



Hillcrest

ANNUAL PROCUREMENT REPORT 2019/20

Prepared by:

Business Services Team

Approved by:

Audit & General Purposes Sub-Committee

Should you have any queries regarding this report in the first instance please contact –

tenders@hillcrest.org.uk

Foreword

Hillcrest published its first Procurement Strategy in 2015 as required by the Procurement Reform (Scotland) Act 2014 (the Act). Hillcrest has gone on to publish a new strategy for 2019-2024, which is the focus of this report. In order to comply with this Strategy and the Act this document marks the publication of the third Annual Procurement Report for Hillcrest.

The purpose of this report is to publish Hillcrest's procurement performance and achievements in delivering its procurement strategy.

1. Regulated Procurement

Attached to this report (appendix 1) is a copy of our Contracts Register for the period. This includes all regulated procurement and details the following information:

- the date of award
- the name of the supplier
- the subject matter
- estimated value of the contract
- the start date
- the end date provided for in the contract, this will not include any possible contract extensions. If there is no date specified this is contracts for supply of goods or for a one off service that has no ongoing involvement.

Hillcrest records all procurement valued over £50,000 and publish a contract register on its website.

For the period 2019/2020 the number of regulated procurement contracts awarded were 12, with a value of 2,047,950.80, these are listed in Appendix 1. These were awarded by the companies within Hillcrest and for various areas of work including goods and services.

For unregulated procurement there were 17 contracts or quotes awarded, at a value of £153,537.84

No contracts were awarded as part of a collaborative contract or through non-competitive actions.

With regards to our Development department there were no areas of spend which are classed as regulated procurement.

2. Procurement Strategy

In late 2018 Hillcrest decided to refocus its Procurement Strategy. A new strategy document was published covering 2019-2024 with further defined objectives. This section describes in summary what the key objectives are for the strategy.

- We will maintain a comprehensive policy and procedure (and other associated documents) to ensure that our procurements processes are fully compliant with legislation and best practice.
- We will ensure that staff have training that is appropriate and relevant, to enable them to undertake procurement activity associated with their role by 31 December 2020.
- Our procurement process will enable staff who procure goods and services to achieve value for money in purchases. It will enable staff to have the tools and guidance on achieving and evaluating value for money.
- We will continue to analyse the way we procure goods and services, to ensure that we are embracing innovation and new ways of working. We will look to establish our processes in the most advanced methods and systems and ensure that we procure goods and services fully online by 2020.
- We will ensure that sustainable procurement is a key aspect of all procurement activities within the Group with a key focus on quality, value for money and where possible, community benefits.
- We will aspire to engage with external contractors who also embrace and demonstrate a commitment to work towards sustainable procurement, for example, living wage commitments.
- We will establish a framework for monitoring and reporting performance including community benefits, stakeholder outcomes and key performance indicators (KPI's) by 31 December 2020.

Appendix 2 of this report provides an update on the associated actions against the objective outlined above. It also indicates areas of improvement and process that are being put in place to support future procurement work.

There is a comprehensive policy and procedure in place which is reviewed annually, making sure that best practice is taken into account. The Procurement Strategy and action plan are updated quarterly to ensure progress against objectives and that our processes comply with legislation.

Officers within Hillcrest, involved in procurement and tendering, have undergone training with the Scottish Federation of Housing Associations and attended various conferences and sessions to increase their knowledge. In addition to this internal training is being developed to be delivered by

the Business Services Team. 'Quick Quote' training has been established and has been delivered to various teams across the business who will use the quick quote process.

An 'introductory to procurement' short training course is being developed to be delivered to areas of the business where awareness is required to be raised in order to support the process.

A comprehensive Contracts Register is updated and published via Hillcrest's website at least quarterly. There has been further development of a new procurement area on the Group's website and our procurement journey and contracts information is available to the general public through this platform.

The Business Services Team carries out on an annual basis a large scale spend analysis to determine what areas across Hillcrest would benefit from a tendering process and areas of multiple expenditure that would benefit from a collaborative tender or framework process. This has resulted in the update of the annual procurement plan for the next three years. This plan will be used to manage regular procurement and provide transparency across Hillcrest in relation to the services and goods that are procured.

3. Community Benefits

As we develop our Procurement Strategy for 2019-2024 and beyond, we are now building in processes that will allow us to capture Community Benefits that are being delivered as part of the contracts that are awarded through Route 2 and 3. The relatively low costs of our procurement contracts for services and goods compared to the cost of development and new build contracts have made this a difficult area to tackle locally but we are committed to realising Community Benefits in all forms.

We have an established Community Benefit Statement which details our matrix of benefits and how these will be managed (see appendix 3). We have established The Hillcrest Foundation which will support the allocation of Community Benefits to the wider community.

The establishment of a Foundation to receive monetary donations from community benefits aims to increase access to social and economic opportunities for the wider community. The Foundation will support community development programmes, educational activities, advice services and much more. The Foundation has a set of criteria, around which donations will be managed and bid for.

4. Supported Businesses Summary

Hillcrest is committed to exercising 'open' tendering. With this we leave all contracting opportunities open to any businesses to bid for. We will provide support and guidance to organisations who ask, and actively promote training and sharing of information with various organisations to enable them to participate effectively in a tendering process.

As this process moves on we are committed to appointing small sized contractors who are based in our local communities to carry out works on our behalf. These contractors will also have access to submit quotes through the 'quick quote' system on Public Contracts Scotland. It is expected that this process will support our local communities with an increase in work available to these contractors.

This may lead them to provide training and job opportunities and expand their workforce. We are also in the process of carrying a similar process for suppliers. This is also hoped to provide work to local businesses and enables them to provide other opportunities for local communities.

5. Future Regulated Procurements Summary

Each year the business reviews the contracts registers for upcoming tenders and other areas of common or high level spend. This forms the plan for the following year's procurement activity. This is based on current contracting requirements as well as what is expected to be required. This is reviewed quarterly by the Procurement Strategy Group and amended as required. A copy of 2020/21 plan is attached to this report (Appendix 4).

6. Other Considerations

Training and Qualifications

The Senior Officer within the Business Services Team will complete this year a formal procurement qualification in the form of Level 4 Diploma in Procurement and Supply Chain Management with the Chartered Institute of Procurement and Supply. This is a recognised worldwide qualification and is the standard recognised qualification across the procurement sector.

In addition to this Hillcrest has invested in an online training programme covering various aspects of public sector procurement, which includes all aspects of procurement from selection, award and contract management. This one year training course will initially be carried out by 20 members of staff including those who sit on the Procurement Strategy Group. It is expected that this will raise understanding and consistency around our procurement processes and ensure that any procurement exercise undertaken is effective. This process will be reviewed at the end of the year to establish whether or not this should be rolled out to other staff.

Additional Resources

The Business Services Team has also recruited an additional post during this time to enable more support around the procurement processes across the organisation and will also lead in the delivery of some of the training course developed. This post will be integral to ensuring that our procurement processes are as effective and efficient as possible.

Scottish Government Return

Hillcrest are required to complete a statistical return to accompany the annual procurement report and submit this to the Scottish Government by September of each year. A copy of the return for this year is attached to this report. It should be noted that there are some areas where Hillcrest have been unable to provide the information requested due to our systems currently not supporting the retrieval or recording of this information. We are due to begin a process of business transformation during 2020 looking at how to transform our process, services and system to be more efficient. It is

hoped that some of the work around this project will help us to be able to provide this information moving forward.

Appendix 1 – Contracts Register

Type	Ref No.	Contract Title	Contractor/Supplier	Route	Value	Contract Award Date	Contract Start Date	Contract End Date
Services	R0047/2016	Sign Writing and Livery	Prime Signs	Route 2 Tender	£31,170.00	11/04/19	15/04/19	15/04/21
Service	R0055/2016	Scaffolding - All Areas (Lot 1 - Dundee & Tayside)	Scotmitch	Framework Agreement	£250,000.00	24/04/19	01/06/19	31/05/22
			TM Scaffolding					
			Dundee Plant					
			IAS Dundee					
			ASC Edinburgh					
		Scaffolding - All Areas (Lot 2 - Edinburgh & Lothians)	ASC Edinburgh	Framework Agreement				
			TM Scaffolding					
			KC Scaffolding					
		Scaffolding - All Areas (Lot 3 - Perthshire & Kinross)	Scotmitch	Framework Agreement				
			Dundee Plant					
			ASC Edinburgh					
			IAS Dundee					
		Scaffolding - All Areas (Lot 4 - Angus & Arbroath & Aberdeen)	Scotmitch	Framework Agreement				
			IAS Dundee					
			TM Scaffolding					
			ASC Edinburgh					
Supply	R0060/2016	Sheriffs Officer etc.	Scott & Co	Route 2 Tender	£50,000.00	11/04/19	01/05/19	30/04/20
Service	PR/R001	Asbestos Surveying, Sampling & Analytical Services	Franks Portlock	Route 2 Tender	£41,215.00	07/05/19	01/04/19	31/03/21
Service	PR/R004	District Heating Replacement 7-11 Gilmour Close	TPS	Route 2 Tender	£73,895.00	07/10/19	21/10/19	22/11/19
Service	PR/R007	Communal Flooring	John Lord Specialist Flooring	Route 2 Tender	£76,378.56	25/07/19	20/08/19	21/04/21
Service	HM/R001	Supply Of Convector Radiators & Combination Condensing Boilers (Lot 1 - Radiators)	City Plumbing Supplies	Route 3 OJEU	£31,738.24	21/08/19	01/09/19	31/08/22

Service	HM/R001	Supply Of Convector Radiators & Combination Condensing Boilers (Lot 2 - Boilers)	City Plumbing Supplies	Route 3 OJEU	£491,415.00	21/08/19	01/09/19	31/08/22
Service	PR/R008	Winter Maintenance Contract	Mitie	Route 2 Tender	£79,394.00	24/10/19	01/11/19	31/03/21
Supply	HM/R002	Kitchen Supply Contract - All Areas	Joinery & Timber Creations (JTC)	Route 3 OJEU	£782,755.00	11/03/20	01/04/20	31/03/23
Service	PR/R009	Lift Replacement - Dryden Street	Classic Lifts	Route 2 Tender	£76,990.00	08/01/20	Delayed by COVID 19	
Service	CoS/R001	Staff Health Care Plan	Westfield	Route 2 Tender	£63,000.00	06/03/20	06/03/20	05/03/21

Appendix 2 – Procurement Strategy Action Plan

1. We will maintain a comprehensive policy and procedure (and other associated documents) to ensure that our procurement processes are fully compliant with legislation and best practice.		
Action	Timeline	Lead Officer
Hillcrest's procurement guidance is reviewed regularly and updated in accordance with changes in guidance and legislation. Any amendments or updates will be communicated through all appropriate channels, as and when required.	Monitored and Reviewed Quarterly	Senior Business Services Officer
Monitor our procurement against our Procurement Strategy and Action Plan, together with all attendant documentation, to mirror any changes in legislation or Best Practice.	Quarterly	Senior Business Services Officer
Maintain a comprehensive Contracts Register of all procured spend and publish this on Hillcrest's external website.	Ongoing	Business Services Co-ordinator
Deliver an Annual Procurement Report which will include a summary of procurement activity in the previous year. This will be published internally and externally.	June 2020	Senior Business Services Officer
2. We will ensure that staff have training that is appropriate and relevant, to enable them to undertake procurement activity associated with their role by 31 December 2020.		
Action	Timeline	Lead Officer
Deliver training sessions to relevant employees to ensure Procurement knowledge and skills are up to date, this will include the use of our e-Learning (E-Den) initiative, Procurement Scotland resources, as well as the other more traditional methods of workplace learning.	Ongoing	Senior Business Services Officer
Ensure attendance at relevant national and local Procurement forum events to develop knowledge and skills to support Hillcrest's activity.	Ongoing	Senior Business Services Officer
3. Our procurement process will enable staff who procure goods and services to achieve value for money in purchases. It will enable staff to have the tools and guidance on achieving and evaluating value for money.		

Action	Timeline	Lead Officer
Products and services to be procured for Hillcrest will be evaluated prior to tendering to determine if the products or services are required, and to evaluate if there are any suitable alternatives.	Prior to any procurement activity	Lead Officers
Revise the current set of KPI's and analyse the savings made over the last 2 years to enable the group to determine that value for money has been achieved from procurement activity.	June 2020	Senior Business Services Officer
4. We will continue to analyse how we procure goods and services, to ensure that we are embracing innovation and new ways of working. We will look to establish our processes in the most advanced methods and systems and ensure that we procure goods and services fully online by 31 December 2020.		
Action	Timeline	Lead Officer
We will assess the use of Information Technology to improve effectiveness and efficiency such as assessing the viability of introducing e-Tendering, e-Auctions and other e-procurement solutions.	Complete	Senior Business Services Officer
Providing training to relevant employees to ensure Procurement knowledge and skills are up to date; this will include the use of our e-Learning (E-Den), SFHA training opportunities, as well as the other more traditional methods of workplace learning and qualifications.	Ongoing	Senior Business Services Officer
5. We will ensure that sustainable procurement is a key aspect of all procurement activities within Hillcrest with a key focus on, fit for purpose and value for money.		
Action	Timeline	Lead Officer
Undertake annual high-level spend analysis for the next 12 months and agree priority procurement areas with Directors once they are identified.	September of each year	Senior Business Services Officer
Review contract register activity on a quarterly basis with the Procurement Strategy Group to analyse fit for purpose and common areas of activity.	Quarterly	Procurement Strategy Group

Review common goods/services purchases and spends across Hillcrest with a view to procuring services/goods under one contract and add these to the procurement plan as required.	Ongoing	Senior Business Services Officer
6. We will aspire to engage with external contractors who also embrace and work towards sustainable procurement for example, living wage commitments.		
Action	Timeline	Lead Officer
Establish set minimum criteria of working practices of any contractor/supplier we engage with to ensure that they meet our expectations for sustainable procurement including fair working practices, health and safety, waste management, insurance, accreditations and training.	Complete	Senior Business Services Officer
7. We will establish a framework for monitoring and reporting performance including Community Benefit; Stakeholder outcomes and Key Performance Indicators (KPIs) by 31 December 2020		
Action	Timeline	Lead Officer
Develop a set of KPIs and qualitative measures that can measure the integration of environmental, social, and ethical aspirations of individual contracts issued through procurement activities or approved services routes.	Ongoing	Senior Business Services Officer
Introduce community benefit clauses into tender processes, where appropriate, or where the contract is of a significant value (Route 2 or 3). Develop a set of quality scores in relation to the benefits that suppliers will bring as part of being awarded contracts.	Ongoing	Senior Business Services Officer
Undertake social impact measurement for the current Asset Management approved contractors to determine the impact of the Group on local SMEs who we are working with.	December 2020	Director of Corporate Services
Introduce clear measures to track value for money savings of contracts, whilst ensuring quality is maintained	December 2020	Senior Business Services Officer

Please Note: When we state 'Lead Officers' this refers to the Officer responsible for that procurement activity and tender process.

Appendix 3 – Community Benefits Statement

Hillcrest is committed to investing in our local communities by delivering a community benefits programme through a range of activities for our customers and communities.

By setting out our ambition for investment clearly, we hope a wide range of stakeholders from our tenants, suppliers, contractors and investors will share our approach to work in partnership and make a difference for the communities we work within.

1. Community Investment at Hillcrest

This Community Benefits Statement supports Hillcrest to delivery its Procurement Strategy 2019-2024. It ensures compliance with Sections 24 and 25 of the Procurement Reform (Scotland) Act 2014, which sets out a requirement that:

- public contracts over the value of £4M will incorporate appropriate community benefit requirements and opportunities;
- delivering community benefits is a core part of contract compliance.

Community Benefits are clauses or requirements that bring about wider community benefits over and above the core delivery of the contract. The benefits can be of social, economic and environmental in nature, for example to agree to deliver an apprenticeship placement as part of the contract, donation of goods or money, or providing expertise to develop local community activities. Scottish Government Procurement Guidance suggests that community benefit requirements to be considered in public procurements may include (but are not limited to) the following:

- generation of employment and training opportunities,
- vocational training,
- up-skilling; equality initiatives;
- SME/supply chain/third sector development;
- building capacity in community organisations;
- educational support initiatives;
- work experience;
- minimising negative environmental impacts.

The Procurement Reform (Scotland) Act 2014 aims to increase the use of community benefits within public contracts and framework agreements. Under section 25(1) of the Act, it is now a legal requirement that community benefits are considered for all regulated procurements with an estimated value of £4million or above.

Although the level of contract values within the legislation, for mandatory benefits, is fairly significant, Hillcrest are striving to achieve small scale benefits from low level contract

values too. These benefit levels will be set to ensure that SME and Micro businesses, are as able to support the delivery of these as well as large or national scale business.

In line with Sustainable Procurement, the Scottish Government Guidance advises that community benefit requirements should:

- be used where assessed as appropriate;
- be proportionate and that requirements should not place a disproportionate burden on economic operators
- not result in unintended effects such as displacement of existing contractor employees.

To ensure that we gain maximum relevance for all community benefits collected, Hillcrest will look to include benefit clauses across all different types of procurement activity for Works, Goods and Services, when relevant.

2. Hillcrest Approach

Our approach will entail the consideration of community benefits at differing levels of procurement and contract values. We will include stipulations about benefits when Hillcrest feels it is feasible and reasonable and in the best interest of the contracts being sought.

Hillcrest aim to secure community benefits that support and contribute to a wide range of opportunities for our wider stakeholder community. Therefore, it will not only be Hillcrest projects or initiatives that can benefit from the activity. This will be part of our drive to provide a range of services which, along with housing and support services, bring about inclusion and social regeneration.

There is no 'one size, fits all' model for community benefits. Hillcrest will deliver a mixed approach to investment in our communities using a thematic framework of cross cutting activities.

Community benefits can be included as clauses within procurement routes on a contractual or voluntary basis depending on the needs of the contract. Any mandatory requirements will be considered to form part of the contract and non-conformance will be dealt with as a contract performance issue.

When voluntary clauses are included and are agreed to as part of the contract, then Hillcrest will endeavour to support the delivery of the community benefits by providing time and advice in order for the benefits to be achieved. Failure of voluntary clauses will not breach the contract.

Bidders must hold the relevant PVG status, insurance and health and safety documentation in order to carry out community benefits as appropriate. Hillcrest Procurement Team will monitor and action these requirements prior to the programmes commencing.

Hillcrest Foundation

The establishment of a Foundation to receive monetary donations from community benefits, aims to increase access to social and economic opportunities for the wider community. The Foundation will support community development programmes, educational activities, advice services and much more. The Foundation has a set of criteria, around which donations will be managed and bid for.

The Senior Business Services Officer will work closely with the Fundraising and Grants Officer to implement the community benefits approach through the Foundation.

All Foundation programmes will fall under one of the themes identified in the Community Benefit Matrix in section 3 of this statement.

3. Hillcrest Community Benefits Matrix

The following matrix describes our initial themes that Hillcrest will drive the implementation of community benefit through.

Theme	How we will deliver
<p>Theme 1</p> <p>Skills development and employability</p>	<ul style="list-style-type: none"> • Secure commitment from contractors with whom we work that they will provide additional work, training and learning opportunities for people in our local communities • Apprenticeship programme delivery • Supporting student placements • Further develop school liaison programme • Job tasters and employability placements
<p>Theme 2</p> <p>Local Investment/Supply chain development</p>	<ul style="list-style-type: none"> • Providing regular opportunities for local SMEs to submit tender awards included increased scoring for local delivery. • Delivering SME and social enterprise bid training and guidance to encourage local supplier competition • Using framework/lot based tendering to encourage local businesses to bid • Donation of materials equipment, facilities, goods, time or expertise
<p>Theme 3</p> <p>Community Development</p>	<ul style="list-style-type: none"> • Securing Hillcrest Foundation donations through community benefit contributions as clauses within tender contracts (see value table appendix 1) • Deliver community investment through distribution of

	<p>Hillcrest Foundation funds</p> <ul style="list-style-type: none"> • Provide a range of support in education, recreation, knowledge transfer or skills workshops and through Hillcrest Futures Hubs to local community groups, schools and colleges • Provision of contractor time/skills or training support to help build capacity for new business and social enterprise
Theme 4 New Business	<ul style="list-style-type: none"> • Provision of contractor time, skills, mentoring or training support to help build capacity for new business and social enterprise development within locality areas • New business advice and incubation via Hillcrest Enterprise Ltd

4. Monitoring and Evaluation

The Procurement Team will manage the community benefit process and recording and monitor with lead officers, to ensure fulfilment of community benefit clauses within the contract.

The Procurement Team will be the first point of contact for any supplier or contractor seeking to develop or offer community benefits.

Any monetary donations will be passed to the Hillcrest Foundation to be managed. The Fundraising and Grants Officer will report to Committee and Board cycles annually on the allocation and securing of Hillcrest Foundation funds.

The securing and allocation of community benefits as a whole will be reported yearly in the Annual Procurement report submitted to A&GP and Scottish Government.

Appendix 1 – Community Benefit Contribution Value Table

The Community Benefit Contribution will be based on the final contract sum from the contractor/supplier/consultant to be used only for local Community Works and Community Support Projects in the local area of operations of Hillcrest. The value will be calculated based on the contract sum (split into agreed instalments payable to at the end of each agreed period). Please note that Community Benefit Contribution is for the contract duration and can be in the form of a financial sum, gift or service. The Community Benefit Contribution will be a contractual requirement under this contract.

Example table below

Value Band	Estimated Contract Value per Annum (excluding VAT)	% of Spend	2% CB Contribution
£10k to £250k	10,000.00	2.00%	200.00
£10k to £250k	20,000.00	2.00%	400.00
£10k to £250k	40,000.00	2.00%	800.00
£10k to £250k	50,000.00	2.00%	1,000.00
£10k to £250k	100,000.00	2.00%	2,000.00
£10k to £250k	250,000.00	2.00%	5,000.00
£250k to £500k	500,000.00	1.50%	7,500.00
£500k to £750k	750,000.00	1.35%	10,125.00
£750k to £1m	1,000,000.00	1.25%	12,500.00
£1m to £2m	2,000,000.00	1.00%	20,000.00
£2m to £5m	5,000,000.00	0.75%	37,500.00
£5m to £10m	10,000,000.00	0.50%	50,000.00

The minimum level Community Benefit to be delivered from each procurement activity will be dependent on the budget contract value irrespective of contract duration. The Association has developed an assessment system to consistently quantify the requirement. This will also ensure that performance against the contractor/supplier/consultant's proposals is measurable during contract delivery.

Appendix 4 – Future Procurement

Contract Title	Company	Department	Procurement Route
Recruitment Agency	Hillcrest	All	Framework - OJEU Route 3
Printing and Design	Hillcrest	Communication & Media	Route 2
Postage/Frinking	Hillcrest	Customer Service	Route 2
Water	Hillcrest	Finance	OJEU - Route 3
Occupational Health	Hillcrest	HR	Route 2
Audit Services	Hillcrest	Corporate Service	Route 2
Gas/Plumbing Materials	HM	HM	Framework - OJEU Route 3
Timber Materials	HM	HM	Framework - OJEU Route 3
Paint and Associated Goods	HM	HM	Route 2 Framework
Ironmongery	HM	HM	Route 2 Framework
Assisted Adaptations	HM	HM	Route 2
Specialised Doors	HM	HM	Route 2 Framework
Plant	HM	HM	Framework - OJEU Route 3
Windows	HM	HM	Framework - OJEU Route 3
Encasement	HM	HM	Quote
District Heating	Hillcrest	Property	Route 2
Roofing Works	Hillcrest	Property	Route 2
QA for Gas Works	Hillcrest	Property	Route 2
Boiler Control Panels	Hillcrest	Property	Route 2
Window Supply	HM	Property	Route 2 Tender
Flooring Works	HH	Property	Route 2 Tender
Pest Control	Hillcrest	Property	Route 2 Tender