

Annual Procurement Report

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1. Background and Purpose

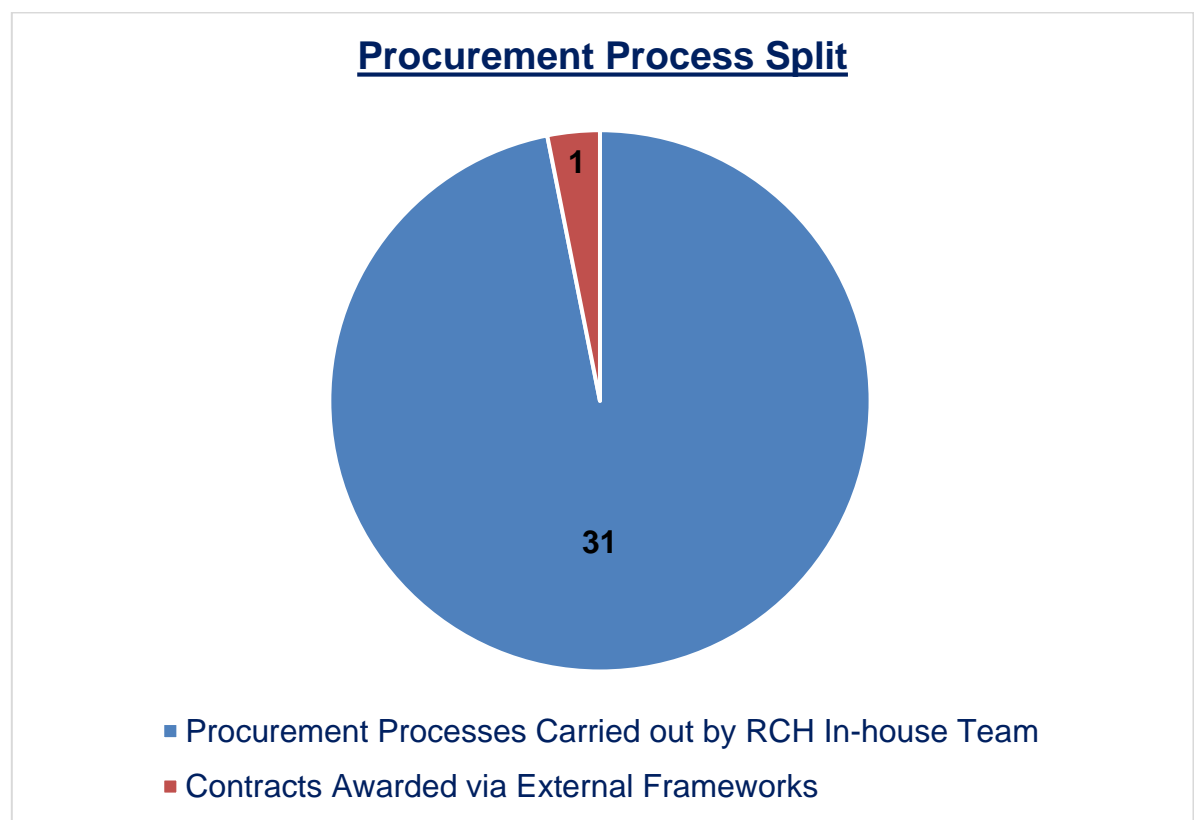
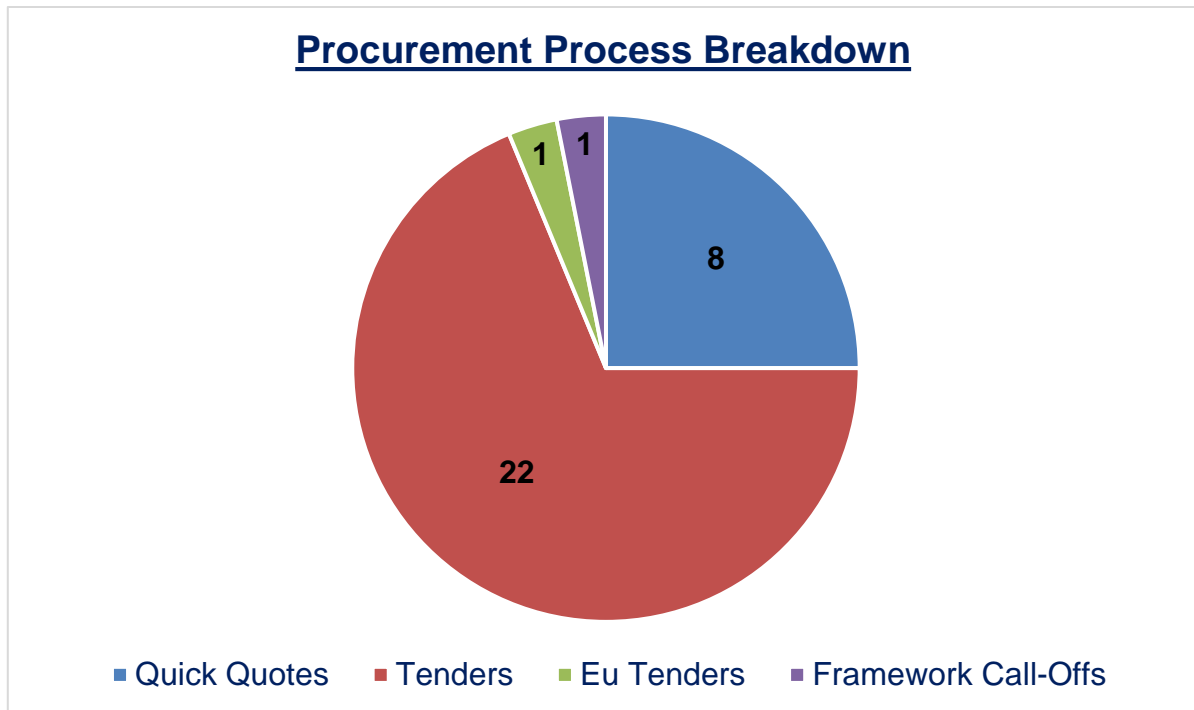
Annually since December 2016, in compliance with the Procurement Reform (Scotland) Act 2014, River Clyde Homes Group (RCHG) revise and publish its Procurement Strategy. The strategy sets out RCHG's overall approach to Procurement, and how it intends to ensure that it delivers value for money (VFM) and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

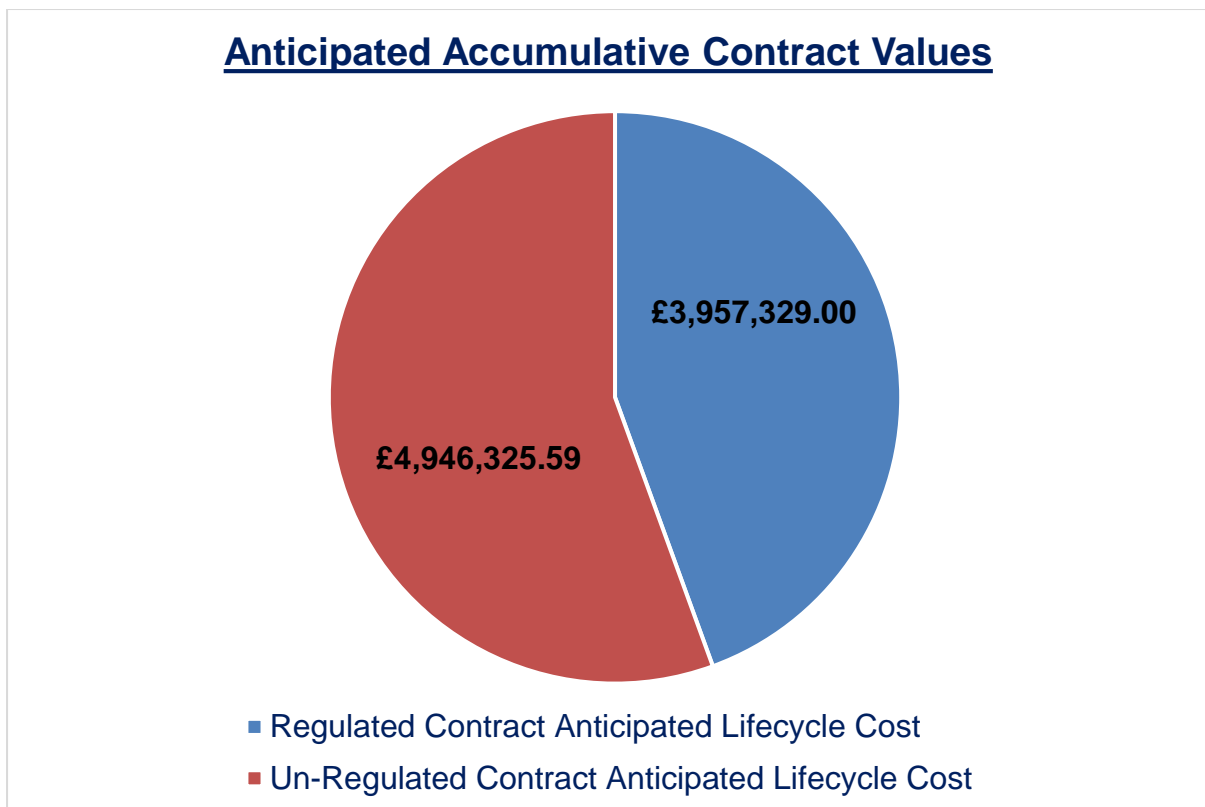
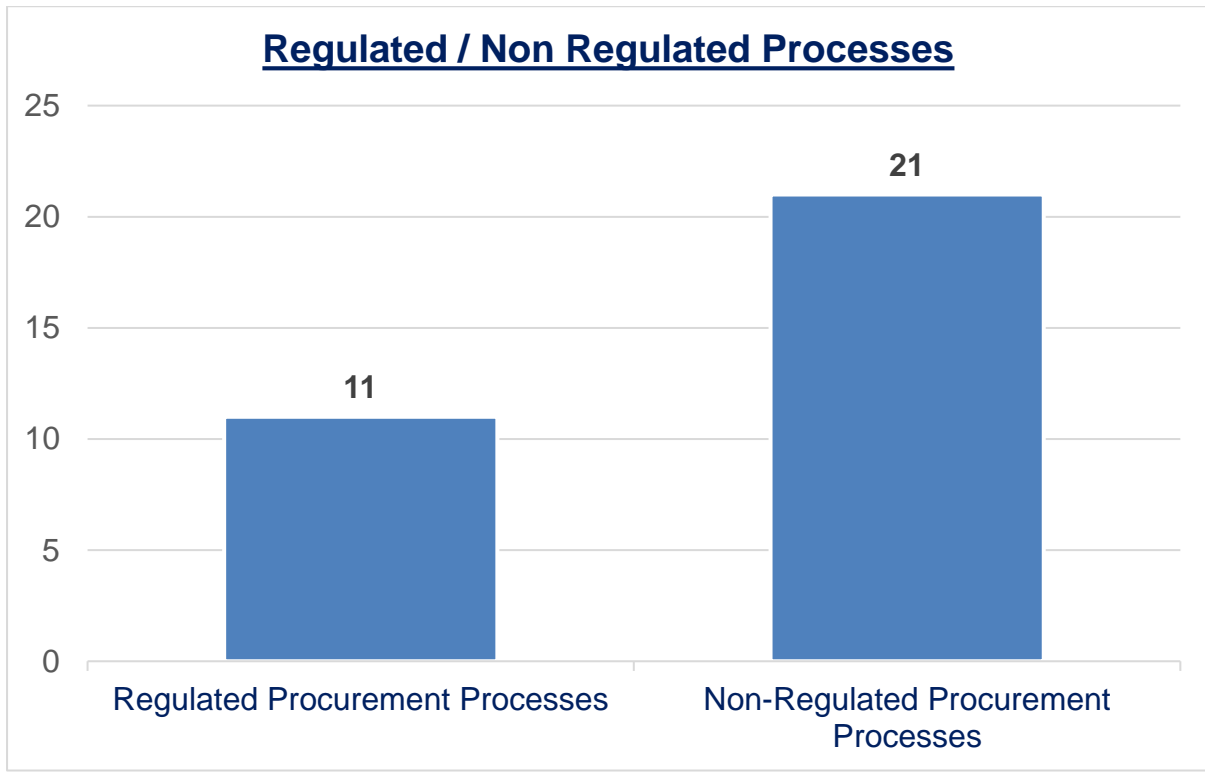
The purpose of this report is to publicise RCHG's performance and achievements in relation to realising the aims it set out in the Procurement Strategy. It is hoped that the publication of this and subsequent annual procurement reports will help promote the positive impact that RCHG's procurement processes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

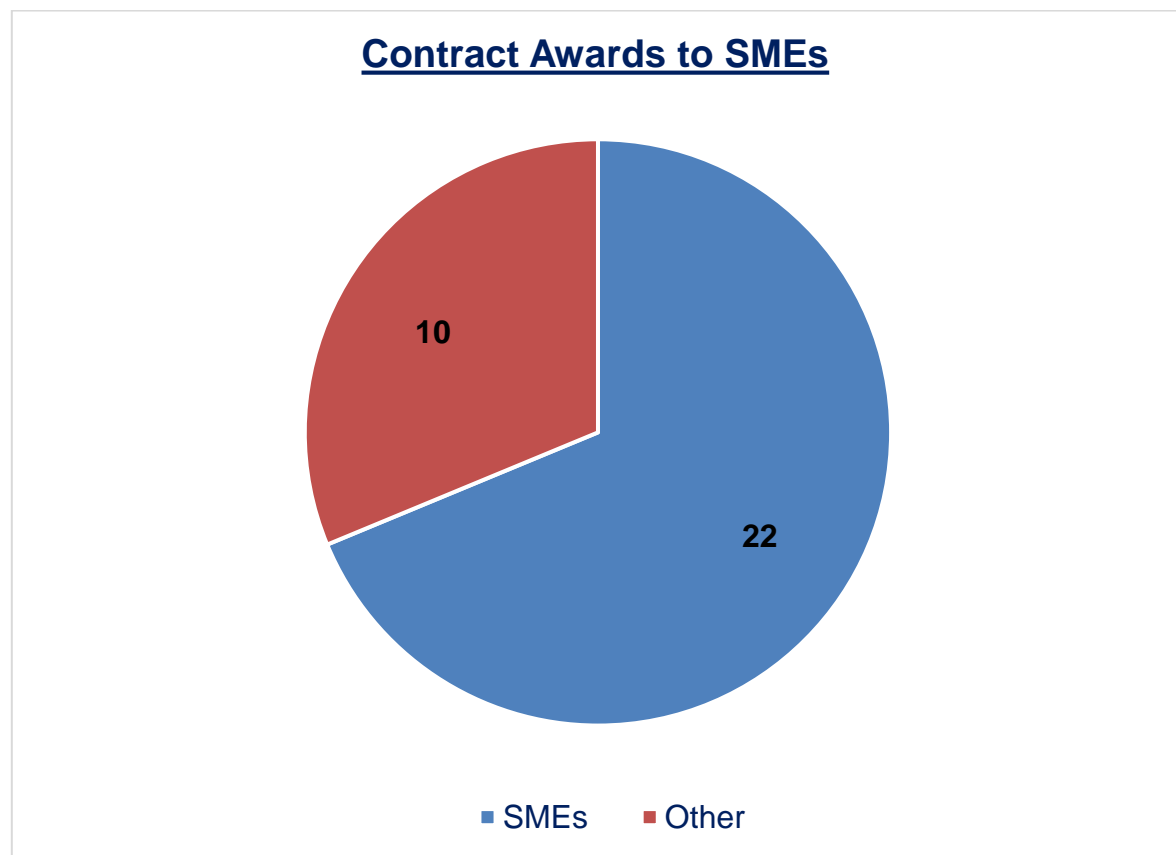
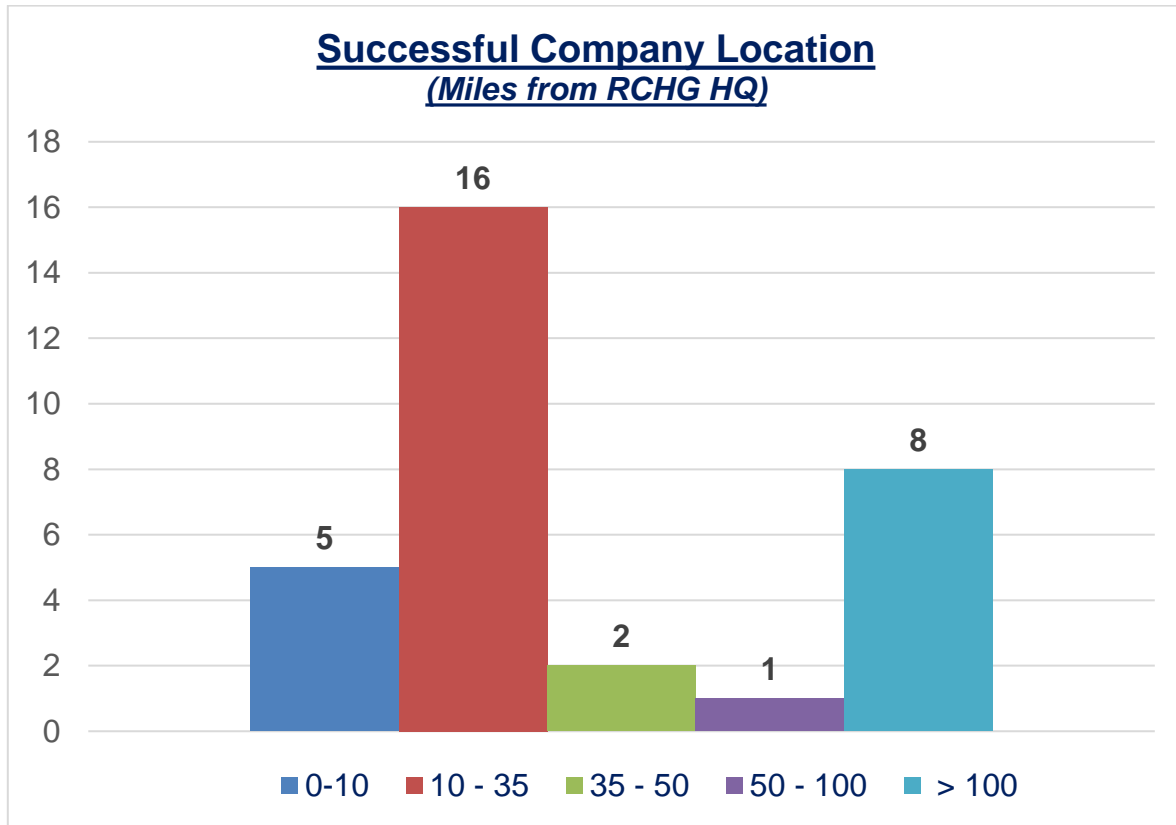
The report will also ensure transparency of RCHG's purchasing activities and provide businesses with advance notice of potential future contracting opportunities that may be offered by RCHG.

2. Summary of Procurement Processes Undertaken

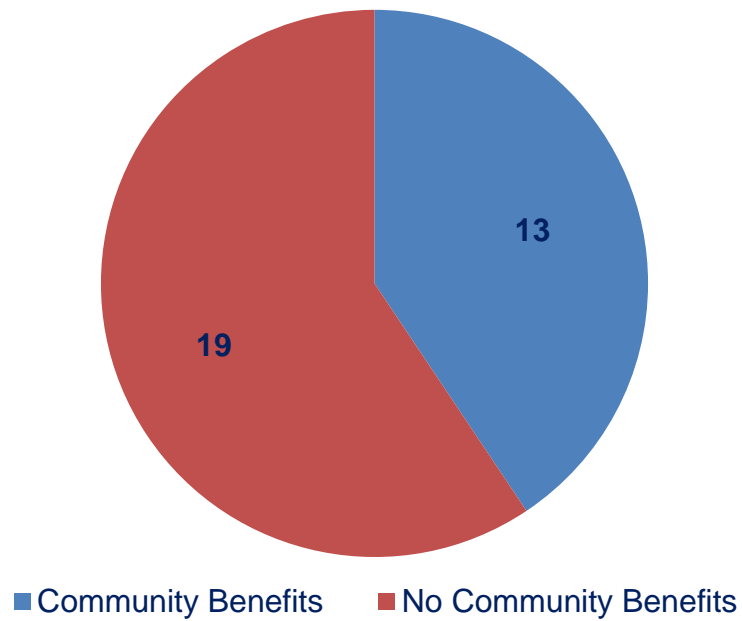
RCHG completed 32 procurement processes between 1st April 2021 and the 31st of March 2022. The charts below provide an overview of these procurement processes.



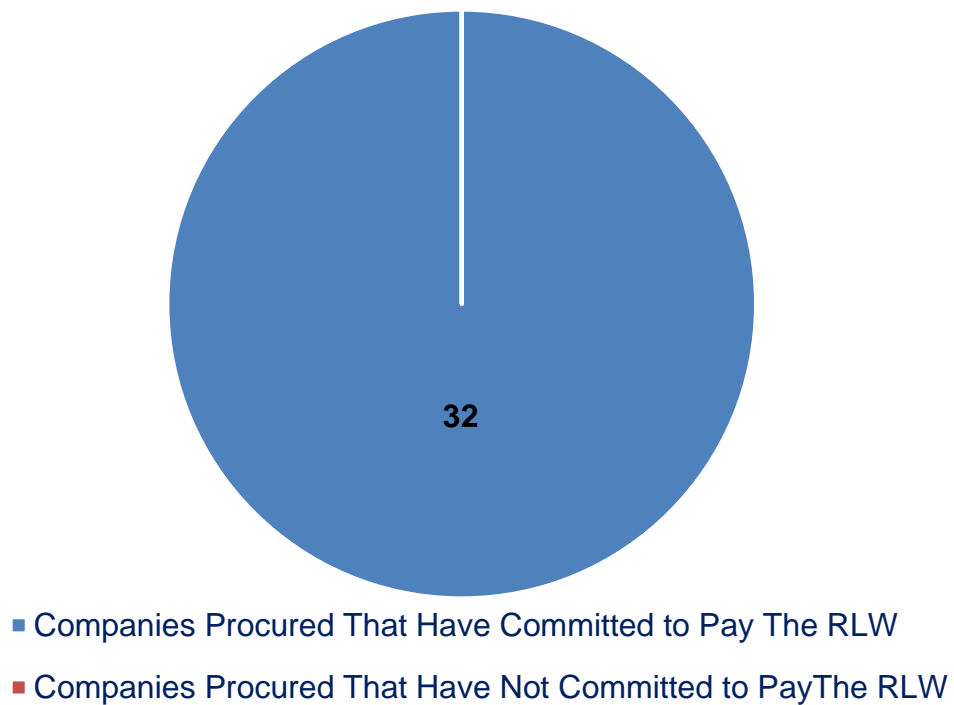




Contracts Including Community Benefits



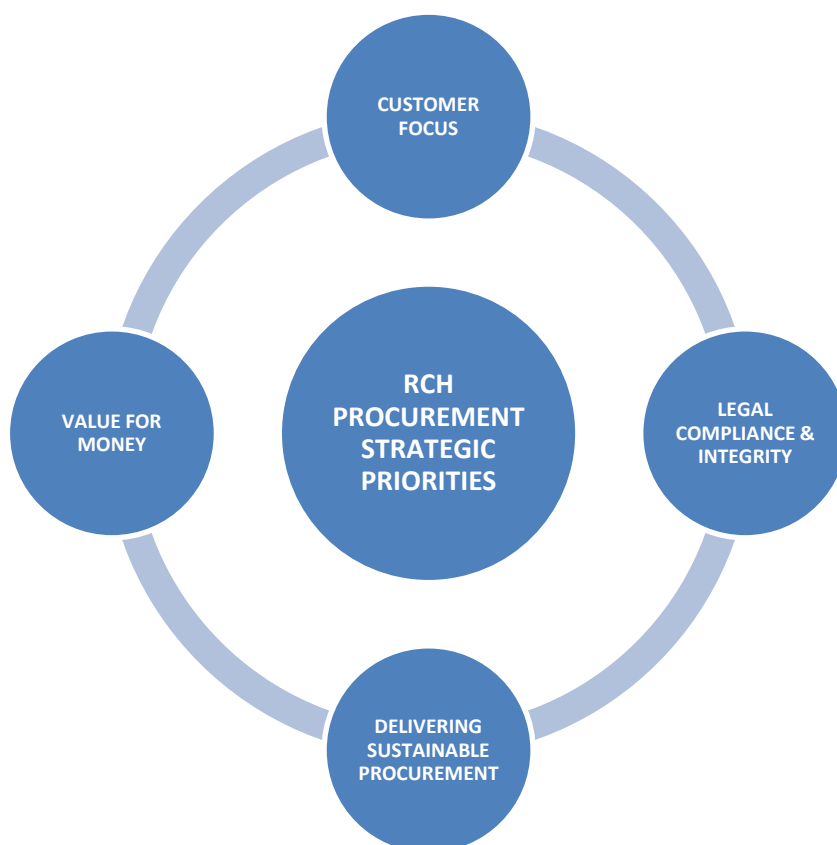
Real Living Wage



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 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 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 Satisfaction' KPI 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, 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.

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.

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' anticipated savings (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 2021 – 31st March 2022.

Whole life Contract Savings Against Average Compliant Tender Offer	Whole life Contract Savings Against Highest Compliant Tender Offer
£1,902,131	£4,174,684

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, 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	32
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	13

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. The responsibility for ensuring the delivery of the community benefits has now been placed with a specific in-house team, rather than being the responsibility of each respective contract manager. It is envisaged that this more focussed approach will ensure that the maximum benefits are derived from each contract.

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 2021 and 31st March 2022, are provided below:

- Twenty-one contracts (66% of all contracts procured) were awarded to companies situated within the local community (Within a 35-mile radius of RCHG Headquarters in Greenock).
- Full time employment of an Inverclyde resident via a procured contract.
- Various donations have been made by RCHG contractors to local residents, including 150 selection boxes, 300 easter eggs, and over £500 of supermarket vouchers.
- Various community initiatives have been undertaken by RCHG contractors including, the installation of a 'play trail'. New fencing, gates, a mud kitchen, planters and an outdoor classroom at local primary schools. And a number of 'community tidy ups' have been delivered.

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, a 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
RCH539	Internal Audit Services	15/04/2021	22/08/2021	21/08/2023	24	No	£72,000.00	TIAA Ltd
RCH540	External Audit Services	30/04/2021	22/08/2021	21/08/2023	24	No	£80,000.00	Armstrong Watson Audit Ltd.
RCH535	Domestic & Commercial Gas Maintenance	22/06/2021	01/07/2021	30/06/2023	36	No	£3,000,000.00	James Frew
RCH533	Key Holding Services	31/08/2021	01/09/2021	16/02/2022	n/a	No	£120,000.00	Profile Security Services
RCH553	Fire Alarm Maintenance & Repair	27/09/2021	01/11/2021	31/05/2023	12	No	£102,000.00	DM Integrated
HFS017	Fire Door Set Supply	23/11/2021	23/11/21	22/11/23	24	No	£49,999.00	Jewson / Saint-Gobain (trading as George Boyd)
RCH574	Key Holding Services	16/02/2022	16/02/2022	15/02/2023	36	No	£120,000.00	Fraoch
RCH560	Prospecthill Architect	07/03/2022	07/03/2022	06/03/2024	24	No	£133,330.00	BDP
RCH569	Supply of Paint Packs	04/04/2022	04/04/2022	03/04/2024	24	No	£80,000.00	PPG
RCH570	Bulk Print & Mailing	15/03/2022	15/03/2022	14/03/2024	24	No	£80,000.00	Advanced Mailing Solutions
n/a	White Goods & Furnishings	10/03/2022	10/03/2022	31/01/2025	n/a	Yes (Scotland Excel)	£120,000.00	CF Services

Appendix 2 - Indicative Regulated Procurement Calendar

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Occupational Health	Employee Occupational Health support	Re-Let	Nov 2022	Dec 2022	Jan 2023
Treasury Advisor/Lending Agent	Re-financing Exercise	New	Jan 2023	Feb 2023	March 2023
Void Clearance & Specialised estates work	Clearing voids properties and specialised cleaning jobs	Re-Let	Sep 2022	Oct 2022	Nov 2022
Internet lines BT	Replacement of PSTN lines and replacement with Digital lines	New	Jan 2023	Feb 2023	March 2023
Graphic Design	Graphic Design Services	New	Aug 2022	Sept 2022	Sept 2022
Pest Control	Pest Control Services	Re-Let	Nov 2022	Dec 2022	Jan 2023
Shore St Critical Disrepair Design	Design and Professional Services	New	Aug 2022	Sept 2022	Sept 2022
Larkfield Road Design	Design and Professional Services	New	Aug 2022	Sept 2022	Sept 2022
Estate Management Inspection	HSFRA of Land and Buildings	New	Aug 2022	Sept 2022	Oct 2022
Lift Maintenance	Lift Maintenance Services	Re-Let	Aug 2022	Sept 2022	Oct 2022
Environmental Ground Maintenance Aggregates	Provision of specific Grounds Maintenance aggregates - salt & grit supplies	New	Aug 2022	Sept 2022	Sept 2022

Contract	Description	New Procurement / Re-Let	Anticipated Notice Date	Anticipated Award Date	Anticipated Start Date
Framework of suppliers to provide waste management services	Waste management services	Re-Let	Aug 2022	Sept 2022	Oct 2022
Environmental Ground Maintenance Equipment Maintenance	Provision of maintenance, breakdown and parts for Grounds Maintenance equipment.	New	Aug 2022	Sept 2022	Oct 2022
Environmental Ground Maintenance Supplies	Provision of Trees, shrubs, plants, soil & aggregates	New	Aug 2022	Sept 2022	Oct 2022