | 30.09.2027 |
| 2023/24 | Recruitment Agency Framework | Restricted Tender | £4,000,000.00 | 01.05.2023 | 30.04.2025 |
| 2023/24 | Responsive Repairs, Voids & Emergency Response - Central | Restricted Tender | £8,000,000.00 | 01.08.2023 | 31.07.2028 |
| 2023/24 | Maintenance Painting & Decorating | Framework Agreement | £950,000.00 | 01.04.2023 | 31.03.2027 |
| 2023/24 | General Stationary & Office Paper Supplies | Framework Agreement | £100,000.00 | 01.04.2023 | 31.03.2027 |
| 2023/24 | Out of Hours Call Management Service (Alarm Receiving) | Open Tender | £200,000.00 | 01.04.2023 | 31.03.2025 |

Planned Regulated Procurements & Estimated Total Contract Value 2023/24 - £17,940.00.00

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