

# Annual Procurement Report

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## 1. Background and Purpose

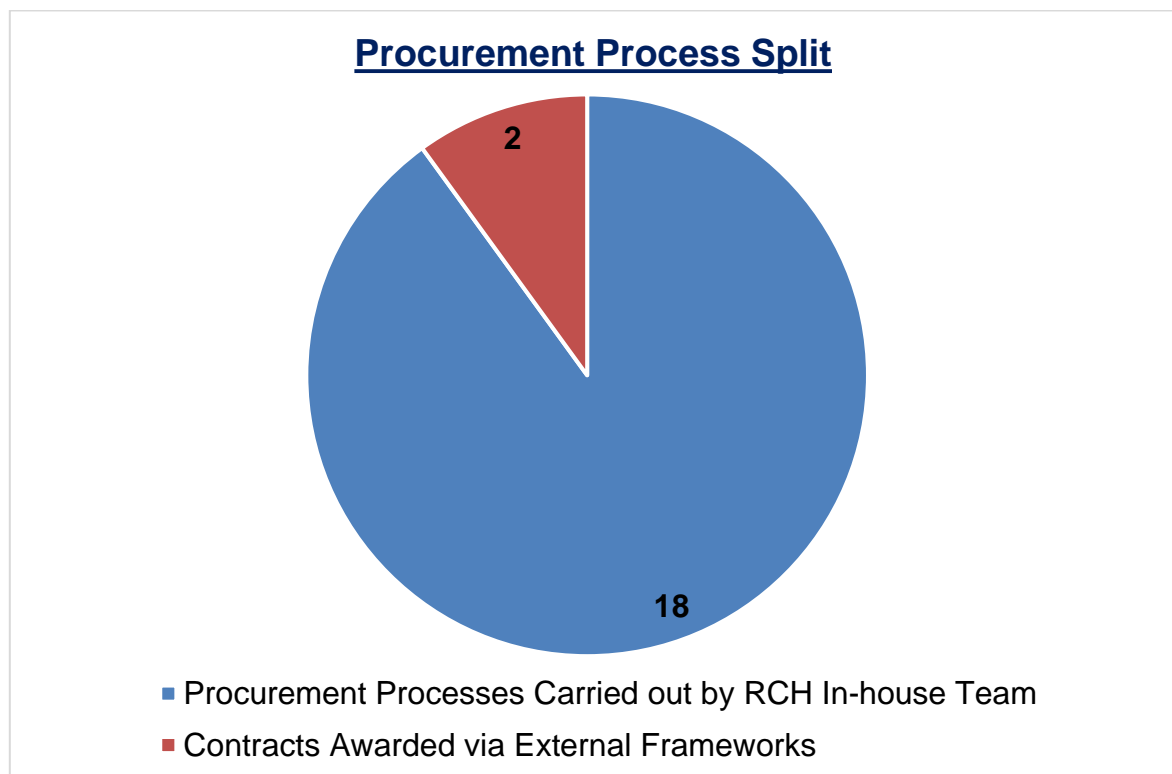
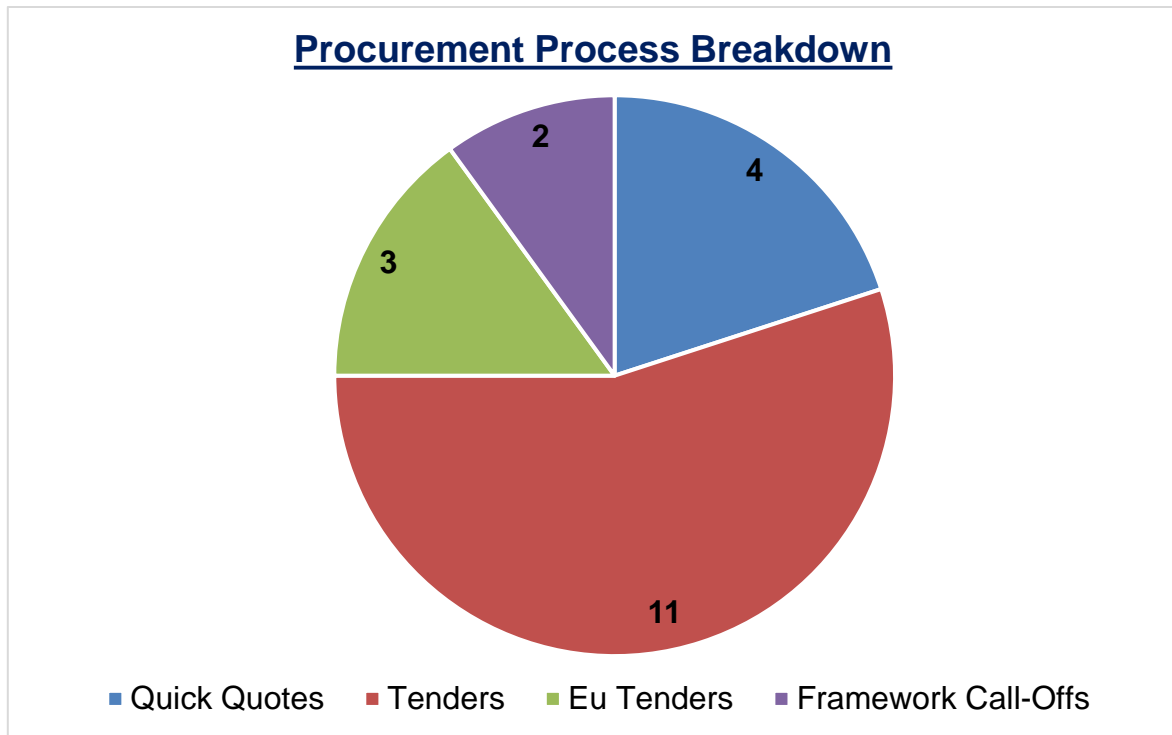
On an annual basis, in compliance with the Procurement Reform (Scotland) Act 2014, River Clyde Homes Group (RCH Group) revise and publish its Procurement Strategy. The strategy sets out RCH Group overall approach to Procurement, and how it intends to ensure that it delivers value for money (VFM) and contributes to the achievement of its broader aims and objectives through its procured activity.

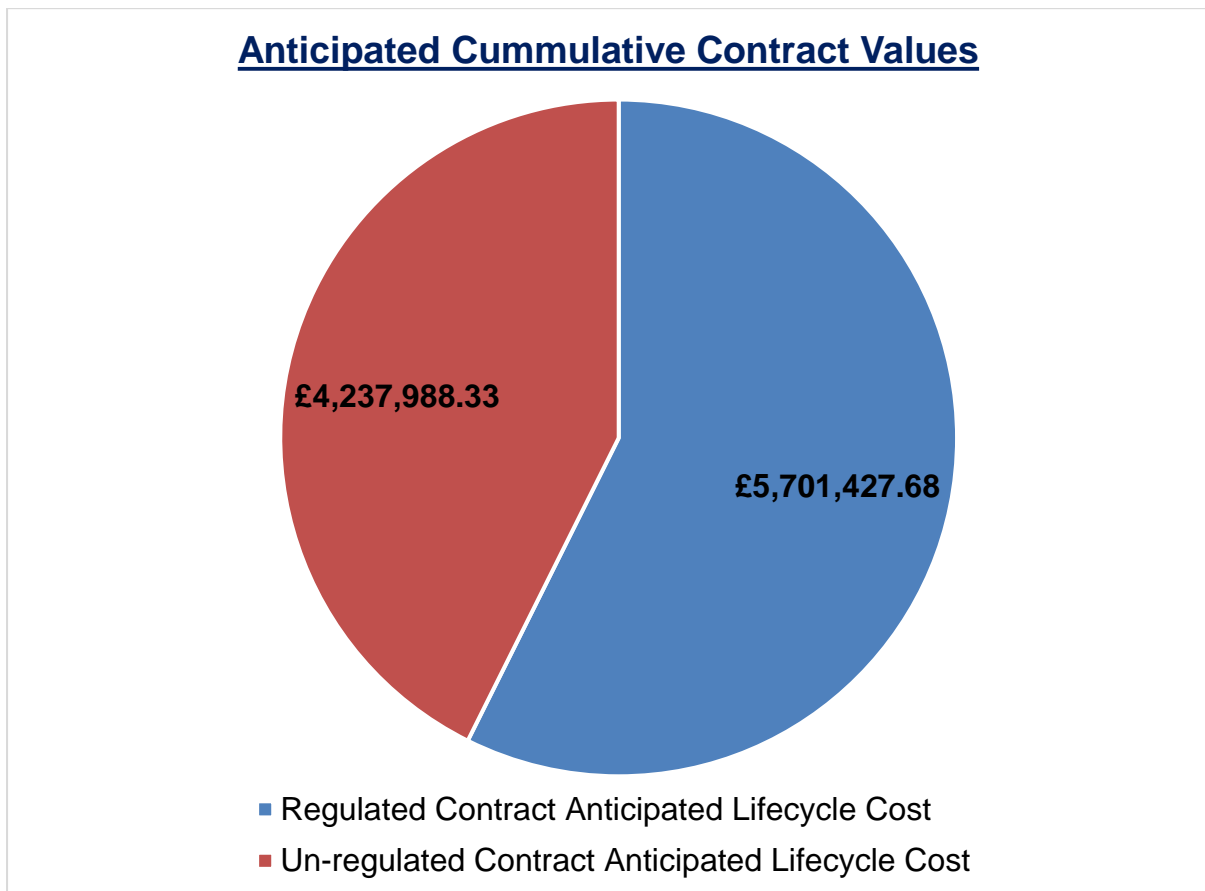
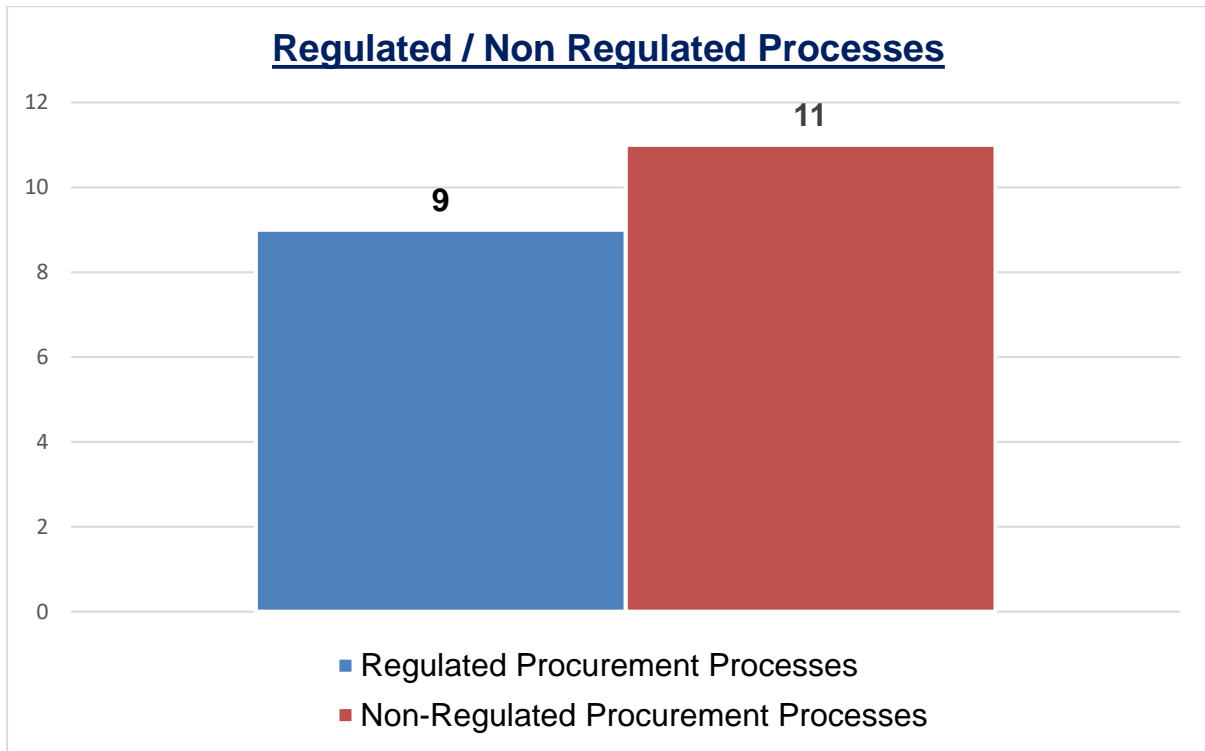
The purpose of this report is to publicise RCH Group performance and achievements in relation to realising the aims it set out in the Procurement Strategy. It is hoped that the publication of this and subsequent annual procurement reports will help promote the positive impact that RCH Group procurement processes can have on the Inverclyde area.

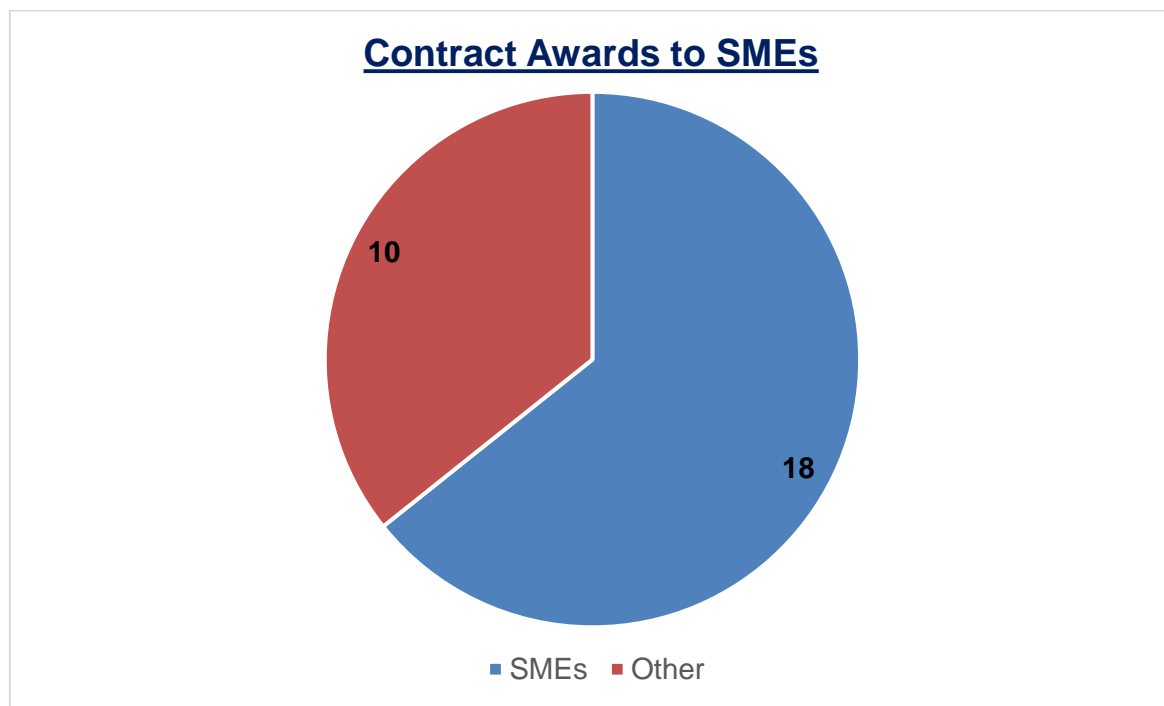
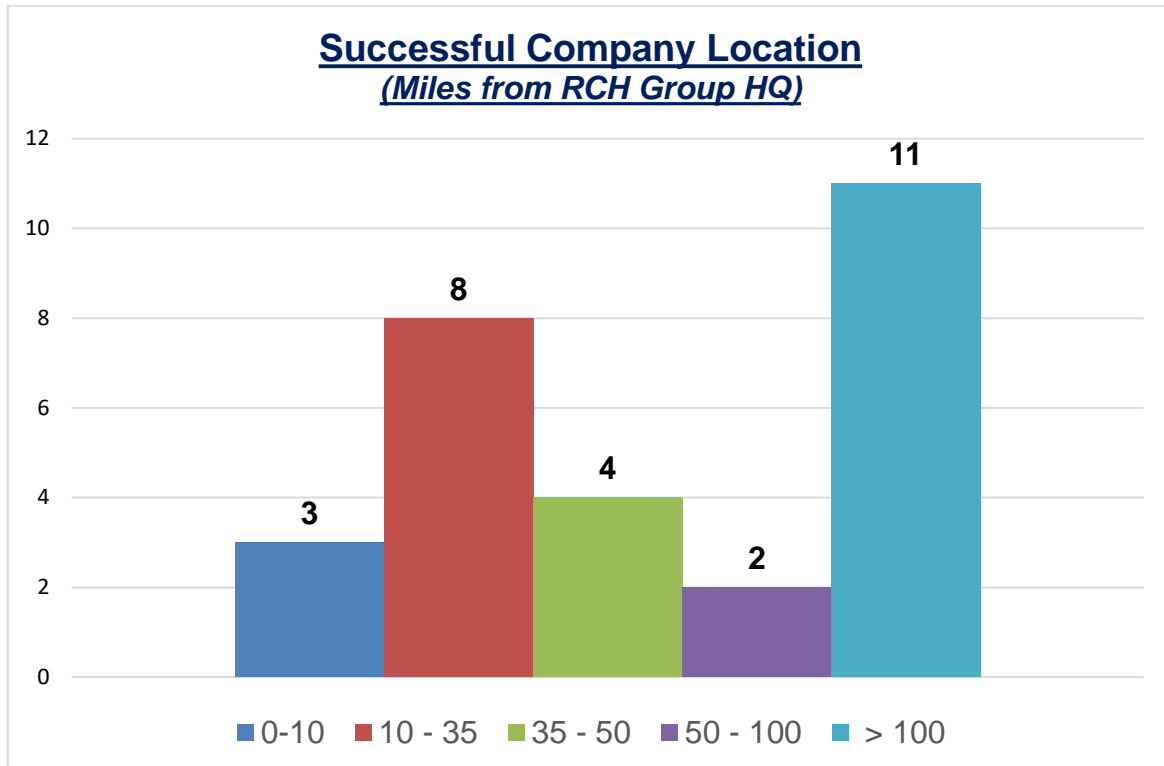
The report will ensure transparency of RCH Group purchasing activities and provide businesses with advance notice of potential future contracting opportunities that may be offered by RCH Group.

## 2. Summary of Procurement Processes Undertaken

RCH Group completed 20 procurement processes between 1<sup>st</sup> April 2022 and the 31<sup>st</sup> March 2023. The charts below provide an overview of these procurement processes.

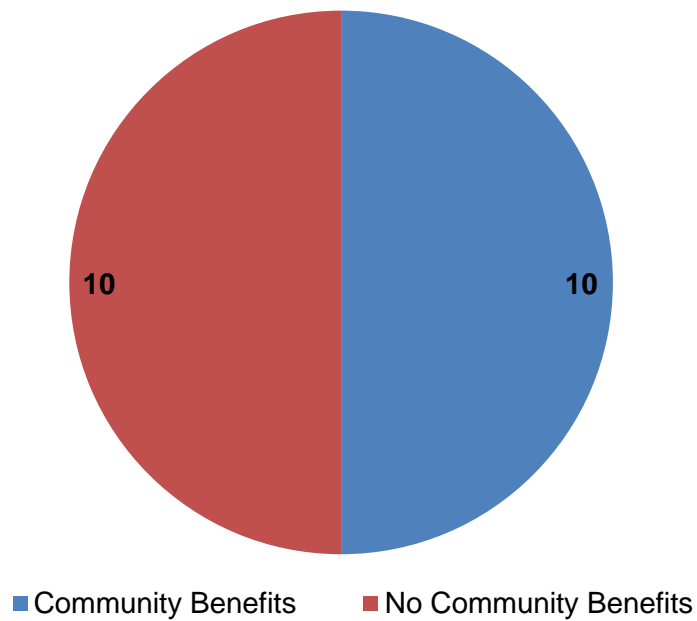




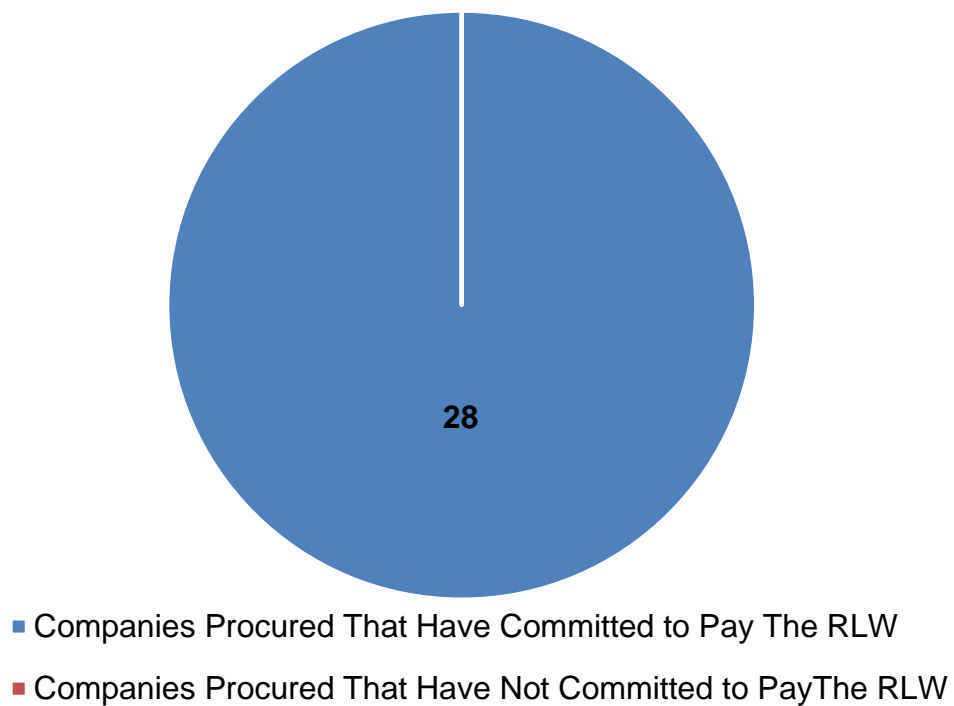


*\*The number of companies in the two tables above does not correlate to the total number of procurement process undertaken, as two of the procured processes were multi-lotted frameworks agreements awarded to more than one company.*

### Contracts Including Community Benefits



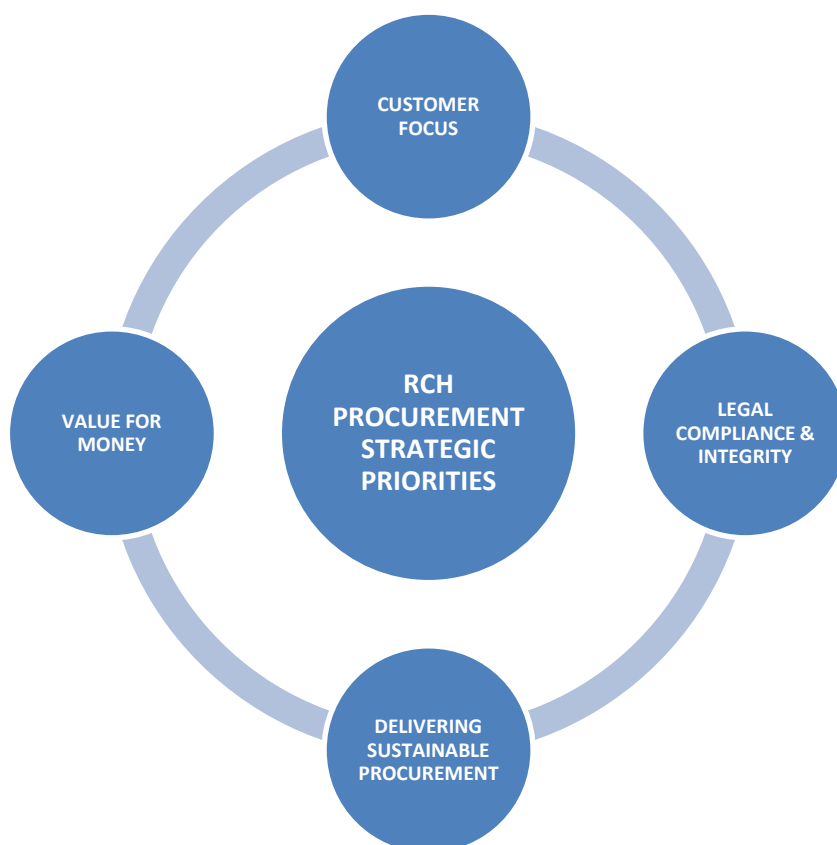
### Real Living Wage (RLW)



**A detailed list of all RCH Group regulated procurement processes is contained within Appendix 1.**

### 3. Review of Regulated Procurement Compliance

RCH Group Procurement Strategy contains four strategic priorities. Together, these priorities help ensure that the procurement function is aligned with and is contributing to the organisation's wider goals.



1. Achieve customer focus by aligning our needs with the needs of our customers and that our customers are consulted and engaged in the procurement process.
2. Achieve optimal value for money through effective procurement and run a leaner, more effective procurement function.
3. Ensure that all our procurement activity complies with the law and is ethical.
4. Ensure that our regulated procurement is carried out in a manner that actively promotes the sustainable procurement duty and where applicable, provide additional community benefits.



## Customer Focus

In order to support the organisation's goal of being customer focussed, the Procurement Team has introduced certain enhancements to the procurement process.

Prior to going out to tender for any work, service or supply contract, an assessment is made by the Procurement Team (in conjunction with relevant RCH Group staff), as to whether the subject matter of the contract will impact directly upon our tenants; or will bring contractors into contact with them.

Where it is adjudged that the contract will impact directly upon tenants, a 'Customer Satisfaction' Key Performance Indicator (KPI) is used as part of the scored tender evaluation criteria. Suppliers bidding for these contracts have to state within their tender response how they will ensure minimum disruption to RCH Group tenants throughout the contract lifecycle and specify how they will ensure tenants are satisfied with the quality of the service being provided.

The use of the 'Customer Satisfaction' KPI criterion guarantees that any supplier awarded a contract must evidence to RCH Group that they have considered the needs of our tenants in the submission of their bid, and throughout the lifecycle of the contract.

All of the relevant procurement processes carried out by the in-house Procurement Team, within the timeframe of this report, were allocated a 'Customer Satisfaction' KPI.

RCH Group is considering how it can involve tenants within the procurement process. The aim being to enable tenants to gain a greater understanding of the Public Procurement process and to gain trust that RCH Group is procuring in a sensible manner and spending money wisely.

## Value for Money

RCH Group strives to achieve value for money through its procurement activity by ensuring that, where relevant and practicable, every contract with a value greater than £50k (ex VAT) is subject to a competitive tender process, advertised to the largest possible market, via the Public Contracts Scotland website. By following a competitive tender process, RCH Group can be certain that it is achieving value for money for each procurement exercise.

The use of a competitive tender process for all contracts greater than £50k goes beyond the legislative requirements. However, RCH Group believes it is imperative that it can evidence VFM through all purchasing activity, to give tenants comfort that money is being spent wisely. Whenever the RCH Group internal procurement team is unable to facilitate a bespoke procurement process, RCH Group make use of external framework agreements put in place by reputable Central Purchasing Bodies.

The table below illustrates the total 'whole life' anticipated savings (where measurable) as a result of the competitive tender exercises undertaken by RCH Group in-house Procurement Team for the contracts let between 1<sup>st</sup> April 2022 – 31<sup>st</sup> March 2023.

<b>Whole life Contract Savings Against Average Compliant Tender Offer</b>	<b>Whole life Contract Savings Against Highest Compliant Tender Offer</b>
<b>£1,638,196</b>	<b>£4,189,165</b>

The first figure relates to the savings anticipated by accepting the successful bidder's tender offer against the average tender sum received by all compliant bids for the contract (As per the Scottish Government's 'Procurement Benefits Reporting Guidance' Methodology, BT2 - Price Versus Market Savings). The second figure relates to the savings estimated by accepting the successful bidder's tender offer against the highest compliant bid for the contract.

Although the tender price is the most obvious measurement in relation to VFM, RCH Group understands that the lowest priced offer does not necessarily equate to the best offer. Therefore, contracts are awarded to the supplier who submits the 'most economically advantageous tender'. Although price is a key consideration, all companies who submit a tender, are also assessed in relation to relevant quality criteria. All suppliers are also vetted to ensure that none of the mandatory grounds for exclusion apply and that they are sufficiently experienced and possess the technical capacity to carry out the contract in the first instance.

## Delivering Sustainable Procurement

One of the key requirements introduced within The Procurement Reform (Scotland) Act 2014 was the 'Sustainable Procurement Duty'. The Sustainable Procurement Duty places an obligation on all public bodies to consider how, via their procurement activity, they can improve the economic, social, and environmental wellbeing of their local area.

The most effective way of meeting the sustainable procurement duty is to include, where relevant, a requirement for community benefits to be delivered by the successful bidder as part of any contract.

The Procurement Reform (Scotland) Act 2014 stipulates that community benefit requirements should be included within any regulated procurement exercise, with an estimated contract value of equal to or greater than £4m. However, RCH Group includes community benefits within all relevant contract, regardless of the contract value, or whether the contract falls under the scope of the regulations.

<b>Total Number of Procurement processes undertaken</b>	<b>20</b>
<b>Number of processes with a Contract value of £4 million +</b>	<b>0</b>
<b>Total Number of these processes where Community Benefit Requirements formed part of the contract</b>	<b>10</b>

Rather than stipulate the community benefits that must be achieved through each respective contract, RCH Group put the onus on the tendering companies to put forward their own proposals in relation to what they are capable of delivering. The delivery of the successful bidders proposed community benefits are used as a Key Performance Indicator (KPI) for the contract, and 100% of all the benefits mooted must be achieved. The responsibility for ensuring the delivery of the community benefits is the responsibility of each respective contract manager.

In order to help suppliers target the initiatives that will benefit the Inverclyde area the most, RCH Group are in the process of creating an Inverclyde specific 'Community Benefits Register'. The register will be available to all of the suppliers, and will list current, specific, community initiatives which bidders may choose to support as part of their tender offer. Again, RCH Group will not be placing demands on what benefits require to be met, but the register will act as a guide for companies who may not have knowledge of the unique social needs of the area.

***A brief summary of community benefits delivered during the period is provided in Section 4.***

## Legal Compliance & Integrity

RCH Group has an obligation to ensure that all its procurement activity complies with the law and that its tendering exercises are conducted in a transparent and proportionate manner. With the changing procurement legislative landscape, RCH Group has relied on the experience of its internal Procurement Team, as well as the support of both internal and external legal advisors to ensure all procured activity has complied with the requisite standards.

Although only 'regulated' procurement processes require to adhere to the legislation, RCH Group has in place its own internal 'Contract Procedure Rules' (CPRs). Under the CPRs any contract (works, services or supply) with an anticipated spend equal to, or greater than £50k (ex VAT) is subject to a robust competitive tendering process, advertised via the Public Contracts Scotland (PCS) website.

This goes beyond the legal requirement which only places an obligation on RCH Group to advertise, and competitively tender 'works' contracts that have an anticipated value equal to or greater than £2m (ex VAT).

Only in exceptional circumstances (e.g. operational necessity or emergency) are departures from the internal CPRs permitted.

The Procurement Team seeks internal and external advice, as required to ensure ongoing compliance with procurement legislation.

## 4. Community Benefit Summary

A brief summary of the community benefit commitments that were fulfilled by RCH Group contractors, between 1<sup>st</sup> April 2022 and 31<sup>st</sup> March 2023, are provided below:

- Eleven contracts were awarded to companies situated within the local community (Within a 35-mile radius of RCH Group Headquarters in Greenock).
- Successful companies have utilised local labour and have been using local trainees from their Skills Academies on site.
- Successful companies have provided on site experience to our subsidiaries Apprentice trade operatives.
- Various donations have been made by RCH Group contractors to local residents, sheltered housing events, including selection boxes, raffle prizes and over £1000 of gift and supermarket vouchers.

## 5. Supported Business Summary

RCH Group believes that the best way to improve access to procurement opportunities for SMEs, supported businesses and the third sector is to ensure that all contracts with an anticipated value of greater than £50k (ex VAT) are advertised via Public Contracts Scotland (PCS). This guarantees that any supported businesses registered with PCS have the opportunity to bid for any relevant contracts.

In addition, as highlighted above, RCH Group includes where relevant a 'Community Benefits' award criteria within its tenders. The aim of any supported business is to help enable the social and professional integration of disabled and disadvantaged people within the communities they serve. By their very nature supported businesses are of immense benefit to their community, and therefore have an immediate advantage over private companies bidding for RCH Group contracts, in terms of scoring well in the 'community benefits' criterion. Consequently, this provides Supported Businesses with a greater chance of winning the contract.

Even where a Supported Business is not successful in a tender process; (or where a Supported Businesses doesn't even submit a bid), they may receive benefits (support, advice, sub-contracting opportunities) via the successful bidder, as part of the community benefit commitments that have been made within the winning company's tender response.

However, RCH Group does not expressly take the view that Supported Businesses are markedly different from any other company and are in need of special treatment. RCH Group believes that Supported Businesses are abundantly capable of competing commercially with private sector organisations for RCH Group procurement requirements. This theory has been borne out by City Building (Contracts) LLP/RSBi, a Supported Business based in Glasgow, who tendered for, and won, a previous RCH Group Kitchen Unit Supply contract.

RCH Group has attempted to make use of the Scottish Government's Supported Business framework, for print & mailing fulfilment & for the supply of office furniture. Regrettably, on each occasion the supplier was unable to meet RCH Group requirements.

RCH Group will continue to explore this avenue though for any future needs that fall within the scope of the framework.

## Appendix 1 – Regulated Procurement Processes Undertaken

Ref	Title	Award Date	Start Date	End Date	Max Extension Months	Framework	Estimated Value	Supplier Name
RCH572	Asbestos Surveying	21/04/2022	01/05/2022	30/04/2024	24	No	£400,000	Environmental Essentials
RCH566	Human Resource Management Solution	27/04/2022	28/04/2022	27/04/2026	36	No	£629,638	IRIS Software
HFS015	Kitchen Supply	31/05/2022	20/06/2022	19/06/2024	24	No	£239,289	Joinery & Timber Creations (65) Ltd
HFS028	Supply of uPVC Windows & Doors	01/09/2022	02/10/2022	02/10/2024	24	Yes	£700,000	Inverclyde Windows Walker Profiles Blairs
HFS024	Trade Materials Supply (7 Lots)	06/09/2022	26/09/2022	25/09/2024	24	Yes	£2,432,427	Jewson's City Electrical City Plumbing Aspire
RCH582	Water Quality	12/12/2022	05/01/2023	04/01/2025	24	No	£570,080	H20
RCH585	Supply of ICT Hardware	01/02/2023	02/02/2023	01/02/2025	24	No	£109,992	Pure Data Solutions
CCS	Supply of Fuel Cards	24/02/2023	22/02/2022	21/02/2026	12	Yes	£480,000	Arval (all Star)
RCH587	Occupational Health Services	14/03/2023	20/03/2023	19/03/2025	24	No	£140,000	Inverclyde Physiotherapy

## Appendix 2 - Indicative Regulated Procurement Calendar

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Arborist Services	Provision of Tree Surgeon & Arborist Services	New Procurement	September 2023	October 2023	October 2023
Waste Management Services	Waste Management Services	Re-Let	September 2023	October 2023	October 2023
Lift Maintenance	Maintenance of Lifts	Re-Let	September 2023	October 2023	October 2023
Mobile SIM calls and data provision	Provision of sims for voice and data communications	Re-Let	September 2023	October 2023	October 2023
Fire Alarm & Safety Equipment	Fire alarm, Fire extinguishers, Dry risers Etc.	Re-Let	October 2023	November 2023	November 2023
MVHR, PIV & Fan Maintenance	Repair & Maintenance of MVHR, PIV & Fans	New Procurement	October 2023	November 2023	November 2023
Laundry Equipment Repair, Maintain & Replace	Repair Maintain and Replacement of Washing Machines, Tumble Dryers Etc.	Re-Let	October 2023	November 2023	November 2023
CCTV - Repairs & Maintenance	Repair & Maintenance of CCTV	New Procurement	October 2023	November 2023	November 2023
H&S Risk Assessment	H&S Risk Assessments - Domestic portfolio and surrounding areas	Re-Let	October 2023	November 2023	November 2023
Play Park Equipment Inspection	Inspection of Childrens Playground Equipment	New Procurement	October 2023	November 2023	November 2023
TV Aerial & Booster Repair & Maintenance	Repair & Maintenance of TV Aerials and Boosters	Re-Let	November 2023	December 2023	December 2023



Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Bin Chute Inspection & Repair	Inspection & Repair of Bin Chutes	New Procurement	November 2023	December 2023	December 2023
Lightning Protection	Inspection and test of lightning protection installations	New Procurement	November 2023	December 2023	December 2023
Gas Safe Audit	Audit of gas servicing	New Procurement	November 2023	January 2024	January 2024
Fire Risk Assessment	Fire Risk Assessments - Domestic Portfolio	New Procurement	January 2024	February 2024	February 2024
Domestic Stock Condition Monitoring	Energy and air quality monitoring in the domestic portfolio	New Procurement	January 2024	February 2024	February 2024
Key Holding	Emergency Key Holding & Call-out Services	Re-Let	January 2024	February 2024	February 2024
Health Care Plan	Provide a health care plan to all RCH Group employees	Re-Let	February 2024	March 2024	March 2024
Insurance Services	Provide insurance for RCH properties, staff and customers	Re-Let	February 2024	April 2024	April 2024