

# Annual Procurement Report

*(Covering period 01/01/17 – 31/03/18)*

<b>Date of Issue</b>	<b>31<sup>st</sup> July 2018</b>
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## 1. Background and Purpose

In December 2016, in compliance with the Procurement Reform (Scotland) Act 2014, River Clyde Homes (RCH) published its Procurement Strategy. The strategy sets out RCH'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.

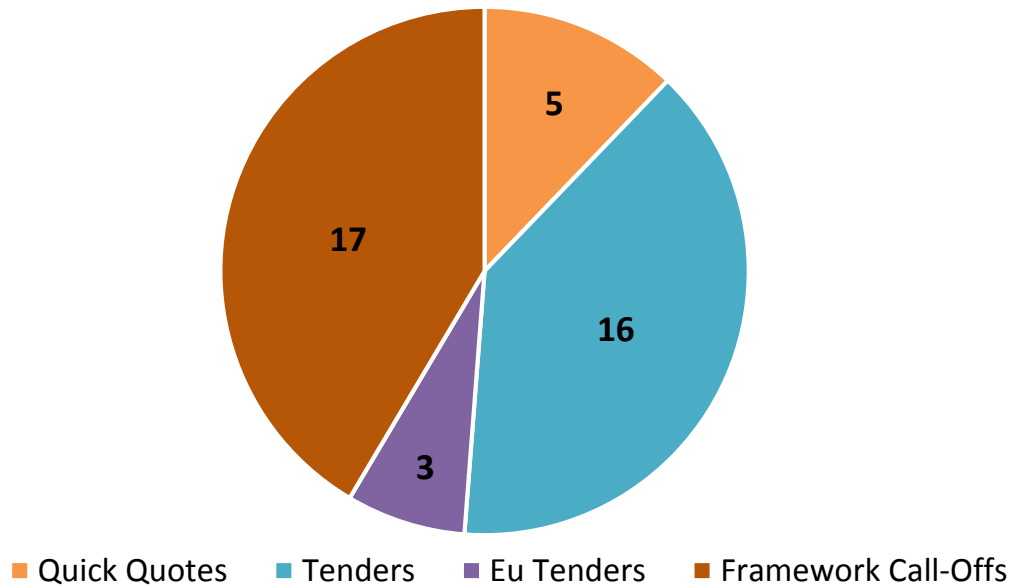
The purpose of this report is to publicise RCH's performance and achievements in relation to realising the aims it set out in the Procurement Strategy. It is hoped that the publication of this and subsequent annual procurement reports will help promote the positive impact that RCH's procurement processes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

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

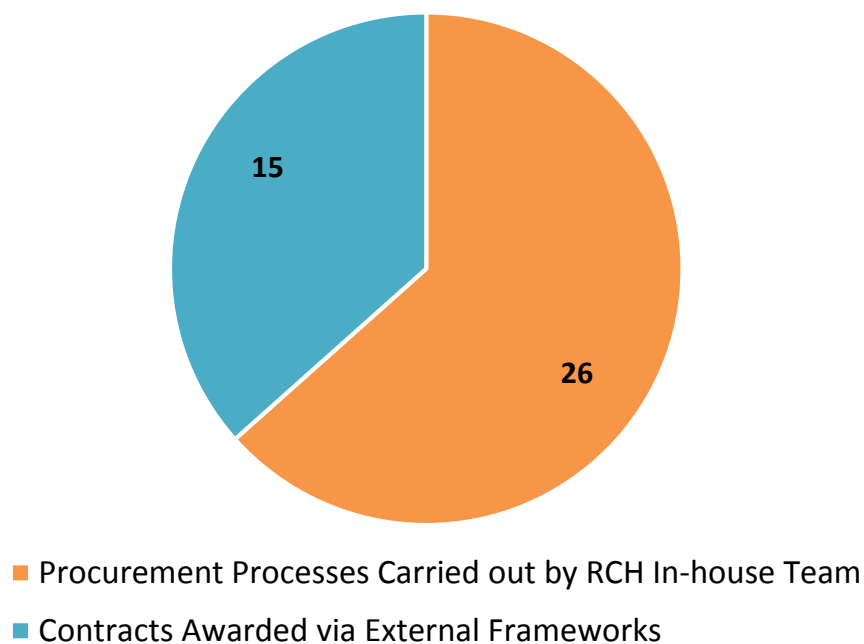
## 2. Summary of Procurement Processes Undertaken

RCH undertook 41 Procurement Processes between 1<sup>st</sup> January 2017 and the 31<sup>st</sup> March 2018. The charts below provide an overview of these procurement processes.

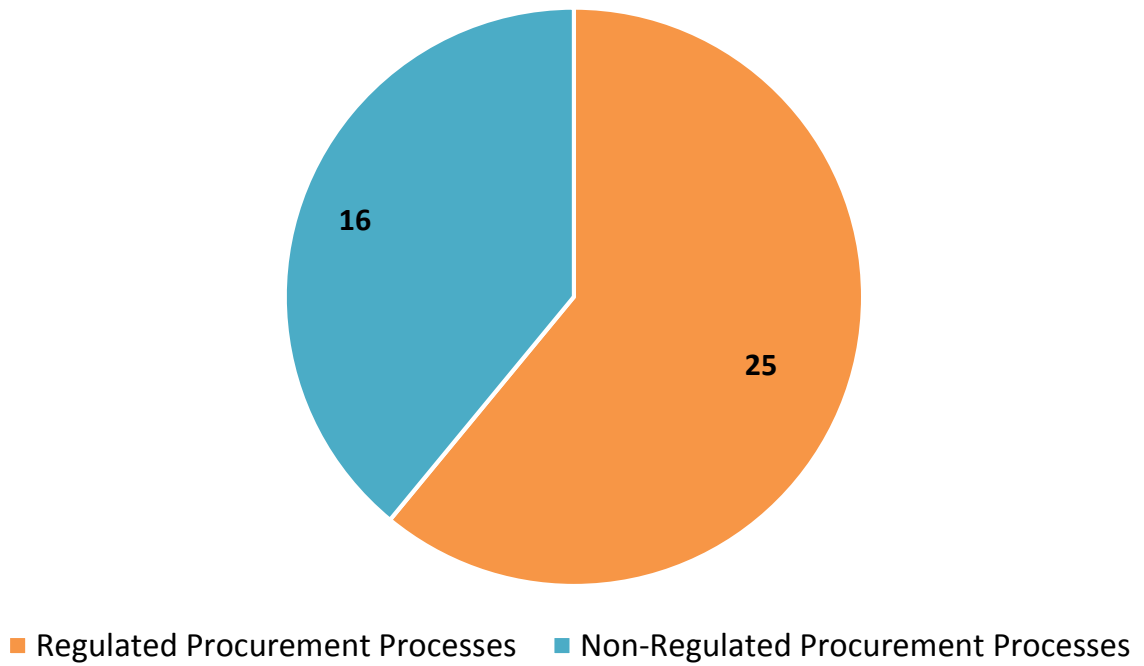
**Procurement Process Breakdown**



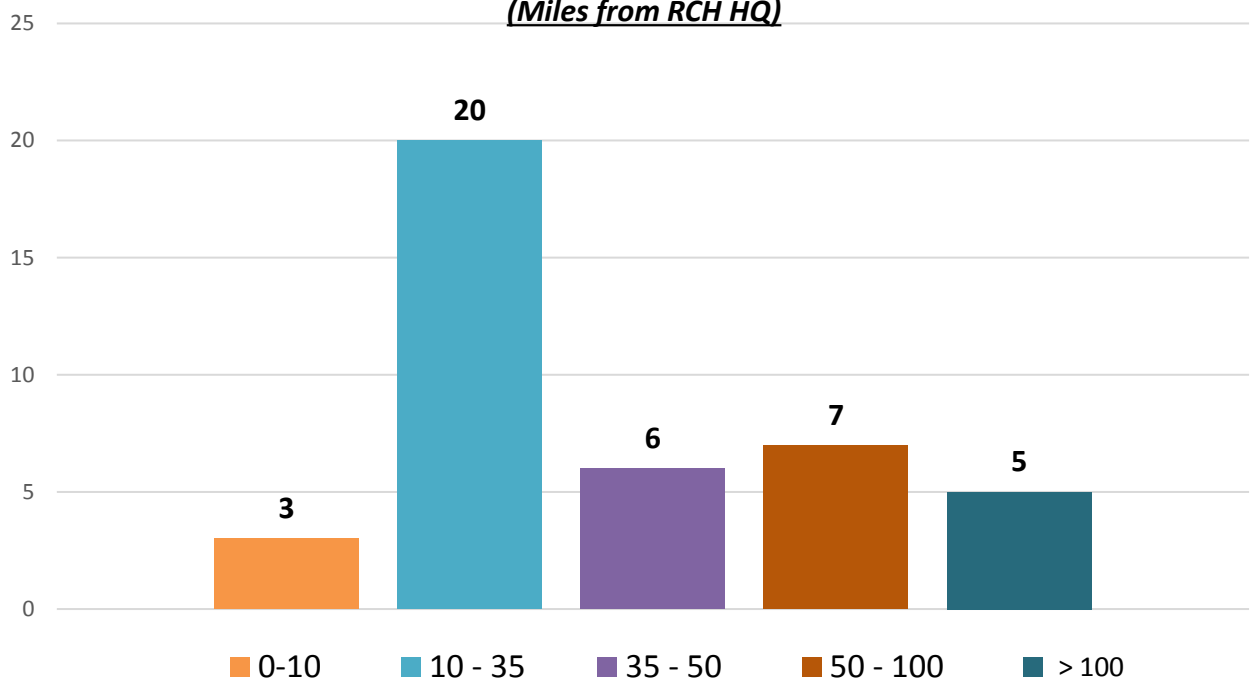
**Procurement Process Split**



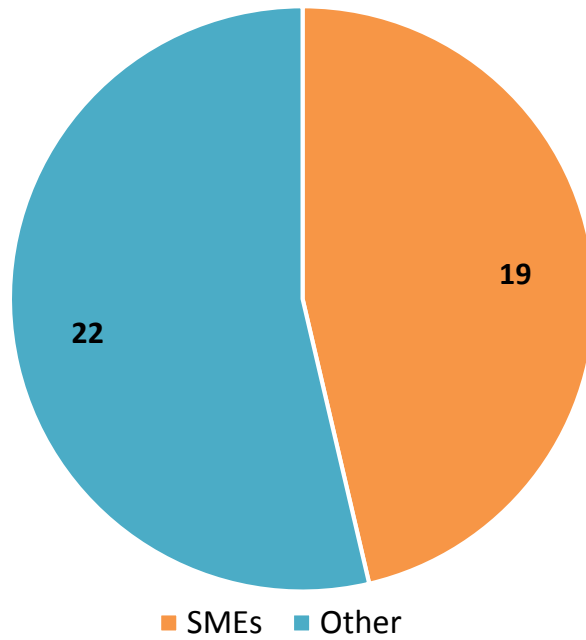
**Regulated / Non Regulated Processes**



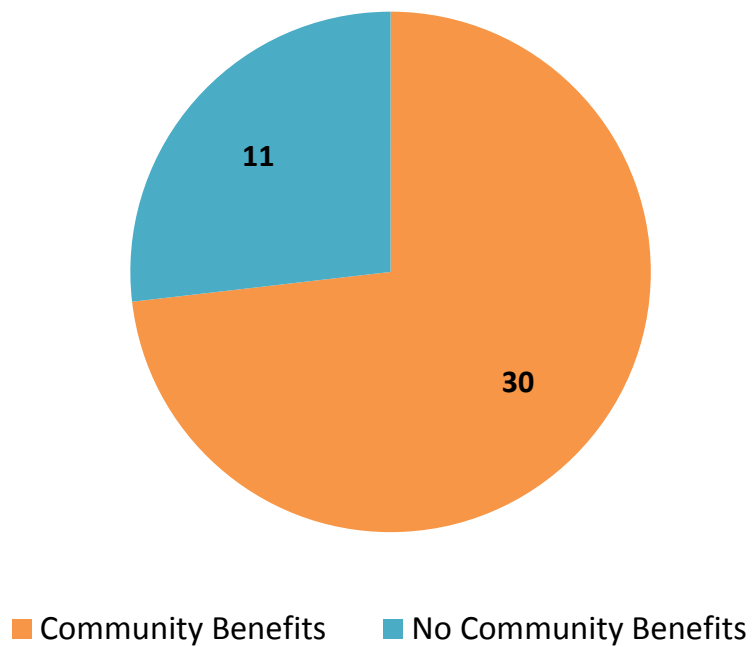
**Successful Company Location**  
*(Miles from RCH HQ)*



**Contracts Awarded to SMEs**



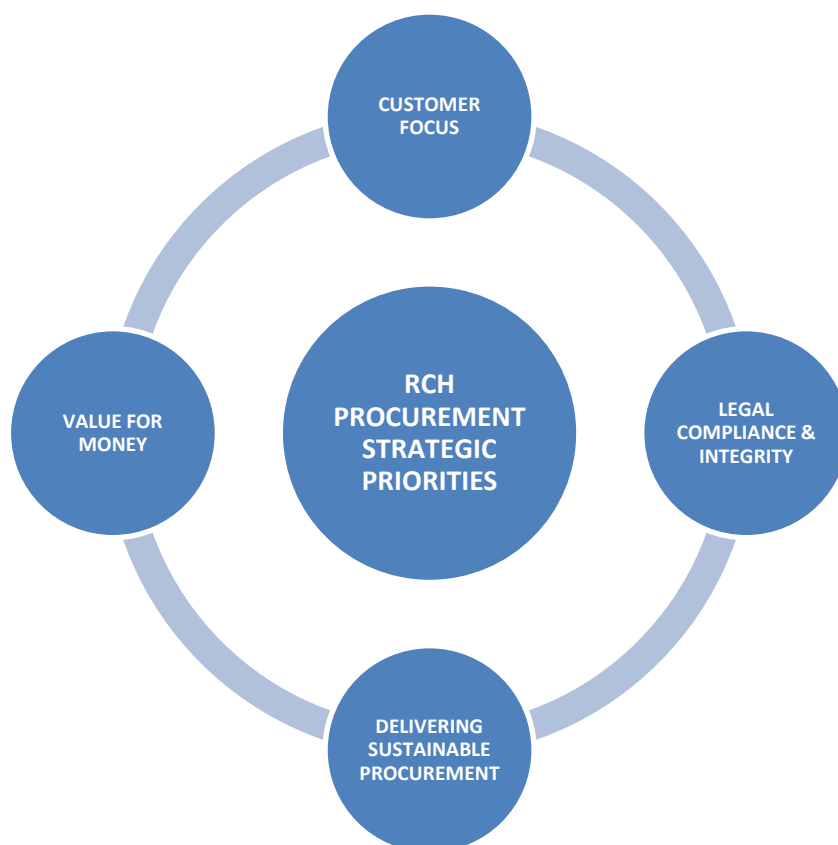
**Contracts Including Community Benefits**



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

### 3. Review of Regulated Procurement Compliance

RCH'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.

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## 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 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 RCH 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 RCH 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.

RCH 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 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 RCH'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. The result of this exercise will be reported in next year's Annual Report.



## Value for Money

RCH 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, RCH 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 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 internal procurement team is unable to facilitate a bespoke procurement process, RCH 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 RCH's in-house Procurement Team for the contracts let between 1<sup>st</sup> January 2017 – 31<sup>st</sup> March 2018.

Whole life Contract Savings Against Average Compliant Tender Offer	Whole life Contract Savings Against Highest Compliant Tender Offer
<b>£728,467</b>	<b>£1,939,492</b>

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. 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, RCH 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 includes community benefits within all relevant contract, regardless of the contract value, or whether the contract falls under the scope of the regulations.

Rather than stipulate the community benefits that require to be achieved through each respective contract, RCH 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.

<b>Total Number of Procurement processes undertaken</b>	<b>41</b>
<b>Number of these processes with a Contract value of £4 million +</b>	<b>6</b>
<b>Total Number of these processes where Community Benefit Requirements formed part of the contract</b>	<b>30</b>

RCH's processes around the evidencing of community benefits has historically been poor, and it is therefore difficult to accurately demonstrate the benefits derived from our procured activity.

RCH's management has taken action to enhance the tracking of community benefits. One measure includes the introduction of a formal contract management framework. This tool records the performance of each respective contract against agreed contractual KPI's. Part of this tool is an area dedicated to the recording of the agreed community benefits for each contract.

The Procurement Team has also developed the section of the tender response document that requests information on community benefits. This more simplified document will make it much clearer for all concerned as to what tangible benefits are being committed to by the supplier; and also provides a timeline for when each respective benefit is to be achieved by. It is hoped this will provide greater clarity on

the community benefit obligations, enabling greater tracking as part of ongoing contract management.

These two new initiatives should ensure that the good contribution to community benefits made by our suppliers will be properly captured for future Annual Procurement Reports.

A brief summary of community benefits delivered during the period is provided in Section 4 below (See page 13).

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## Legal Compliance & Integrity

RCH 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 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 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 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 some of the community benefit commitments that were fulfilled by RCH contractors, between 1<sup>st</sup> January 2017 and 31<sup>st</sup> March 2018, are provided below:

- Twenty-three contracts were awarded to companies situated within the local community (Within a 35 mile radius of RCH Headquarters in Greenock).
- Five new job starts have been created.
- Two work experience placements have been provided for local college students.
- Preferential rates on Insurance cover was secured, and has been taken up by over five hundred RCH customers.
- Four 'Job Fairs' have been facilitated, by procured contractors, for residents in the local community.
- A number of Inverclyde based companies have been awarded sub-contracting works by main contractors.
- Various donations have been made by RCH contractors for local community initiatives.
- RCH contractor has provided sponsorship of a local youth sport team.

A significant number of contracts with community benefit requirements have only recently been awarded, and in some cases (New Build especially) work has not yet begun on-site. The community benefits derived from these contracts will be captured in next year's annual report.

## 5. Supported Business Summary

RCH 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 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 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, RCH does not expressly take the view that Supported Businesses are markedly different from any other company and are in need of special treatment. RCH believes that Supported Businesses are abundantly capable of competing commercially with private sector organisations for RCH's procurement requirements. This theory has been borne out by Spruce Carpets, a Supported Business based in Glasgow, who tendered for, and won, a RCH contract for the supply and fit of carpets.

RCH has also attempted previously to make use of the Scottish Government's Supported Business framework, for the provision of Print & Mailing Fulfilment. Regrettably, the one tender that was received was not financially viable. RCH will continue to explore this avenue though for any future needs that fall within the scope of the framework. The framework is due for renewal in September 2018 and, in part due to the reclassification of the criteria required to be designated as a Supported Business, it is hoped that the new framework will be more competitive in relation to quality and price than the current agreement.

It is the Scottish Government's policy that every public body should have at least one contract with a supported business. Although RCH have achieved this target, the ambition going forward is for RCH to increase its level of engagement with Supported Businesses.

## Appendix 1 – Regulated Procurement Processes Undertaken

Ref	Title	Award Date	Start Date	End Date	Max Extension Months	Framework	Estimated Value	Supplier Name
RCH382	External Audit Services	27/07/2017	01/08/2017	01/08/2019	24	No	£60,228	Haines Watts
RCH244	Domestic & Commercial Gas Servicing & Maintenance	05/06/2017	30/06/2017	30/06/2019	24	No	£2.40m	City Technical Services UK Ltd
RCH280	Broomhill Landscape Architect	18/04/2017	18/04/2017	18/10/2018	0	No	£ 152,135	LDA Design
RCH355	Managed Print Service	29/03/2017	01/05/2017	01/05/2020	12	No	£138,000	Danwood Scotland
RCH246	Lift Maintenance	25/08/2017	16/09/2017	16/07/2020	24	No	£425,000	Pickerings Europe Ltd
RCH345	Bulk Print & Mailing	13/11/2017	15/01/2018	15/01/2020	24	No	£140,000	Advanced Mailing Solutions
RCH387	Dynamic Resource Scheduler Software	22/09/2017	25/09/2019	22/09/2019	N/A	Crown Commercial Service G-Cloud 9 Framework	£320,000	Kirona
RCH396	Sprinkler System Maintenance & Reactive Repair	12/01/2018	18/01/2018	18/01/2019	24	No	£64,000	Compco Fire Systems Ltd
RCH389	Fire Alarm Maintenance & Reactive Repair	12/01/2018	18/01/2018	18/01/2020	12	No	£112,000	Fortress Security Ltd
RCH390	Key Holding & Security Services	05/02/2018	25/02/2018	25/02/2019	24	No	£135,000	Fraoch

Ref	Title	Award Date	Start Date	End Date	Max Extension Months	Framework	Estimated Value	Supplier Name
N/A	EESSE Surveys	07/02/2018	07/02/2018	Completion of brief	N/A	PFH 'EESSE Heating Works' Framework	£1.43m	MDG Consultants
RCH83024	Bow Farm - New Build Houses (48 units flatted)	17/03/17	01/09/19	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£6.34m	Crudens Building & Renewals
RCH83022	Peat Road - New Build Houses (78 units)	17/03/17	01/09/19	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£10.29m	Crudens Building & Renewals
RCH83015	St Stephens - New Build Houses	17/03/17	01/04/19	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£28.78m	Crudens Building & Renewals
RCH83021	Mallard - New Build Houses (20 units)	17/03/17	01/07/17	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£2.64m	Crudens Building & Renewals
RCH83020	James Watt Dock Phase 1 - New Build Houses (72 units flatted)	17/03/17	01/09/18	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£9.50m	Crudens Building & Renewals
RCH83019	James Watt Dock Phase 2- New Build Houses (64 units flatted)	10/01/18	01/09/18	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£8.45m	Crudens Building & Renewals
RCH83020	Slaemuir Phase 1 - New Build Houses (28 units houses)	17/03/17	01/07/17	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£3.70m	Crudens Building & Renewals



Ref	Title	Award Date	Start Date	End Date	Max Extension Months	Framework	Estimated Value	Supplier Name
RCH83025	Slaemuir Phase 2&3 - New Build Houses (68 units houses)	06/11/17	01/09/18	Completion of brief	N/A	SPA 'New Homes Construction' Framework	£8.98m	Crudens Building & Renewals
N/A	Vehicle leasing	09/03/18	Tbc	Tbc	N/A	PFH Scotland Vehicle Fleet Management Framework	£1.139m	LeasePlan UK Ltd
N/A	Eastern View Heating Works	13/11/17	14/11/7	18/2/19	N/A	PFH 'EESH Heating Works' Framework	£3.09m	Easy Heat Systems
N/A	Kilblain Court Heating Works	13/11/17	14/11/7	18/2/19	N/A	PFH 'EESH Heating Works' Framework	£2.10m	Easy Heat Systems
N/A	Royal Court Heating Works	13/11/17	14/11/7	18/2/19	N/A	PFH 'EESH Heating Works' Framework	£2.48m	Easy Heat Systems
N/A	Gas Infill Project - Gas Infrastructure & Full Heating Systems	02/10/17	11/01/18	02/08/19	N/A	PFH 'EESH Heating Works' Framework	£2.64m	Easy Heat Systems
N/A	Stock Condition Surveys	07/02/18	14/02/18	03/03/19	N/A	PFH 'EESH Heating Works' Framework	£1.00m	Easy Heat Systems

## Appendix 2 - Indicative Regulated Procurement Calendar

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Digital TV	Maintenance of digital television	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
Legionella Testing	Legionella water quality testing and monitoring and risk assessments	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
White Goods & Furnishings	Supply of White Goods and Furnishings to Void Properties	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
EESSH Works	Energy Efficiency measures for EESSH	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Roofing works	Roof Repairs & Replacements	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
Street Lighting	Street Lighting Works	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Consultancy	Ad- hoc Consultancy	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
KBRs	Installation of Kitchen Bathroom & Rewiring to RCH properties	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Waste Management	Skip hire and disposal	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
HR System	Provision of an ICT HR system	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Fans	Roof fans and MVHR maintenance and servicing	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Vessels and Pumps	Maintenance of Vessels & Pumps	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Contact Centre Management	Implementation of contact centre management software & hardware	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Laundry equipment	Laundry Equipment replacement	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Painting	Painting of tenement buildings	New	July - Sept 2018	July - Sept 2018	July - Sept 2018

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
SE Duct Testing	SE Duct Testing	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Windows and Doors	Supply of Windows and doors	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
Lift Replacement	Replacement of a number of Lifts within RCH properties	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
New Build	New build housing in Chalmers Street area	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
New Build	New build housing in Lower Bow Farm area	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
New Build	New build housing in Peat Road area	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
Ad-Hoc PVC Windows and Doors	Window Supplier ad hoc PVC window and doors	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
Scaffolding Supplies	Scaffold Erection, hire and dismantling	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
Glass Supply	Glazing Supplies (plus double glazed units)	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
Vehicle Leasing	Short term leasing of vehicles	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
Graphic Design	Graphic Design Services	New	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
Communication Platform Refresh	Replace current mobile device hardware and communications network contract	Re-let	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
Occupational Health	To provide staff with occupational health service including health surveillance	Re-let	Oct - Dec 2018	Oct - Dec 2018	Oct - Dec 2018
ICT Managed Services	Outsource management of overall ICT Infrastructure	Re-let	July - Sept 2018	July - Sept 2018	July - Sept 2018
Desktop Refresh	Replace current desktop and mobile computer hardware (Notebooks, Laptops, Tablets, Monitors)	New	July - Sept 2018	July - Sept 2018	July - Sept 2018
CCTV/Alarms/Digital Care	Installation and maintenance for CCTV/Alarms/Digital Care services	New	Jan - March 2019	Jan - March 2019	Jan - March 2019

<b>Contract</b>	<b>Description</b>	<b>New Procurement / Re-Let</b>	<b>Anticipated Notice Date</b>	<b>Anticipated Award Date</b>	<b>Anticipated Start Date</b>
Document Scanning	Scanning of historical documents into Document Management System	New	Jan - March 2019	Jan - March 2019	Jan - March 2019
Electricity Supply	Supply of Electricity to office/close lighting/door entry/lifts etc.	Re-let	Jan - March 2019	Jan - March 2019	Jan - March 2019
Board Development & Training	Training, Support & Development of RCH Board Members	Re-let	April - June 2019	April - June 2019	April - June 2019
Disaster Recovery (Mirror Environment)	Upgrade of the Disaster Recovery Centre to mirror current live environment (hardware & Software)	New	July - Sept 2019	July - Sept 2019	July - Sept 2019
Cash Collection Services	Card Payment Facility for Customers	Re-let	Oct - Dec 2019	Oct - Dec 2019	Oct - Dec 2019
Insurance	Insurance cover for RCH Group	Re-let	Jan - March 2020	Jan - March 2020	Jan - March 2020
Gas Supply	Supply of Natural Gas to Office/Sheltered Accommodation	Re-let	Jan - March 2020	Jan - March 2020	Jan - March 2020