

Report

Classification:	Open
To:	Management Board
For:	Noting
From:	Craig Wood, DHPS
Meeting Date:	08 August 2024
Subject:	Annual Procurement Report 2023/24
Appendices	Appendix 1: Annual Procurement Report 2023/24 Annex A

1. Purpose

1.1 This report provides the Board with the Annual Procurement Report for 2023/24.

2. Recommendations

2.1 The key recommendations from this report are:

The Board is asked to:

- Note the Annual Report and Annex A included at Appendix 1
- Annex A will be returned to Scottish Ministers and made available on our website.
- Note that the requirement to publish will be reviewed on an annual basis.

3. Background

3.1 The Procurement Reform (Scotland) Act 2014, which makes provision regarding the procedures relating to the award of certain public contracts, requires contracting authorities to produce procurement strategies and annual reports in certain circumstances.

3.2 The Act defines regulated contracts as being public works contracts of £2M or more, or public contracts (other than a public works contracts), of £50K or more. Significant procurement expenditure is defined as an estimated sum for all regulated procurements in a financial year equal to or greater than £5M.

3.3 A contracting authority is required to produce a procurement strategy in advance of any financial year in which it expects to have significant procurement expenditure, and an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of that financial year.

3.4 The Procurement Report is to include:

- A summary of the regulated procurements that have been completed during the year;
- Whether those procurements complied with the authority's procurement strategy;
- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report;
- A summary of supported businesses in regulated procurements during the year covered by the report;
- A summary of the regulated procurements the authority expects to commence in the next two financial years.

4.0 Current Position

4.1 Our Annual Procurement Strategy 2023/24 anticipated that we would exceed the threshold for significant procurement expenditure (£5m). This was exceeded in 2023/24, despite the slippage in procurement of the development at Balmaha. An Annual Procurement report for 2023/24 is therefore required.

4.2 Regulated procurement in 2024/25 will exceed the threshold for significant expenditure. There are two regulated works contracts forecast in 2024/25, for Balmaha development at a contract sum of around £6.5m, for the Drymen development a contract sum of around £3.3m and for the Tyndrum development a contract sum of £3m. The Board approved the Annual Procurement Strategy 2024/25 in March 2024. A Procurement Report will be prepared as soon as possible after the end of the financial year 2024/25.

5.0 Annual Procurement Report 2023/24

5.1 The production of a Procurement Report should be implemented as soon as possible and not later than 5 months after the close of a fiscal year where a Procurement Strategy has been produced, or an existing Procurement Strategy has been reviewed.

5.2 The Annual Procurement Report for 2023/2024 Annex A is attached at Appendix 1. The regulated procurement for 2023/2024 was £6,936,000 which meets the threshold for the production of an Annual Procurement Report. In previous years where we have not met the threshold, we have still produced one as it is considered good practice to do so as it informs interested contracting authorities of our likely procurement spend in the next two financial years.

5.3 We will publish the Annual Procurement Report on our website and notify Scottish Ministers in line with the guidance.

6.0 Risks

6.1

Risk	Mitigation
Failing to comply with Scottish Government obligations regarding strategy and reporting on significant procurement spending.	<ul style="list-style-type: none"> • Produce an Annual Procurement Report as soon as possible after the financial year end. • Review forecast procurement spend prior to each financial year and produce an Annual Procurement Strategy.

7. Recommendation

7.1 It is recommended that the Board:-

- Note the Annual Report and Annex A included at Appendix 1
- Annex A will be returned to Scottish Ministers and made available on our website.
- Note that the requirement to publish will be reviewed on an annual basis.

7.2 The implications of the report;

<p>Regulatory Compliance</p>	<p>Regulatory Standards of Governance and Financial Management:</p> <ol style="list-style-type: none"> 1. <i>The Governing Body leads and directs the RSL to achieve good outcomes for its tenants and other service users</i> 2. <i>The RSL is open 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.</i> 3. <i>The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</i> 4. <i>The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</i> 5. <i>The RSL conducts its affairs with honesty and integrity</i> 6. <i>The governing body and senior officers have the skills and knowledge they need to be effective.</i> 7. <i>The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants.</i>
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	This report provides the Board with assurance that the SHR Regulatory Standards are being achieved.	
Annual Assurance Statement	This report provides the Board with assurance that the SHR Regulatory Standards are being achieved. The report can provide evidence as part of the Annual Assurance Statement particularly in respect of Standard 1,3, 4 & 7. The governing body identifies risks that might prevent it from achieving the RSLs purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.	
Legal/Constitutional	The Governing Body has a duty to minimise risk to the organisations purpose and to act in accordance with its Rules and legislation. Failure to do so would be reputationally damaging and financially damaging.	
Financial Impact	None.	
Risk Assessment	Low – The requirement for an Annual Procurement Report was undertaken and we will review this annually.	
Equality Impact Assessment	Not Applicable	
Guide to Information	If the information replaces existing documentation published on the website or through the GTI this should be updated.	
	GTI to be updated?	
	YES	NO
		✓