

Annual Procurement Report – Agenda Item 3.4

Board:	Clyde Valley Housing Association				
Date of Meeting:	26 August 2024				
Report Prepared by:	Natalya Macholla, Director of Finance and Corporate Services				
Status:	Non-confidential				
Type of Report:	Decision	Approval	Oversight & Monitoring	Consideration	Noting

Purpose of Report	
This Annual Procurement Report for Clyde Valley Housing Association covers the period from 1 April 2023 to 31 March 2024.	
Desired Outcome(s)	
The report aims to achieve the following outcomes:	
<ul style="list-style-type: none"> • Board understand that the Procurement Reform (Scotland) Act 2014 (PRA) requires any public organisation which has an estimated annual regulated spend of £5million or more to develop and publish a procurement strategy and Annual Procurement Report. • Board have assurance that the report meets the requirements outlined in the PRA. • Board have assurance that the report will be provided to the Scottish Government and shared on our website following this meeting. • Board have assurance that value for money is fundamental to service delivery and CVHA continue to deliver a Budget and Business Plan at or below targets to ensure the business is sustainable. 	
Recommendation(s)	
Board are asked to approve this Annual Procurement Report to be shared with Scottish Government and to be published on our website.	
Corporate Strategy Objectives	
Providing a brilliant customer experience, delivering service excellence	Yes
Addressing housing need and offering services across all tenures	Yes
The leading RSL partner to create sustainable homes and communities	Yes
Focused on value for money and excellent governance as a growing and sustainable business	Yes
Aim to be the best housing association employer, committed to developing employees to realise their potential	No
Policy Change(s) required?	No

Executive Summary

Key Issues for Consideration and any opportunities afforded by the proposal

Full detail and a copy of our proposed Annual Procurement Report are attached at **Appendix 1** and **Appendix 2** of this report.

As a Registered Social Landlord we are deemed to be a Contracting Authority and must comply with legislative requirements for procurement and contracting arrangements. During 2023/24, we centralised the procurement function across the business under the Finance and Corporate Services Directorate. This Directorate are now responsible for implementing the procurement strategy as well as supporting the operational procurement activities across the Group.

Our procurement strategy and policy are a lever to support us in achieving strategic objectives within our strategy, such as sustainability, creating jobs and training opportunities, delivering community benefits and more widely maximising value for money.

Our approach is to wherever possible leverage the strength of the wider Group in our procurement to allow us to achieve the best price-quality mix.

Our Annual Procurement Report has been prepared to meet the requirements of the Procurement Reform (Scotland) Act 2014, and to demonstrate how our performance and achievements during the period meet both the strategic direction set by the Group and all relevant procurement legislation.

It is our aim to demonstrate value for money in all contract commissioning using efficient and effective procurement procedures and to align our procurement activities to support the Group in providing high quality affordable homes and services that make life better for our tenants and customers.

Our objectives for procurement are embodied in the Group Procurement Strategy 2024/25.

Our Annual Procurement Report contains the following detail:

- A summary of regulated procurements completed between 1 April 2023 and 31 March 2024.
- A review of Regulated Procurement Compliance.
- Community Benefits Summary.
- Supported Business Summary.
- Future Regulated Procurements Summary.
- Detail of our Annual Procurement Report Responsible Officers.
- Detail on our Future Regulated Procurements April 2024 to March 2026.

A copy of the document that will be shared with Scottish Government is attached at **Appendix 1**, a more detailed report to support the content is available for Board to review at **Appendix 2**.

The following points are noteworthy:

- We completed 6 regulated procurements during 2023-24 with an estimated contract value of £1,966,510, all complying with our Procurement Strategy;
- The total number of valid invoices during that period was 431 (total spend of £245k) with 83% being paid on time. For those not paid on time, the main reason related to timing of invoices on electrical works with our contractor Magnus where follow-up works were required on the back of EICRs being completed and on contractor disputes with our legionella contractor. We have now terminated the contract with our legionella contractor and we are working on new processes with our main contractors to quicken up the review process related to invoice processing, including new KPIs being brought into effect.

- We expect to carry out 19 regulated procurements over the next two financial years with an expected contract value of £27.8m. Of these, 5 have already been procured with a total value of £3.4m – these all relate to our recent reactive repairs contract which was reported on separately to Board in June 2024.

Risk(s) (including any reputational risk(s) and assess Risk Appetite (where applicable)):

Our agreed risk appetite relating to laws and regulations is ‘cautious’. The key procurement risk is non-compliance with current Scottish Procurement Legislation/Regulation relating to procurement and award of contracts. In order to mitigate any risks the following measures are embedded:

- Compliance with Group Standing Orders and Delegated Authority Policy;
- Annually reviewed Group Procurement Policy;
- Visibility of our Contracts Register;
- Mandatory training for all staff authorised to procure;
- Procurement plans for above-threshold procurements; and
- Staff with specialist knowledge/training utilised as required.

The Procurement Policy, Procurement Manual and Procurement Strategy help us mitigate the risks of non-compliance with regulation and legislation.

Balanced	Cautious	Adverse	Open	Hungry	N/A
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Impacts of the Report

Customer	Procurement activities identified in this report are directly related to our customers. Each procurement exercise will take into consideration customer engagement and the impact of such contracts on our customers. Customer consultation will be carried out when applicable. Community Benefit delivery aspirations also involve customer engagement activities.
Assurance	Board should be aware that this report was produced by individuals involved in procurement throughout the year who have all attended procurement training. As a Registered Social Landlord we are deemed to be a Contracting Authority and must comply with legislative requirements for procurement and contracting arrangements. Our Annual Procurement Report has been prepared to meet the requirements of the Procurement Reform (Scotland) Act 2014.
Legal and regulatory	Our Annual Procurement Report has been prepared to meet the requirements of the Procurement Reform (Scotland) Act 2014. We are meeting our legal obligation and adhering to government requirements. All procurement within the Annual Procurement Report considers and reflects legislative requirements.
Equality Impact Assessment Required	No. Through our procurement approach, relationships with suppliers, and awareness of equality legislation, we promote equality across all areas of our procurement. Updates made to our Procurement Policy and Community Benefits approach support our EDI aims and the implementation of our Equality, Diversity and Inclusion Policy.
Direct Health & Safety implication	No

Data impact assessment required	No
Budget	Provision in year
Value for Money	
<p>At CVG when procuring regulated and non-regulated goods and services, staff consider all possible risks and benefits associated with the procurement activity and structure the procurement in a way that maximises value for money to the Association, its tenants and the wider community, whilst complying with all the various duties inferred on the Association by procurement legislation. Effective procurement is an element of delivering our business plan, maintaining a sustainable business and ensuring that our business remains efficient and cost effective.</p>	
Agenda Time Planned: 10 minutes	
Preparation required/expected of Board Members other than reading the report:	
10 minutes	
Previous Relevant Reports	
22 August 2022 - <u>06.5 Agenda Item 6.5 - Annual Procurement Report .docx</u>	
9 October 2023 - <u>3.1- Annual Procurement Report.docx</u>	

Board Assurance

Consideration of whether this matter provides Assurance to the Board on SHR Standards of Governance and Financial Management	
1. The governing body leads and directs the RSL to achieve good outcomes for its tenants and service users.	Procurement is carried out in accordance with the procurement strategy and manual with an emphasis on good quality services and value for money.
2. The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders, and its primary focus is the sustainable achievement of these priorities.	As a contracting authority we are required by the Procurement Reform (Scotland) Act 2014 to prepare an Annual Procurement Report on our regulated procurement activities as soon as reasonably practicable after the end of that financial year.
3. The RSL manages its resources to ensure its financial wellbeing, while maintaining rents at a level that tenants can afford to pay.	Value for money is critical to all procurement within Clyde Valley and the policies and procedures highlight the requirement for this. We seek wherever possible to ensure the delivery of value for money. Effective procurement is a key element of delivering our business plan and ensuring our business remains sustainable and cost effective.
4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.	This report will be submitted to the Scottish Government and made available on the CVHA website.
5. The RSL conducts its affairs with honesty and integrity.	The procurement has been carried out in line with policy and procedure.
6. The governing body and senior officers have the skills and knowledge they need to be effective.	All members of the leadership team have attended procurement training and this report was prepared at a meeting that all managers who deal directly with procurement attended. During 2023/24, we centralised the procurement function across the business under the Finance and Corporate Services Directorate. This Directorate are now responsible for implementing the procurement strategy as well as supporting the operational procurement activities across the Group.
7. The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants.	Not applicable.