

CUNNINGHAME HOUSING ASSOCIATION LTD There will be a Special Board of Management Meeting on Thursday 23 rd November 2023 at 2.15 pm Held at Quayside Offices, Marina Quay, Dock Road, Ardrossan, KA22 8DA	CONFIDENTIAL	<input type="checkbox"/>	Agenda Item No: 23
	NON-CONFIDENTIAL	<input checked="" type="checkbox"/>	

Procurement Annual Report April 2022- March 2023

Purpose of Report

The Associations procurement strategy is intended to ensure our compliance with the procurement (Scotland) Act 2014 and the following statutory guidance and regulations:

- ✚ Addressing fair working practices, including the real living wage, in procurement (Scottish Procurement Policy Note SPPN 1/2015 Scottish Government)
- ✚ The Public Contracts (Scotland) Regulations 2015
- ✚ The Procurement (Scotland) Regulations 2016
- ✚ Guidance under the Procurement Reform (Scotland) Act (Scottish Government, March 2016)

Our Strategy sets out how we will direct our external spend on goods, services and works to meet statutory and good practice requirements, to achieve savings and to deliver wider local economic, environmental, and social benefits for our community.

Background

The Association is a 'contracting authority' for the purposes of the Public Contracts (Scotland) Regulations 2015 ("the 2015 Regulations") and the Procurement Reform (Scotland) Act 2014 ("the Act"). The 2015 Regulations specify legal procedures which the Association must follow when buying supplies (at or above the value of £213,477 (Indicative value excluding 20% VAT £177,897), services (at or above the value of £213,477 (Indicative value excluding 20% VAT £177,897)) and works (at or above the value of £5,336,937 (Indicative value excluding 20% VAT £4,447,447))¹.

In broad terms, the Act introduces a degree of regulation for certain procurements which are below the financial thresholds of the 2015 Regulations. As a result, all Association procurement requirements for services and supplies above £50,000 in value and all Association procurement requirements for works above £2 million² shall now be 'regulated contracts' for the purposes of the Act.

The 2014 Act places several general duties on contracting authorities regarding their procurement activities and contains some specific measures aimed at promoting good, transparent and consistent practice in procurement processes. Our Procurement Strategy was reviewed by the Development Sub Committee in May 2023. This report will provide information to the Board on its regulated procurement activities which took place last year and this current year and will project future procurement over the next financial year.

All procurements, regulated or otherwise, are implemented in accordance with the Association's Procurement Strategy, Policy and Procedures which are, in turn, aligned to the current procurement legislation and directives.

¹ These financial thresholds (which are inclusive of VAT) changed on 1 January 2022 and to be valid for 24 calendar months thereafter (until the end of 2024).

² The value is for the whole life of the contract, not simply an annual expenditure and is net of VAT.

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Development Services

As of 1 April 2023, a number of Frameworks were in place for Development. We can call off from these frameworks to deliver development projects.

Consultant Framework (Ayrshire) 2020-2024

Architects <ul style="list-style-type: none"> • MAST • Anderson Bell Christie • Collective Architecture 	Engineering Services <ul style="list-style-type: none"> • Clancy Consulting • Dougall Baillie associates • Cowal Design Consultants
QS/Employers Agent Service <ul style="list-style-type: none"> • Armour Construction Consultants • NBM Construction Consultants • MB Langmuir & Hay 	Principal Designer Services <ul style="list-style-type: none"> • TCS Construction Consultants • Armour Construction Consultants • Brown & Wallace

Consultant Framework (Dumfries & Galloway) 2021-2025

Architects <ul style="list-style-type: none"> • Robert Potter & Partners • MAST • Anderson Bell Christie 	Engineering Services <ul style="list-style-type: none"> • Clyde Design Partnership • Clancy Consulting • Asher Associates
QS/Employers Agent Service <ul style="list-style-type: none"> • TCS Construction Consultants • Armour Construction Consultants • MB Langmuir & Hay 	Principal Designer Services <ul style="list-style-type: none"> • Robert Potter & Partners • TCS Construction Consultants • McGowan Miller

Contractor Framework (Ayrshire & Dumfries & Galloway)

1 December 2019 - 30 November 2023

Lot 1 Smaller Projects Ayrshire <ul style="list-style-type: none"> • Ashleigh • CCG • McTaggart 	Lot 2 Smaller Projects Dumfries & Galloway <ul style="list-style-type: none"> • Ashleigh • CCG • Stewart & Shields
Lot 3 Larger Projects Ayrshire <ul style="list-style-type: none"> • Ashleigh • CCG • McTaggart 	Lot 4 Larger Projects Dumfries & Galloway <ul style="list-style-type: none"> • Ashleigh • CCG • Cruden

Some of these frameworks are coming to an end.

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A decision will require to be made, based on the number of projects we will be delivering, whether we undertake a full framework exercise again as there are other options for procurement, other Frameworks we can utilise, without having to undertake a procurement exercise ourselves.

Presently, most of the current projects have been procured using the FA's which are already in place.

2022/23 - Summary of procurement undertaken

Development

Negotiated Design & Build Contract - Connect Modular
 Contract Value £15.8m
 Start date July 2022

Garven Road Consultant appointments
 Call off from Consultant Framework

Corporate/General

Legal Services Tender (Lots 1 & 3) - Harper Macleod
 Contact start date 19 July 2022 (3-year term + 1 year extension)
 Contract end date 19 July 2025

Legal Services Tender (Lot 2) - Taylor & Henderson
 Contact start date 19 July 2022 (3-year term + 1 year extension)
 Contract end date 19 July 2025

Repairs & Maintenance

The majority of maintenance work carried out by the Housing Association is now carried out by our own Direct Labour Organisation (DLO) Direct Works. This has dramatically reduced the number of contracts we procure through OJEU Public Contracts Scotland or Framework Agreements in accordance with regulations.

As of 1st April 2023 a number of Frameworks and contracts were in place.

Measured Term Contracts

Gas Service and Maintenance	James Frew Ltd
Kitchen Supply Contract	JTC Furniture Group
Grounds Maintenance	John O'Conner Grounds Maintenance Ltd

Fixed Price Contracts

External Painting	The Trident Group
EWI Dalry Swedish Timber Houses	Warmworks

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In March 2023 we entered into a Professional Service Short contract with Warmworks Scotland to help deliver a Scottish Government enabled project under Social Housing net zero carbon grant funding. The contract sum was in the amount of £2,030,195.98+ repair elements. Warmworks secured the contractor on our behalf, Insulated Render Systems Scotland Ltd, via the Excel Framework.

All other procurements and contract awards in this year were either below current thresholds, in compliance with current contractor and consultant Framework agreements, and in adherence with the Association's procurement policies and procedures.

Community benefits form part of contract awards, and opportunities are agreed and put in place on a contract-by-contract basis.

Summary of procurement in 2023/24

Cyclical external painting - Value £360,000

Timescale March 2024

PfH Framework Agreement Year 1

Ayrshire Contractor Framework 2019-2024- appointment of Ashleigh Scotland Limited (new build development)

Garven Road, Stevenston

Value £3.9m

Contract start date 18 August 2023

Summary of procurement we expect to undertake in the next 2 years

2024/25

- ✚ Appointment of new build project at Eastriggs to Ashleigh Scotland Limited- Value £16m- Contractor Framework (Dumfries & Galloway)
- ✚ Cyclical external painting - Value c£360,000- PfH Framework Agreement - 1 year
- ✚ Procurement of Internal Auditor services - c.£80,000- to be advertised on PCS.
- ✚ Office cleaning contract = Value c.£80,000- to be advertised on PCS.
- ✚ Appointment of main contractor for delivery of a 14 unit development at Collin, Dumfries- Value c. £3m - Negotiated contract with landowner.
- ✚ Kitchen supply contract - Value £180,000 December 2024 PfH Framework Agreement 3 year contract
- ✚ Ground maintenance contract Value c.£240,000 Framework Agreement Fusion 21
- ✚ Appointment of Gas servicing & Maintenance Contract – Value c. £504,000- tendered through PCS [5 year term]

2025/26

- ✚ Appointment of new build project at Halcrow, Gretna to Ashleigh Scotland Limited- Value £16m- Contractor Framework (Dumfries & Galloway)
- ✚ Cyclical external painting Value £360,000 March 2025

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Community Benefits

These form part of contract awards and opportunities are agreed and put in place on a contract by contract basis.

Fair Work First

All regulated procurement tenders are assessed on their fair working practices. This is stated within our Procurement Strategy as follows:

We expect those we contract with to adhere to the Scottish Government Statutory Guidance addressing fair work practices, including the living wage.

In particular, we expect those we contract with to have in place policies which describe how they adopt fair working practices for all workers engaged on delivering the contract.

The Association should apply the expanded Fair Work First criteria in all procurement processes, where relevant and proportionate to do so.

Summary

We will ensure that we adhere to the following procurement principles over the course of the coming year:

- We will continue to ensure that each regulated procurement reflects best practice.
- We became members of Scotland Excel earlier this year and we will utilise their expertise to review processes and take on board any further procurement learning points they can identify.
- We will apply the Scottish Government's Housing Network project evaluation tool to new build projects to ensure that we are benchmarking our costs and ensuring that value for money is being achieved wherever possible.
- We will actively engage with potential suppliers regarding desired community benefits to encourage their delivery in regulated contracts and call offs from individual frameworks.
- We will seek to widen the pool of potential smaller contractors and suppliers.
- We will publish and maintain the contracts register on our website to ensure easy access.
- Fraud prevention measures will be monitored by the Board of Management in line with our Prevention of Fraud & Corruption Policy CE0034.
- A full list of current and recent suppliers is included within our Entitlements, Payments and Benefits Policy CE0028 available on our website.