

# Annual Procurement Report

*(Covering period 01/04/18 – 31/03/19)*

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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.

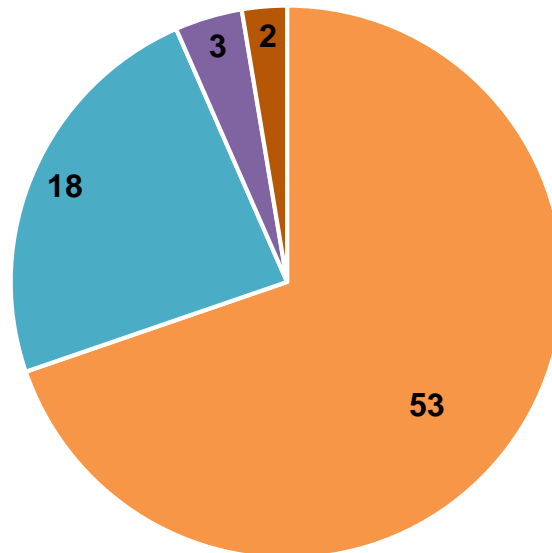
The purpose of this report is to publicise RCH's performance and achievements in relation to realising the aims it set out in the Procurement Strategy. It is hoped that the publication of this and subsequent annual procurement reports will help promote the positive impact that RCH's procurement processes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

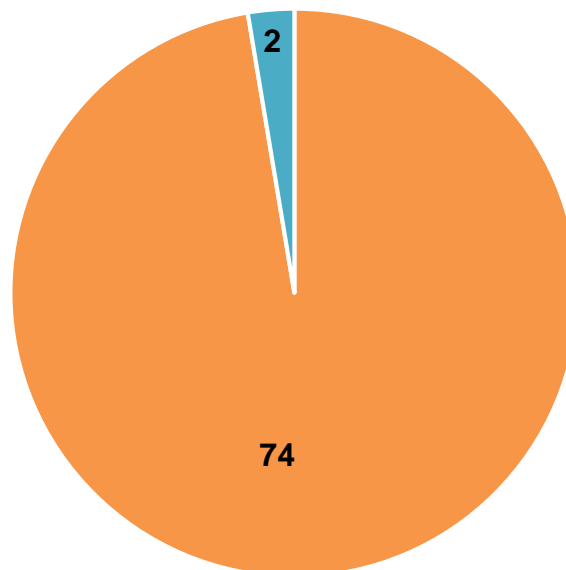
RCH completed 76 procurement processes between 1<sup>st</sup> April 2018 and the 31<sup>st</sup> March 2019. The charts below provide an overview of these procurement processes.

### Procurement Process Breakdown



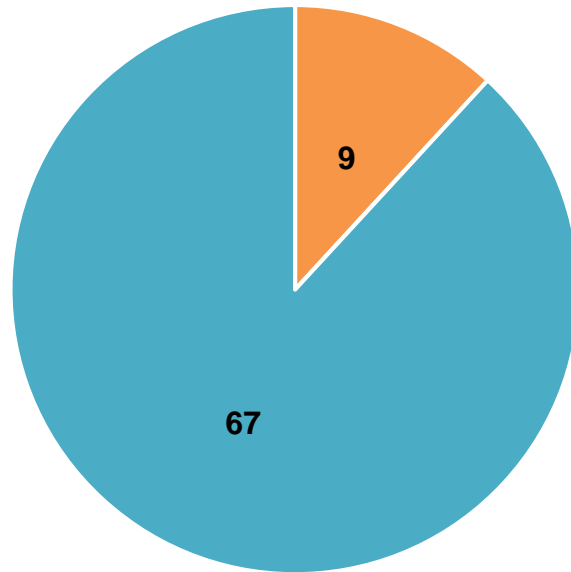
- Quick Quotes
- Tenders
- Eu Tenders
- Framework Call-Offs

### Procurement Process Split



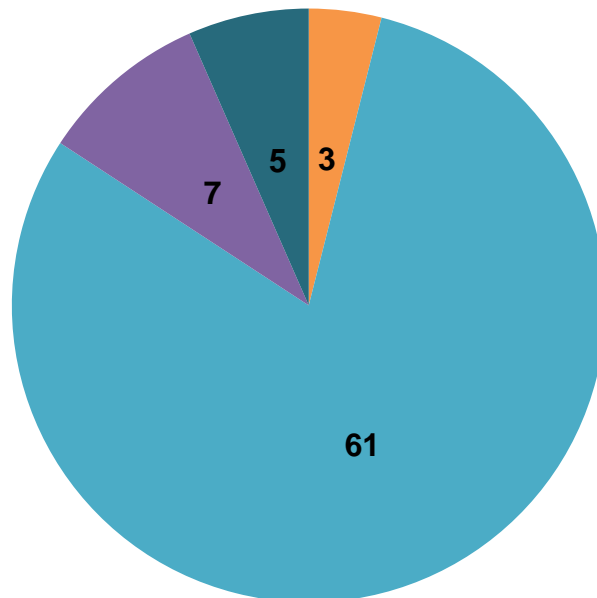
- Procurement Processes Carried out by RCH In-house Team
- Contracts Awarded via External Frameworks

**Regulated / Non Regulated Processes**



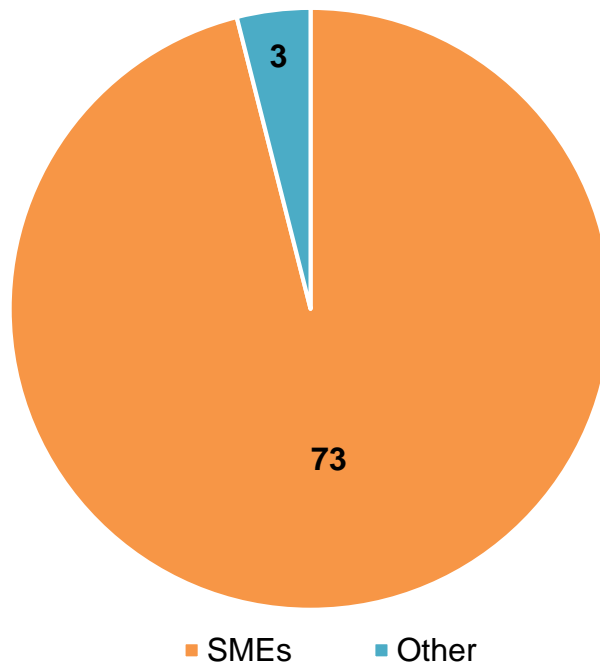
■ Regulated Procurement Processes   ■ Non-Regulated Procurement Processes

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

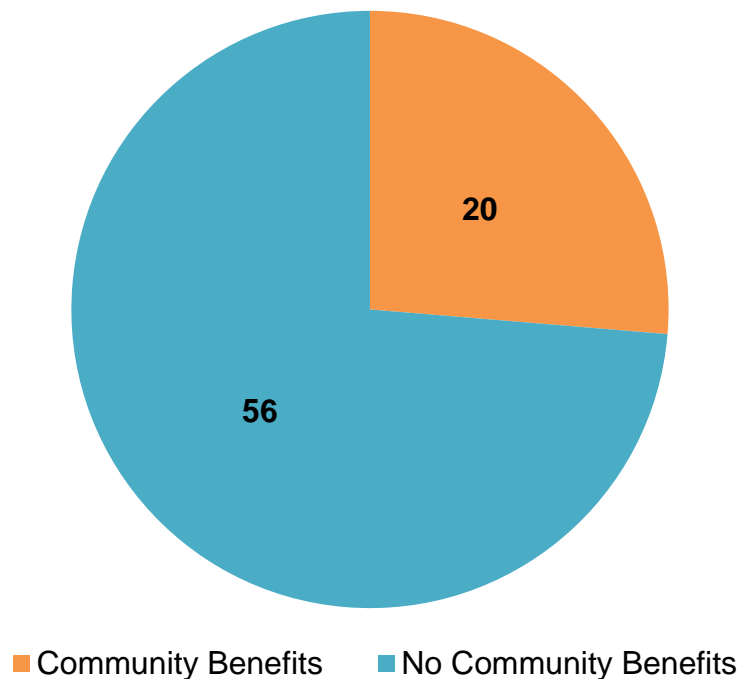


■ 0-10   ■ 10 - 35   ■ 35 - 50   ■ > 100

### Contract Awards to SMEs



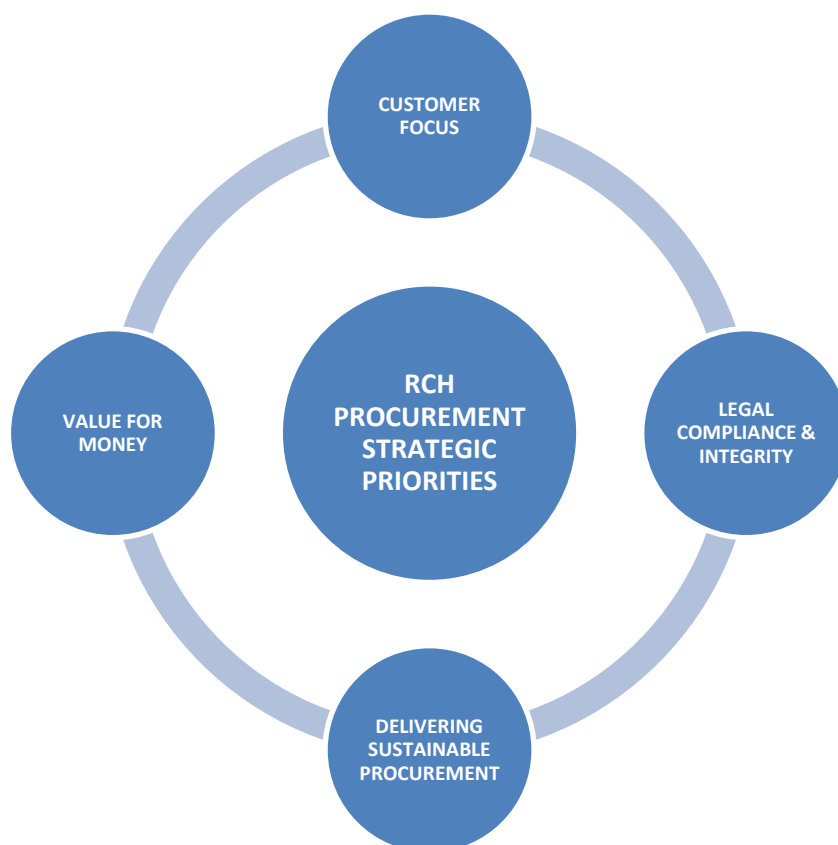
### Contracts Including Community Benefits



**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.



## 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> April 2018 – 31<sup>st</sup> March 2019.

Whole life Contract Savings Against Average Compliant Tender Offer	Whole life Contract Savings Against Highest Compliant Tender Offer
<b>£1,816,248.38</b>	<b>£4,673,824.44</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 (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, 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.

<b>Total Number of Procurement processes undertaken</b>	<b>76</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>20</b>

Rather than stipulate the community benefits that must 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.

In order to help suppliers target the initiatives that will benefit the Inverclyde area the most, RCH 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 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).*

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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 the community benefit commitments that were fulfilled by RCH contractors, between 1<sup>st</sup> April 2018 and 31<sup>st</sup> March 2019, are provided below:

- Sixty five contracts (86% of all contracts procured) were awarded to companies situated within the local community (Within a 35 mile radius of RCH Headquarters in Greenock).
- Nine people have been provided with new full time employment positions due to RCH procurement activities.
- Three apprenticeships have been created.
- Two work experience placements have been provided, which have the potential to result in full time employment.
- Preferential rates on Insurance cover was secured, and has been taken up by over five hundred RCH customers.
- Various donations have been made by RCH contractors for local community initiatives.

## 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 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.

RCH 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 RCH's requirements.

RCH will continue to explore this avenue though for any future needs that fall within the scope of the framework, with the aim of having at least one contract in place with a Supported Business within the next twelve months.

## Appendix 1 – Regulated Procurement Processes Undertaken

Ref	Title	Award Date	Start Date	End Date	Max Extension Months	Framework	Estimated Value	Supplier Name
N/A	Fuel Cards	01/12/18	01/12/18	30/11/21	12	Crown Commercial Framework - Fuel Cards & Associated Services RM6000	£416,000	Allstar Business Solutions
N/A	Aids & Adaptations Materials	16/05/18	16/05/18	15/05/2020	24	PfH Framework - Materials & Associated Managed Services (Lot 7)	£200,000	AKW Medicare
RCH409	Supply of Paint Packs	24/07/18	03/09/18	02/09/20	12	N/A	£60,000	PPG Architectural Coatings
RCH392	Void Clearance & Cleaning	14/05/18	07/06/18	06/07/20	N/A	N/A	£300,000	Greenerleaf Estate Maintenance
RCH484	Liquid Voice Software Implementation	11/12/18	10/01/19	28/02/22	N/A	N/A	£83,094	SVL Business Solutions
RCH411	Supply of White Goods & Furnishings	9/11/18	16/11/18	15/11/20	24	N/A	£103,000	CF Services
RCH413	Asbestos Surveying	12/11/18	14/01/19	13/01/21	24	N/A	£400,000	Exova
RCH440	Water Quality Testing & Monitoring	25/10/18	1/11/18	31/10/20	24	N/A	£320,000	H2O Cost Reduction Services
RCH481	Occupational Health Services	8/01/19	14/01/19	13/01/21	24	N/A	£120,000	Inverclyde Physiotherapy

## Appendix 2 - Indicative Regulated Procurement Calendar

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Windows and Doors	Windows and Doors Supply	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
Fans	Roof fans and MVHR maintenance and servicing	New Procurement	July - Sept 2019	July - Sept 2019	July - Sept 2019
New smoke & CO2 detection	New smoke detection systems	New Procurement	July - Sept 2019	July - Sept 2019	July - Sept 2019
Short Term Hires (Fleet)	Short Term Hires (Fleet)	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
Plumbing Materials	Plumbing Materials	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
Building Materials and Timber	Building Materials and Timber	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
Electrical Materials	Electrical Materials	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
Ironmongery	Ironmongery	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
Waste Management	Waste Management	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
ICT Managed Service & Unified Communications	ICT Managed Service & Unified Communications	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
External Legal Services	External Legal Services - General Commercial	Re-Let	July - Sept 2019	July - Sept 2019	July - Sept 2019
SE Duct Testing	SE Duct Testing	New Procurement	Oct - Dec 2019	Oct - Dec 2019	Oct - Dec 2019
Operation Maintenance, Metering & Billing Broomhill Biomass	Operation and Maintenance, Metering & Billing Broomhill Biomass District Heating System	New Procurement	Oct - Dec 2019	Oct - Dec 2019	Oct - Dec 2019

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Operation Maintenance, Metering & Billing Royal Court, Eastern View Biomass	Operation and Maintenance, Metering & Billing Broomhill Biomass District Heating System	New Procurement	Oct - Dec 2019	Oct - Dec 2019	Oct - Dec 2019
Operation Maintenance, Metering & Billing Kilblain Court Air Source	Operation Maintenance, Metering & Billing Kilblain Court Air Source	New Procurement	Oct - Dec 2019	Oct - Dec 2019	Oct - Dec 2019
ICT Equipment Refresh	Ongoing refresh & replacement of desktop & mobile devices.	New Procurement	Jan - March 2020	Jan - March 2020	Jan - March 2020
Call Centre Management	Provision of capability to manage customer experience 24/7 call handling, distribution, intelligent queue and incident routing.	New Procurement	Jan - March 2020	Jan - March 2020	Jan - March 2020
Insurance	Insurance cover for RCH Group	Re-Let	Jan - March 2020	Jan - March 2020	Jan - March 2020
Factoring / Property Management Solution	Provision of ICT solution to support Factoring / Property Management	New Procurement	Jan - March 2020	Jan - March 2020	Jan - March 2020
Asset Management	Provision of an Asset Management & GIS solution.	New Procurement	Jan - March 2020	Jan - March 2020	Jan - March 2020
External Board Support	Board Support and Development Consultancy	Re-Let	Jan - March 2020	Jan - March 2020	Jan - March 2020
Cash Collection Services	Card Payment Facility for Customers	Re-Let	Jan - March 2020	Jan - March 2020	Jan - March 2020
Gas Supply	Supply of Natural Gas to Office/Sheltered Accommodation	Re-Let	April - July 2020	April - July 2020	April - July 2020
Electricity Supply	Supply of Electricity to office/close lighting/door entry/lifts etc.	Re-Let	April - July 2020	April - July 2020	April - July 2020
Voids and Estate Management	Void Clearance/Cleaning/Estate Management	Re-Let	April - July 2020	April - July 2020	April - July 2020