

BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN  
EILEIN SGITHEANAICH  
LOCHALSH AND SKYE HOUSING ASSOCIATION

REPORT FOR: Management Committee  
DATE: 20 May 2019  
SUBJECT: ANNUAL PROCUREMENT REPORT - 2019  
AUTHOR: Interim Chief Executive

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## 1. INTRODUCTION

- 1.1 The Procurement Reform (Scotland) Act 2014 Section 18 States that regulated organisations must prepare an Annual Procurement Report on its regulated procurement activities as soon as reasonably practicable after the end of the financial year.
- 1.2 This is the Association's second annual procurement report and it covers the period 1 April 2018 to 31 March 2019.
- 1.3 The Association has a Procurement Strategy, a Procurement Policy and a Contracts Register which is regularly updated and published on the Association's website.
- 1.4 It has been reported previously (Director of Investment's Report, dated 19 September 2016) that the Association underwent a Procurement Capability Assessment (PCA) on a free, pilot basis, provided by Scotland Excel.
- 1.5 In May 2017, the Scottish Government introduced the Procurement Improvement Programme for the Housing Sector. The Association engaged with Scotland Excel in this process and has now completed a "Procurement and Commercial Improvement Programme" lite (PCIP lite) assessment which was reported to Members on 21 May 2018.
- 1.6 The Association produced an Improvement Plan and this is currently being developed in conjunction with Scotland Excel. Once the updated Improvement Plan has been assess by Scotland Excel, a report will be produced for Committee consideration.
- 1.7 It should be noted that an Annual Procurement Report, recording and publishing the Association's performance and achievements, must be published on our regulated procurements (Regulated thresholds are £50,000 for Goods and Services and £2,000,000 for Works) as soon as reasonably practicable after the end of the financial year and no later than four months thereafter i.e. the end of July 2019. The report must include:-
  - A summary of the regulated procurements that have been completed during the year covered by the report;
  - A review of whether those procurements complied with the Association's Procurement Strategy;

- The extent to which any regulated procurements did not comply, and a statement detailing how the Association will ensure that future regulated procurements do comply;
- A summary of community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report;
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the report period;
- A summary of regulated procurements expected to commence in the next two financial years.

1.8 Once approved by Members, this report will be published on our website and then Scottish Ministers will be notified by email to [annualprocurementreport@gov.scot](mailto:annualprocurementreport@gov.scot) with a link to where this report can be accessed from.

## 2. SUMMARY OF REGULATED PROCUREMENTS COMPLETED

2.1 The Association carried out 3 regulated procurement processes in 2018/2019 amounting to £8,618,595. Further details of the individual procurements are included at Appendix 1.

2.2 Regulated procurements were awarded as follows:

|  |   |
|--|---|
| Public Contracts Scotland                            | 1 |
| OJEU   | 0 |
| Framework Agreement                                  | 0 |
| Tendering Exercise outwith Public Contracts Scotland | 0 |
| Development opportunity brought by contractor        | 2 |

2.3 The Public Contracts Scotland website was used to advertise a number of opportunities:

|                                 |   |
|---------------------------------|---|
| Site Contract Notices Published | 9 |
| Site Contract Award Notices     | 9 |

2.4 Some of these opportunities had a value of less than £50,000 for Goods and Services and £2,000,000 for Works and therefore do not come within the definition of regulated procurement.

## 3. REVIEW OF REGULATED PROCUREMENT COMPLIANCE

3.1 All regulated procurement exercises complied with the Association's Procurement Strategy and Policy.

3.2 There were no challenges brought against the Association in its procurement activities.

#### **4. COMMUNITY BENEFIT SUMMARY**

- 4.1 The Contractor for the Kyleakin Feus Phase 1 project made improvements at the local football/shinty pitch by installing a gate to improve access and high fencing to protect adjacent properties.
- 4.2 All main contractors employed by the Association engage local labour in Skye and Lochalsh and are encouraged to contact local schools to arrange visits to their sites to stimulate pupils' interest in following a construction related career path.

#### **5. SUPPORTED BUSINESS SUMMARY**

- 5.1 The Association can let contracts to supported businesses as set out in our Procurement Policy. A supported business is one where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market. No regulated procurement was awarded to supported businesses during the period of this report.

#### **6. FUTURE REGULATED PROCUREMENTS SUMMARY**

- 6.1 Details of future planned regulated procurement are included at Appendix 2.

#### **7. IMPLICATIONS ARISING FROM THE REPORT**

##### **7.1 Risk Implications**

The Association will comply with procurement legislation and good practice to minimise the risk of a challenge in our procurement activity.

#### **8. RECOMMENDATION**

- 8.1 **Members are asked to consider and approve the proposed Annual Procurement Report and authorise its publication on the Association's Website and submission to The Scottish Government.**

Created 09.05.19

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**Regulated Procurement**

| <b>Contract Description</b> | <b>Contractor</b> | <b>Contract Start Date</b> | <b>Contract End Date (incl Extension)</b> | <b>Max Extension (Yrs)</b> | <b>Est Value (£net incl Extentions)</b> | <b>Date Awarded</b> |
|-----------------------------|-------------------|----------------------------|---|----------------------------|---|---------------------|
| Kyleakin Feus               | J MacQueen        | 16 July 2018               | 29 September 2019                         | -                          | 2,167,923                               | 4 June 2018         |
| Struan Road                 | J MacQueen        | 3 December 2018            | 26 June 2020                              | -                          | 3,917,474                               | 2 November 2018     |
| Rapson Site                 | Compass           | 15 April 2019              | 5 June 2020                               | -                          | 2,533,198                               | 26 February 2019    |

## FUTURE REGULATED PROCUREMENT

2019/20

| <b>Contract</b>   | <b>Type</b> | <b>Expected Notice Publication Date</b> | <b>Expected Award</b> | <b>Expected Start Date</b> | <b>Expected Value</b>   |
|-------------------|-------------|---|-----------------------|----------------------------|-------------------------|
| Campbell's Farm 4 | New         | November 2019                           | January 2020          | February 2020              | £2,500,000              |
| Kyleakin Phase 2  | New         | N/A                                     | October 2020          | November 2020              | £2,500,000              |
| Loan Finance      | New         | September 2019                          | January 2020          | January 2020               | £3,500,000              |
| External Audit    | Renew       | February 2020                           | March 2020            | April 2020                 | £12,000<br>over 5 years |
| Insurance         | Renew       | February 2020                           | March 2020            | April 2020                 | £80,000<br>over 3 years |

2020/21

| <b>Contract</b>        | <b>Type</b> | <b>Expected Notice Publication Date</b> | <b>Expected Award</b> | <b>Expected Start Date</b> | <b>Expected Value</b> |
|------------------------|-------------|---|-----------------------|----------------------------|-----------------------|
| Bayfield Lane, Portree | New         | N/A                                     | April 2020            | May 2020                   | £2,000,000            |
| Garden Site, Armadale  | New         | April 2020                              | May 2020              | June 2020                  | £2,040,000            |

2021/22

| <b>Contract</b>             | <b>Type</b> | <b>Expected Notice Publication Date</b> | <b>Expected Award</b> | <b>Expected Start Date</b> | <b>Expected Value</b> |
|-----------------------------|-------------|---|-----------------------|----------------------------|-----------------------|
| Home Farm, Portree, Phase 8 | New         | July 2022                               | September 2022        | October 2022               | £3,000,000            |