



Annual Procurement Report

01 April 2021- 31st March 2022

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1.0 Organisational Background

- 1.1 Scottish Borders Housing Association (SBHA) is the largest social housing landlord operating in the Scottish Borders, providing over 5,600 quality, affordable homes for rent. We provide a range of house sizes and types, from single person studio flats to family sized houses. We are passionate about working with our Tenants, local communities and partners to deliver homes, services and added value that meet current and future needs and aspirations.
- 1.2 As a not-for-profit organisation all our income is re-invested towards the services we provide. We are a Registered Social Landlord (RSL), monitored and regulated by the Scottish Housing Regulator, and are also a Scottish Charity (SC030751) and are registered under the Co-operative & Community Benefit Societies Act, 2014.
- 1.3 SBHA has emerged as a completely different provider from the one created in 2003 in terms of services, investment, finances, governance and engagement. Tenant engagement, performance improvement, customer service, social value and community wealth building remain the golden thread of SBHA's future success. This is reflective in the Association's Business Plan and post-pandemic revised Delivery Plan 2022-25. It is underpinned in the key strategies e.g. Voices Together, Asset Management, Ageing Well, IT & Digital, People, Development and Procurement which dovetail and are underpinned by SBHA's values: Delivering Excellence Together, Always Improving, Being Responsible and Everybody Matters.
- 1.4 SBHA's purpose is defined by its mission statement:

“Created by Tenants for Tenants, we enhance lives and communities across the Scottish Borders. We shape our homes and services to meet changing needs and expectations.”
- 1.5 Further information about SBHA and what we do can be found on our website: www.sbha.org.uk

2.0 Procurement Strategy Alignment

- 2.1 To support the wider Strategic Objectives, SBHA have in place a Procurement Strategy for 2020 to 2023 to deliver outcomes which will support each Strategic Business Plan objective proportionately by moving procurement from compliance to innovation – designing Social Return on Investment into business partnerships and creating ethical and sustainable supply chains.
- 2.2 The Procurement Strategy's four key objectives are:
 - **Assurance & Control:** to safeguard SBHA, its team and its suppliers, involved in procurement, from actual or perceived corrupt or fraudulent activity. Exercises to strengthen procedures such as due diligence, supplier segmentation, and supply chain visibility have been carried out during the period, enabling decisive support and action to be readily available to Senior Management and Executive Team. Additionally, more robust and transparent procurement has been delivered, directly supporting local wealth creation by utilising the Scottish Borders Council, repairs and maintenance framework.

- **Sustainability & Social Value:** to consider all areas of influence in which SBHA can continuously improve. Develop the environmental, economic and social impacts and benefits in the communities we serve through our procurement and service delivery activity.
- **Value for Money:** to deliver more than savings per procurement activity, encompass the identification of benefits of the provision of the service/goods or works and the assurance that these are delivered throughout the whole term of each Contract.
- **Courageous Collaboration:** to support and stimulate the Scottish Borders economy, creating opportunities to partner with and actively deliver Regional outcomes in reducing poverty and inequality, ensuring a fair economy; and exploring ways to maximise initiatives which, through supporting nature and promoting biodiversity, result in improved community physical and mental health and wellbeing while reducing Scotland’s contribution to climate change.
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2.2 The scope of the strategy covers all functions and services:

- Property Services
- Customer Services (including Tenant services)
- Business Support (HR, ITC, Legal, Communications and Engagement)
- Financial Services (Finance & Procurement)
- Development

3.0 Purpose

3.1 The purpose of this report is to enable SBHA 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. This report will cover all procurement activities from 01 April 2021 to 31st March 2022.

3.2 It will also demonstrate:

- how procurement activity collaborates to meet the wider organisational objectives;
- how procurement activity has developed the commitments of the Procurement Strategy;
- continuous improvement.

4.0 Summary of Regulated & Below Threshold Procurements Completed

4.1 Appendix A – C. Tab A provides details of all procurement for which a Contract was awarded during the period 01 April 2021 to 31 March 2022. 11 new contracts were awarded, these can be summarised as:

Procurement Threshold	Contract Type	No of Contracts	Total Value (inc VAT)
Non Regulated	Works, Goods & Services	5	£1,240,103
OJEU Variations to Existing Contracts	Goods & Services	1	£505,800
OJEU New	Goods & Services	2	£5,613,209
Regulated	Works & Services	3	£2,916,421

- 4.2 Included in the above figures are call off Contracts via national frameworks. Leveraging the benefit of national spend compliance, collaboration and meeting national outcomes in maintaining quality homes, energy efficiency and equality for all.
- 4.3 For the 2nd full year, the strategy to move from an SBHA specific approved supplier's approach to the focussed, local, Scottish Borders reactive repairs framework has increased awards of small value to locally based suppliers. This has been achieved by direct award, quick quotes and mini competition, strengthening transparency of spend and robust management information through the use of the Quick Quote system, which is provided by the Public Contracts Scotland (PCS) website. 15 unique bidders were awarded business totalling £861,784.
- 4.4 Lockdown restrictions due to the Pandemic were eased at the beginning of the year. Many suppliers have continued to be inundated with work orders as the country returned to business as usual. It was anticipated this would flatten out in a relatively short period, but this challenging environment has sustained throughout the reporting period. SBHA has persevered with local strategies, working with the community to maximise response to SBHA's opportunities.

5.0 Review of Regulated Procurement Compliance

- 5.1 Compliant procurement continues to be a key fundamental to SBHA's achievement of the strategic objective 'Delivering Excellent Value for Money' as are the general duties of fair and equal treatment as well as transparency and proportionality.
- 5.2 As the world refocuses on economic recovery and growth, SBHA recognises its role as a Community Anchor organisation and positive role of housing in economic growth. SBHA is exploring every opportunity with national and regional partners to maximise funding available and attract inward investment to both the Scottish Borders and the South of Scotland. The revised Strategic Plan Delivery Plan has been developed in the context of the South of Scotland Regional Economic Strategy Framework. Innovative regeneration of brownfield areas, meeting local and national outcomes for community wealth building, increasing jobs, skills, education and housing equality for all remain central to organisational ethos.
- 5.3 SBHA considered a range of options for the procurement of Planned works for 2022-23. Under normal circumstances the use of national central purchasing bodies to call off multi-year contracts to provide planned maintenance from suitable framework agreements would be prioritised. Whilst frameworks remained an option, the current market uncertainties, global material shortages and growing labour shortages, due to COVID and its variants, do not currently guarantee the historic benefits of a national agreement.
- 5.4 Experience during 2021 has demonstrated that there is no price certainty, no materials certainty, and no business continuity certainty, with local organisations already supporting the delivery of 21-22 investment programmes where possible via SBHA's Approved Contractor list and the Scottish Borders Council Reactive Repairs Framework.

- 5.5 As a result, SBHA have procured short term contracts locally through the 'Quick Quote' process on PCS for the supply and fit of investment replacement of day to day components and more complex, higher value contracts were procured via national frameworks. This approach enables time to assess the market, further collaborative opportunities, and local contractor ability to deliver future programmes of work to inform the next procurement strategy.
- 5.6 SBHA maintained its Declaration of Interests Register for Suppliers and staff, securing the commitment to support and safeguard our staff and partners from any perceived fraud or fraudulent activity

6.0 Meeting commitments – Proc. Strategy Action Plan 2020 to 2023:

As SBHA embarks on year three of its current Procurement Strategy the Association progresses towards its objectives and outcomes with examples from the Strategic Action Plan set out below:

Assurance & Control

- 6.1 Strengthen skills, knowledge and understanding of team members to prepare, manage and measure all procurement compliantly.

Refresher training to ensure strength in procurement skills, knowledge and understanding has continued in the period. Reinforcing and developing learning from previous procurement experience is encouraged. Organisationally, future skills and knowledge emphasis will be developed around Net Zero, low carbon solutions.

- 6.2 SBHA will plan and approve a Procurement Pipeline and publish it annually on the SBHA website and the Public Contracts Scotland buyers' profile, and where appropriate using Social Media.

All directorates contribute to the data which results in the Procurement Pipeline to 2024. This has been reviewed and updated and is issued as part of this annual report .

Sustainability & Social Value

- 6.3 **Communicate & Embed the Community Benefits Plan**

The Community Benefits Plan was approved in 2020 and communicated and published to all staff. It has been shared with local Housing Associations, Scottish Federation of Housing Associations (SFHA) for use in informing social value examples in the housing sector.

- 6.4 **Participate in SFHA development of the Social Value tool.**

SBHA have now piloted the HACT tool internally for it's Warm and Well grant funded project and reviewed the results in the year. A programme of projects will be agreed in the coming year to demonstrate their social value and embed the tool within the Organisation.

6.5 To collaborate with Local/National Government to meet national performance indicators and environmental targets.

SBHA actively participate in and collaborate with South of Scotland Enterprise and Borders Housing network to access funding streams which are available to implement programs of fuel efficiency and environmentally friendly homes. This will in turn enable increased energy efficiency performance reducing carbon and waste through the services we provide. SBHA are reviewing their Sustainability Strategy to identify and comply with all elements of the new reporting requirements of the Climate Change duties, which will also be informed by the research underway by CLES as set out below at 6.8.

Value for Money

6.6 Ensure all contractual obligations are measured and managed throughout the life of the contract and remain fit for purpose.

Establish proportionate KPI's for all contracts with performance management and monitoring formalised appropriately, this is a work in progress but has been delayed and will be developed during the next reporting period.

6.7 Tenant participation and feedback to be gathered assessing their perception of the goods and services we provide and their value for money.

Tenant Satisfaction Surveys were continued throughout COVID-19 although parameters were more inclined to personal health and awareness of local support at every level. The return of Scrutiny projects with the Tenant Organisation were re-started in the year with the focus being on Complaints Handling. As well as participation and consultation as set out in the Tenant Engagement Strategy (Voices Together), which was reviewed and published in the year. Consultation has included Rent setting including value for money, which were held with one- to- one conversations allowing for individual feedback to be addressed.

Courageous Collaboration

6.8 Local and national engagement to understand the wider agenda which affect the goods, works and services we procure and deliver. Supplier engagement and skills development.

As set out at 4.3 above, working collaboratively across the Scottish Borders Region, SBHA are exploring how funding opportunities can be maximised to provide essential options appraisals and feasibility studies for future innovative responses to secure a better fairer and kinder to the planet South of Scotland.

SBHA strategically supported the development of the Regional Economic Strategy and its action plan and moving to the collaborative SBC Framework for Reactive Repairs, as mentioned at 3.3 above demonstrates part of that commitment. SBHA's Delivery Plan

was built around the framework. We continue to work in partnership to expand the provision of homes and support innovation e.g emerging technology and modern methods of construction.

The commitment to Community Wealth Building has been strengthened by local initiatives to support this principle such as the SOSE Funded CLES research into Building Community wealth through RSL Sustainable Procurement in the South of Scotland.

Funding was expanded to support research on Retrofit, in response to the Net Zero target. The commitment is to work together to understand the plans, challenges and opportunities and bring the retrofit programmes in a way that enhances and strengthens investment in the local economy.

Supplier Engagement has been critical in the year, to understand the unprecedented challenges that suppliers are currently facing. An event was held for all local based Construction SMEs to have the opportunity to meet the team, and discuss SBHA's pipeline. Reflecting on how the issues were impacting the sector, affecting local suppliers and their capacity and capability to tender for future opportunities.

7.0 Community Benefit Summary

7.1 **Annex A provides statistics on** community benefits for regulated procurements awarded during the reporting period. SBHA, acting fairly and reasonably also included Community Benefits in some of their higher value services contracts. Examples such as:

Employment: 13 positions created from longer term, previously awarded contracts were safeguarded during the Pandemic; Seasonal positions in Ground Maintenance remained unaffected; 2 new apprenticeship positions with supervised training.

Education: Bid writing support; Volunteering support; and paint supply donations for social enterprises or supported Businesses.

Environment: Food Parcels, Donations to Christmas Charity for Children, Materials & labour towards Love Langlee Community Environment Project. Community fund cash donations £1,250. Community enhancement projects; Supporting the Burnfoot foodshed.

7.2 SBHA's approach to Community Benefits and a Community Benefits Plan enables bidders to choose from a 'menu of benefits' in accordance with the value of the contract being tendered.

7.3 This has resulted in a higher response to relevant benefits being committed to at Tender. This is captured and revisited at Contract Start Up and ongoing as appropriate through Contract Performance Management during the whole life of the Contract.

8.0 Supported Businesses Summary

8.1 SBHA continue to explore areas where supported businesses can contribute to its objectives.

8.2 The Senior Procurement Adviser continues to seek local enterprises who may be suitable to subcontract in construction or grounds maintenance contracts as well as goods and services contracts where relevant and proportionate.

8.3 Currently SBHA have no contracts which are delivered by a supported business.

9.0 Future Regulated Procurements Summary

9.1 **Appendices A - C** refers: Tab A - lists all regulated procurements awarded during the Reporting Period.

9.2 There are 7 contracts due for extension within the next two years and these are listed at **Appendices A – C** Tab B.

9.3 **Procurement Projects anticipated to 2024 (Appendices A-C, Tab C)** 53 Projects to be awarded by 31 March 2024 at an estimated value of £37,808,831 (inc VAT). SBHA will continue to share this list with other housing associations locally with the aim of encouraging collaboration, innovation and enhanced opportunities for local businesses as main contractors or subcontractors. Not only does this support our wider objective of delivering best value for money but enables SBHA to be fully aligned to the South of Scotland regional objectives of building community wealth.

10.0 Risk Management

10.1 SBHA has a Risk Management framework which identifies 9 strategic risks of which 27 top operational risks are monitored by the Board of Management. This includes procurement related risks surrounding continuity of supply, disaster recovery processes, optimising value for money and robust due diligence.

10.2 Using the Supply Positioning model, an exercise identifying critical suppliers and the associated risks was carried out. The data helped inform plans to mitigate, reduce or remove them, as well as creating a critical supplier procedure.

10.3 Key Supplier monitoring has been increased in frequency with a reporting process escalating any significant findings to the appropriate Directors. The risk register is reviewed throughout the procurement process, and again at award stage to ensure any risks identified have been assessed and mitigated, or, if necessary are carried forward and monitored throughout the life of the Contract.

11.0 Continuous Improvement

11.1 SBHA recognise the need for continuous improvement, and 2021/2022 was a period where continued learning and review was an emphasis. A lessons learned approach and an in-depth understanding of market, and especially construction constraints, has required significant focus.

11.2 Implementation of the new Finance System and its Purchase to Pay was progressed in the year with Go-Live being in February 2022. Integration with other core systems such as work scheduling for repairs is being developed to complement the overall transparency and control by streamlining data, automating transactions and will have

a positive impact on reporting mechanisms across the organisation, creating a 'one source of truth'.

11.3 Continuous Professional Development is part of the organisation wide Learning & Development Strategy. This supports the analysis of procurement skills across all staff with procurement responsibility and feedback within Personal Developments Plans will be progressed and implemented.



Annual Report



Extensions to



SBHA Summary of

12.0 Appendices A - C

Contracts Awarded, Existing Contracts, Projected Procurement



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13.0 Annex A