

Annual Procurement Report

(Covering period 01/04/19 – 31/03/20)

Table of Contents

1. Background and Purpose.....	3
2. Summary of Procurement Processes Undertaken.....	4
3. Review of Regulated Procurement Compliance	7
4. Community Benefit Summary.....	12
5. Supported Business Summary.....	13
Appendix 1 – Regulated Procurement Processes Undertaken	14
Appendix 2 - Indicative Regulated Procurement Calendar	15

1. Background and Purpose

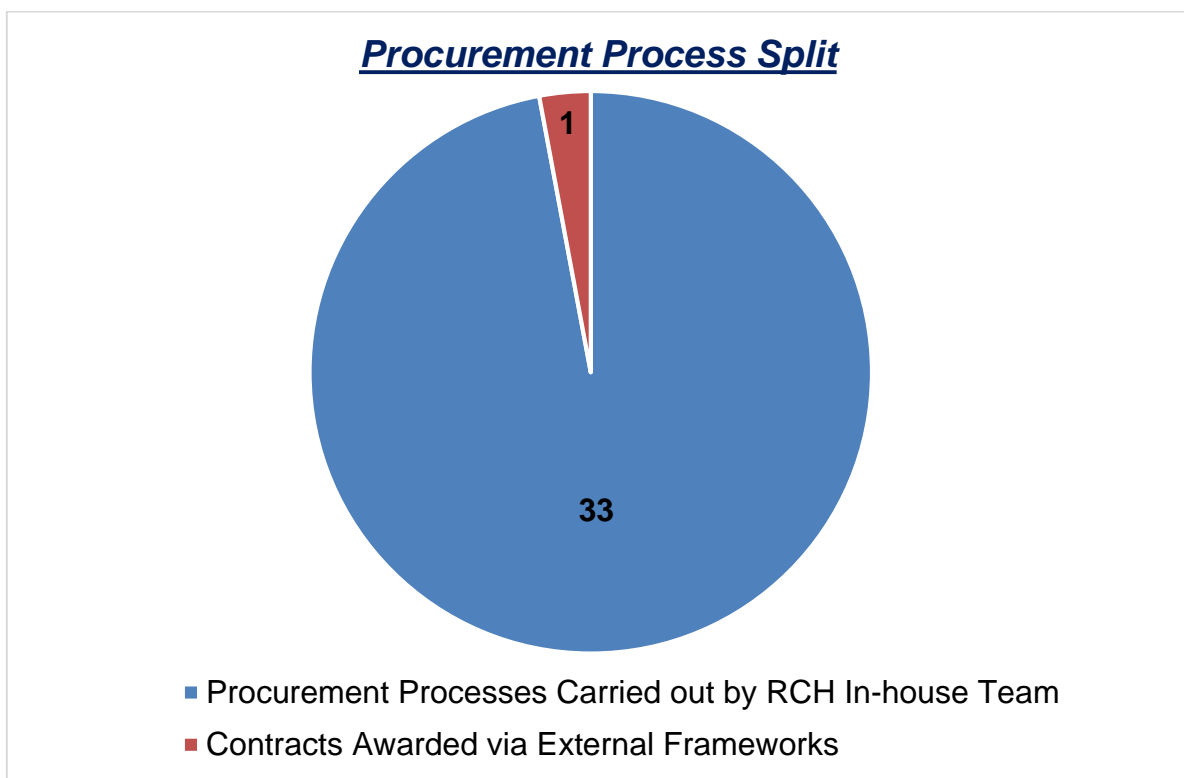
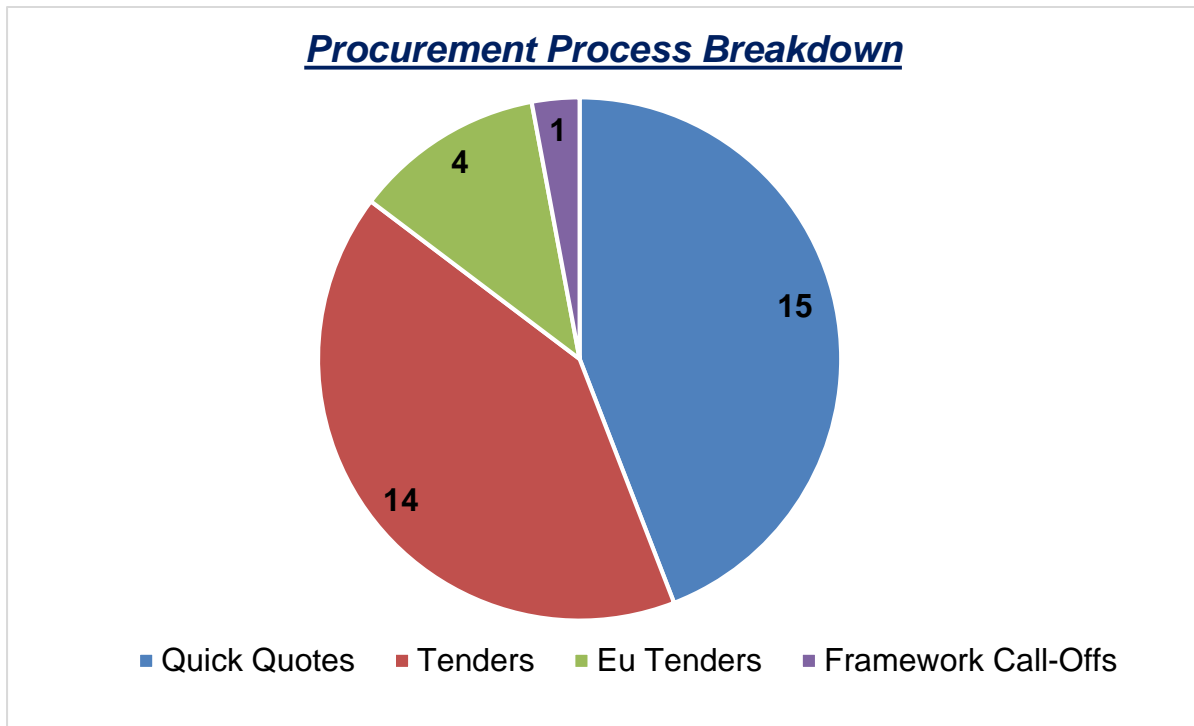
In December 2016, in compliance with the Procurement Reform (Scotland) Act 2014, River Clyde Homes Group (RCHG) published its Procurement Strategy. The strategy sets out RCHG's overall approach to Procurement, and how it intends to ensure that it delivers value for money (VFM) and contributes to the achievement of its broader aims and objectives through its procured activity.

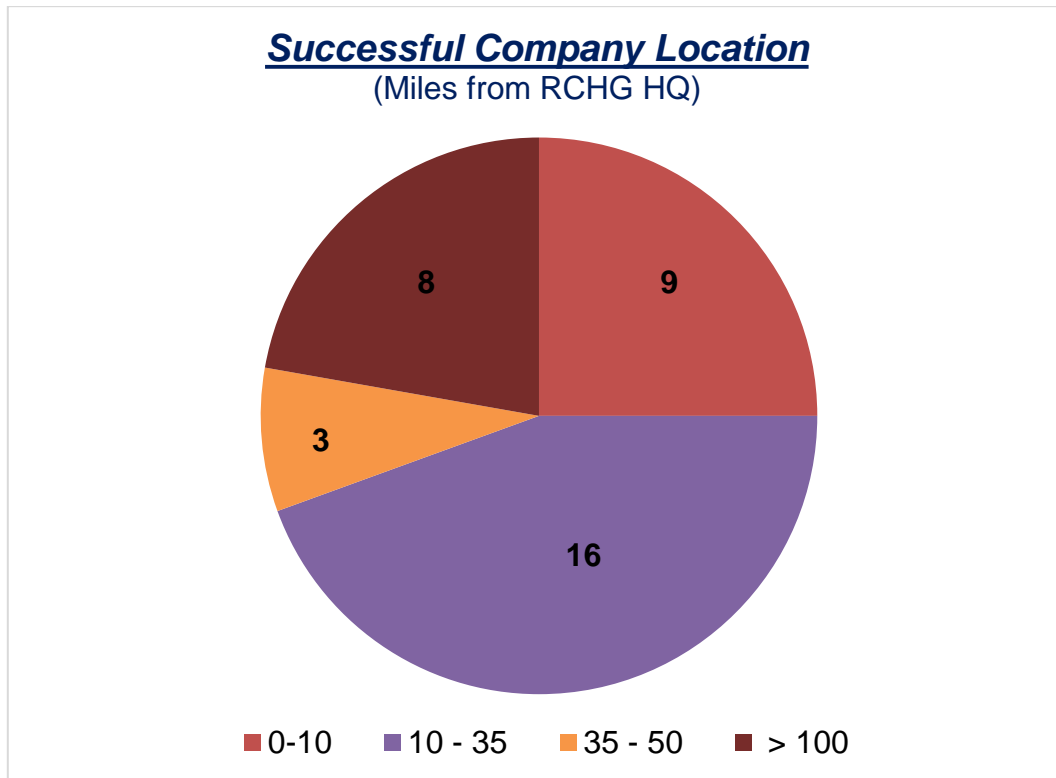
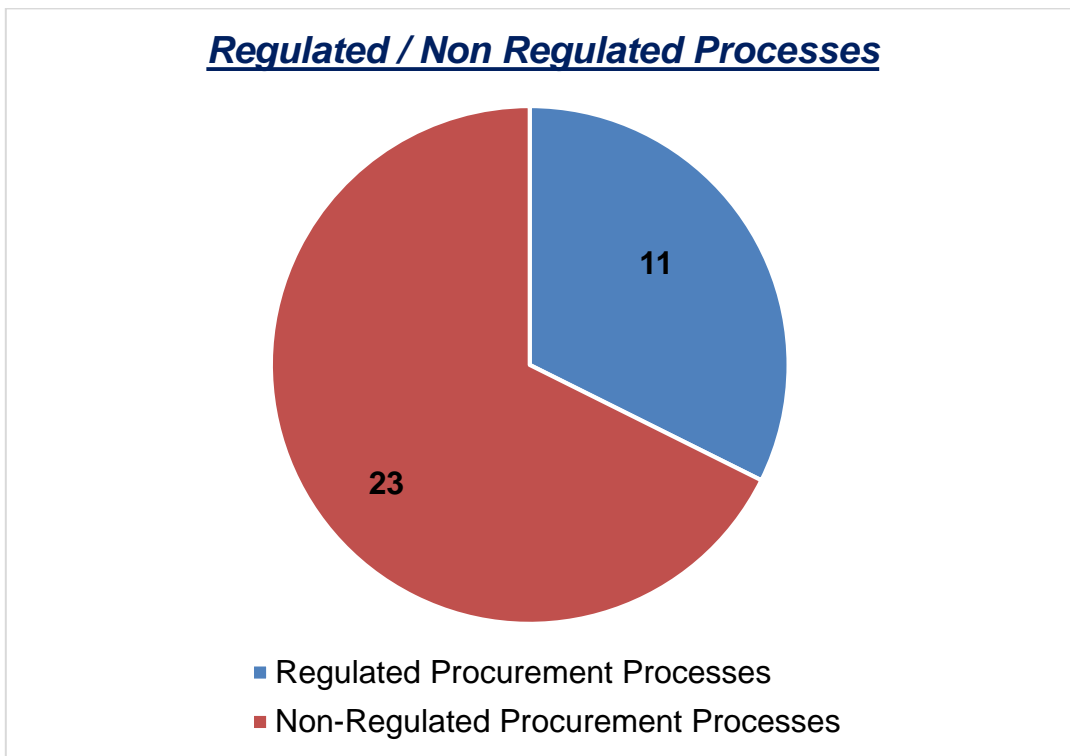
The purpose of this report is to publicise RCHG's performance and achievements in relation to realising the aims it set out in the Procurement Strategy. It is hoped that the publication of this and subsequent annual procurement reports will help promote the positive impact that RCHG's procurement processes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

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

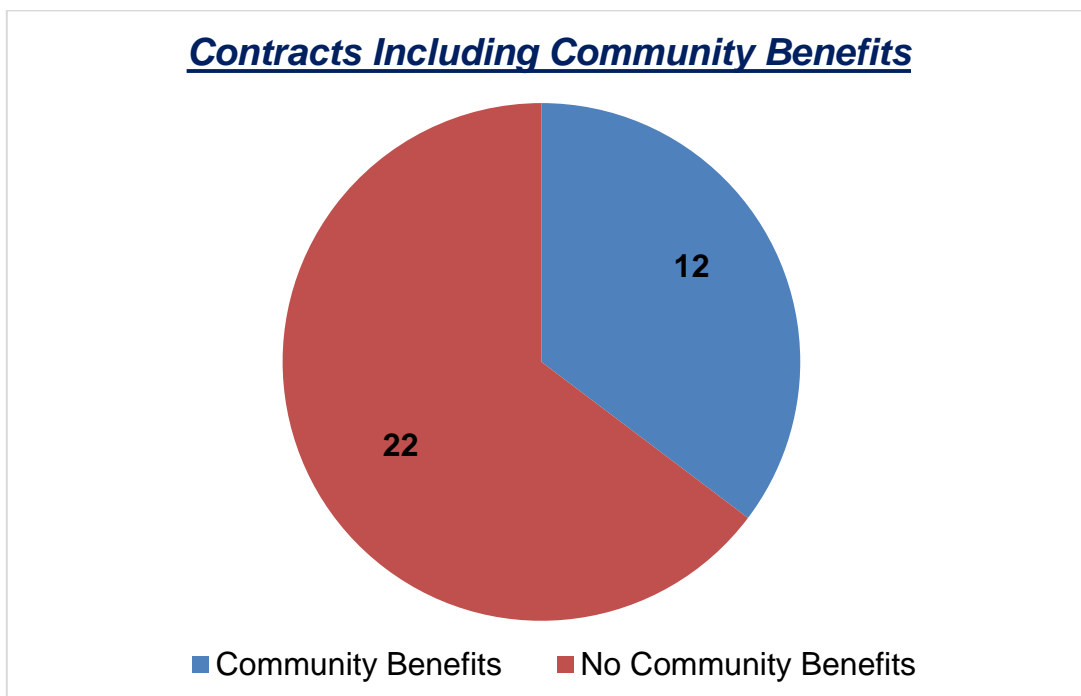
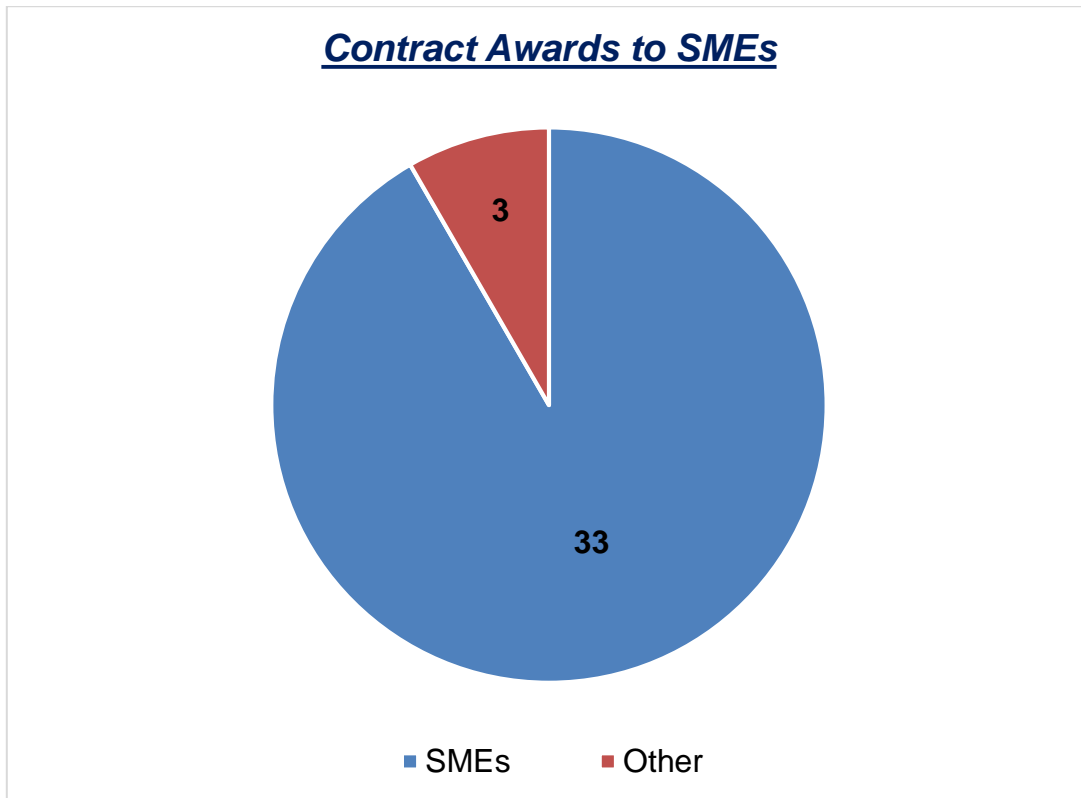
2. Summary of Procurement Processes Undertaken

RCHG completed 34 procurement processes between 1st April 2019 and the 31st March 2020. The charts below provide an overview of these procurement processes.





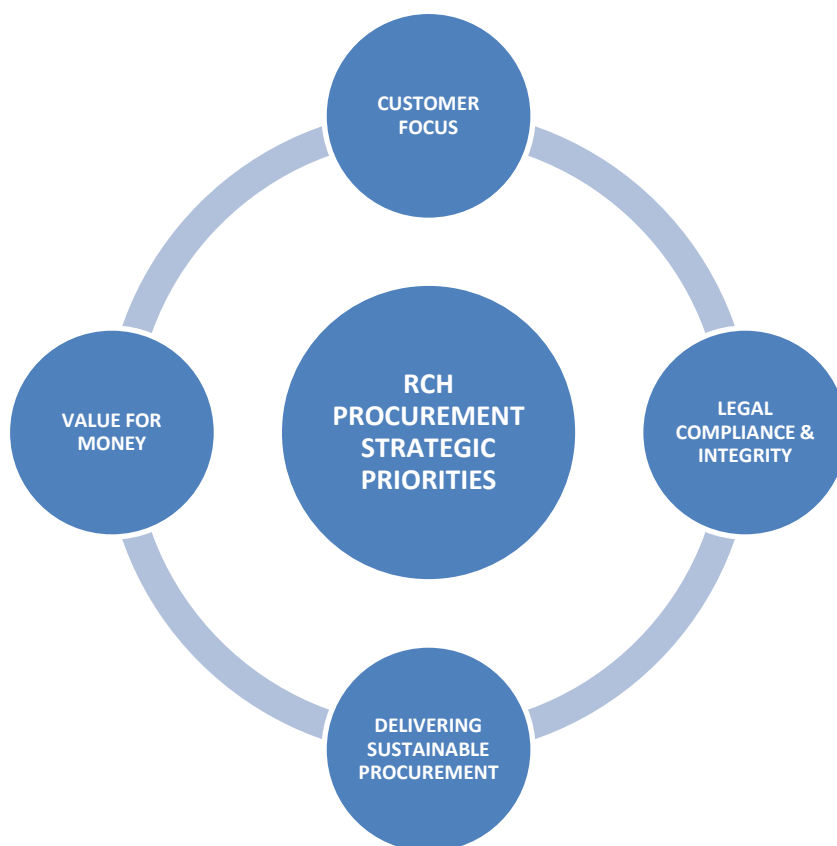
*The Building Works Framework, had three companies added to it, hence the disparity in the charts in relation to the number of companies, to the number of contracts awarded.



A detailed list of all RCHG’s regulated procurement processes is contained within Appendix 1.

3. Review of Regulated Procurement Compliance

RCHG's 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 RCHG 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 Care' award criterion 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 RCHG 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 Care' award criterion guarantees that any supplier awarded a contract must evidence to RCHG that they have considered the needs of our tenants in the submission of their bid.

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

RCHG 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 RCHG is procuring in a sensible manner and spending money wisely.

As part of this initiative, two tenants have volunteered to be involved in a trial process (identified via RCHG's 'Customer Senate'). Initially, these tenants will oversee specific procurement processes, with a view to them actually becoming involved in the wider tender evaluation process in the longer term.

Value for Money

RCHG strives to achieve value for money through its procurement activity by ensuring that, where 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, RCHG 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, RCHG 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 RCHG internal procurement team is unable to facilitate a bespoke procurement process, RCHG make use of external framework agreements put in place by reputable Central Purchasing Bodies.

The table below illustrates the total 'whole life' savings realised (where measurable) as a result of the competitive tender exercises undertaken by RCHG's in-house Procurement Team for the contracts let between 1st April 2019 – 31st March 2020.

Whole life Contract Savings Against Average Compliant Tender Offer	Whole life Contract Savings Against Highest Compliant Tender Offer
£1,265,847.65	£3,051,140.95

The first figure relates to the savings realised 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 realised 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, RCHG 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, RCHG includes community benefits within all relevant contract, regardless of the contract value, or whether the contract falls under the scope of the regulations.

Total Number of Procurement processes undertaken	34
Number of processes with a Contract value of £4 million +	0
Total Number of these processes where Community Benefit Requirements formed part of the contract	12

Rather than stipulate the community benefits that must be achieved through each respective contract, RCHG 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.

In order to help suppliers target the initiatives that will benefit the Inverclyde area the most, RCHG 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, RCHG 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 below (See page 12).

Legal Compliance & Integrity

RCHG 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, RCHG 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, RCHG 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 RCHG 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 RCHG contractors, between 1st April 2019 and 31st March 2020, are provided below:

- Twenty-five contracts (69% of all contracts procured) were awarded to companies situated within the local community (Within a 35-mile radius of RCHG Headquarters in Greenock).
- One person has been provided with a full-time employment position due to RCHG procurement activities.
- Preferential rates on Insurance cover was secured and has been taken up by over three hundred and seventy RCHG customers.
- Various donations have been made by RCHG contractors for local community initiatives.

5. Supported Business Summary

RCHG 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, RCHG 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 RCHG 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 Business 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, RCHG does not expressly take the view that Supported Businesses are markedly different from any other company and are in need of special treatment. RCHG believes that Supported Businesses are abundantly capable of competing commercially with private sector organisations for RCHG's 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, the RCHG Kitchen Unit Supply contract.

RCHG has attempted previously 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 RCHG's requirements.

RCHG 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
N/A	Fleet Lease	01/07/2019	02/06/2020	01/06/2024	N/A	PFH: Vehicle Lease, Contract Hire and Associated Products and Services	£1,324,362.24	Leaseplan Ltd
RCH337	Waste Management Services	12/06/2019	07/08/2019	06/08/2021	24	N/A	£160,000.00	WRC Recycling Ltd
RCH468	UPVC Doors & Windows Supply	02/09/2019	23/09/2019	22/09/2021	24	N/A	£995,438.11	Inverclyde Windows Manufacturing Ltd
RCH470	Managed Services & Unified Communications	28/06/2019	04/12/2019	03/12/2023	36	N/A	£3,216,095	Waterstons Ltd
RCH504	Mobile Telephony & Data Services	03/09/2019	07/10/2019	06/10/2021	24	N/A	£60,240.00	Daisy Corporate Services Ltd.
RCH509	Supply of Heat, Smoke & CO2 Alarms	23/09/2019	10/10/2019	09/10/2021	12	N/A	£528,538.92	City Electrical Factors Ltd
RCH511	Provision of Gas Audits	29/11/2019	13/01/2020	09/10/2021	12	N/A	£62,580.00	CORGI Technical Services
RCH521	Supply of ICT Hardware	12/02/2020	13/02/2020	12/02/2021	12	N/A	£55,410.60	Pure Technology Ltd
RCH516	Insurance Services	23/01/2020	01/04/2020	31/03/2023	12	N/A	£1,042,284.04	Bruce Stevenson Insurance Brokers Ltd
RCH522	Asbestos Surveys	13/03/2020	01/04/2020	31/03/2022	12	N/A	£140,000.00	Life Environmental Services
HFS002	Kitchen Supply	23/03/2020	23/03/2020	22/03/2022	24	N/A	£151,091.00	City Building (Contracts) LLP/RSBi,

Appendix 2 - Indicative Regulated Procurement Calendar

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Fire Alarms	Fire Alarms Servicing & Maintenance	Re-Let	November 2020	January 2021	January 2021
Sprinkler System Testing	Sprinkler System Testing & Maintenance	Re-Let	November 2020	January 2021	January 2021
Supply and Fit of Carpets and Flooring Coverings	Supply & Fit of Carpets & Flooring Coverings In Void Properties & RCH Premises	Re-Let	January 2021	March 2021	March 2021
Domestic Gas Maintenance	Domestic Gas Appliance Servicing & Maintenance	Re-Let	March 2021	June 2021	June 2021
Pumps / Vessels Maintenance	Annual Servicing & Maintenance of Pumps & Vessels	Re-Let	April 2021	May 2021	May 2021
Door Entry /Automatic Doors Maintenance	Servicing & Maintenance of Door Entry Systems & Automatic Doors	Re-Let	April 2021	May 2021	May 2021
External Audit	External Auditing Services	Re-Let	July 2021	August 2021	August 2021
Internal Audit	Internal Auditing Services	Re-Let	July 2021	August 2021	August 2021
Supply of White Goods & Furnishings	Supply of white goods and hard/soft furnishings	Re-Let	July 2021	August 2021	August 2021
Supply of Paint Packs	Supply of Paint Packs for tenants letting void properties	Re-Let	August 2021	September 2021	September 2021
Laundry Equipment Maintenance	Servicing & Maintenance of Laundry Equipment	Re-Let	October 2021	November 2021	November 2021