

<b>Date Issued</b>	<b>August 2025</b>
<b>Department</b>	Corporate
<b>Title</b>	<b>Annual Procurement Report 2024/25</b>
<b>Objective</b>	To give an overview of the Association's procurement activity for the 2024/25 financial year and progress against the Procurement & Value for Money Strategy
<b>Responsible</b>	Director of Finance & Corporate Services
<b>Next Review Date</b>	<b>August 2026</b>

## **1.0 Introduction**

- 1.1. The purpose of this report is to enable East Lothian Housing Association (ELHA) to comply with its obligations under the Procurement Reform (Scotland) Act 2014, Section 18(1) to prepare and publish an annual procurement report on its regulated procurement activities.
- 1.2. The Procurement Reform (Scotland) Act 2014 requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a Procurement Strategy annually before the start of the next financial year. In addition to the mandatory strategy, to meet regulatory requirements the organisation must also prepare and publish an annual procurement report disclosing how its procurement activity has complied with its published strategy.
- 1.3. Regulated procurement is any procurement for public goods/supplies or services with a value of over £50,000 or any procurement for works with a value of over £2million.
- 1.4. ELHA's regulated spend has not exceeded the £5m threshold in 2024/25. The ELHA Board are however committed to continuing to retain the Procurement Strategy and accompanying Annual Procurement Report to ensure procurement capability is reviewed and continually improved.
- 1.5. The guidance and template issued by the Scottish Government to report on our performance has been used.
- 1.6. This report covers the 2024/25 financial year, which ended on the 31 March 2025.

1.7. In compliance with Section 18(2) of the Act, this report will include:

- Summary of Regulated Procurements Completed
- Review of Regulated Procurement Compliance
- Community Benefit Summary
- Supported Businesses
- Future Regulated Procurements Summary

1.8. Between 1 April 2024 and 31 March 2025, there was one regulated procurement contract awarded.

## **2.0 Summary of Regulated Procurements Completed**

2.1. Compliant procurement is fundamental to ELHA's achievement of the strategic objective for delivering value for money and applying the general duties of fair and equal treatment as well as transparency and proportionality.

2.2. In total there are four live contracts (as at August 2025) listed in the Associations regulated contract register; one of these contracts was awarded in 2024/25.

2.3. The full list of regulated procurement contracts used by the Association throughout 2024/25 can be found in **Appendix 1**. Three of these contracts have been issued prior to 2024/25 financial year.

2.4. The Regulated Contract Register is updated as and when required on Public Contracts Scotland and publicised on the Association's website under the guide to information section below;

<https://www.elha.com/page/guide-to-information>

## **3.0 Review of Regulated Procurement Compliance**

3.1. We believe that making the most of every pound of our money we spend is vital to ensure we can maintain affordable rents. That is why we aim, wherever possible, to self-deliver goods and services within ELHA. However, we recognise this is not always possible and we will be required to procure goods and services. Our Procurement Strategy supports the Association by delivering best-in-class procurement outcomes which are customer focused whilst achieving value for money, innovation and delivering sustainable social value.

3.2. A Procurement & Value for Money Strategy was created for the first time in August 2023, reflecting the Associations increase in regulated spend due to its ongoing development programme.

3.3. The strategy included four ambitions to help us define progress towards our aims, being:

1. All spend that can be positively influenced by procurement activity has a corresponding contract.
2. All procurement activity complies with statutory and regulatory requirements and is supported by a detailed technical specification of our purchasing requirements.
3. All relevant contracts are arranged to include sustainable procurement requirements.
4. All staff trained to be able to carry out a regulated procurement activity.

3.4. The Association made significant progression and improvements throughout 2024/25 against the four stated ambitions, as noted below:

1. Monthly supplier spend reports for the Association are created across all areas of spend. Where spend is more than £2k per annum, the person responsible for that spend / contract is identified and updates the contract details.

All contract documents are now stored in the Contracts, Licenses and Agreements folder across the Group. All regulated contracts are also stored in this folder.

A Contract Management Policy was created and approved by the Management Committee in May 2024 and was fully rolled out during 2024/25.

Regular contract supplier meetings are being held and contract KPIs are being monitored. However further work in this area is required around documentation of these meetings.

A tendering timetable was put in place – see **Appendix 2**.

2. A review of all existing contracts was undertaken to ensure compliance with statutory and regulatory compliance.

The Associations main spend is with R3. This is an ongoing contract and was put in place under the Teckal rules, which allowed the Association to direct award this contract to its subsidiary.

The other main area of spend is around new build development. Most new build spend is for Section 75, off the shelf, home purchases. Contracts are put in place with the Developer for these homes, but these contracts are not currently published on Public Contracts Scotland. We cannot find any reference for organisations placing Section 75 new build contracts on PCS. Therefore, it was deemed compliance has been met, and there is no opportunity for any supply route other than through the lead developer.

There were two contractors spend that could be considered a regulated contract going forward (in relation to gas servicing and ground source / air source heat pump servicing), and this will be monitored as these contracts are discussed with the suppliers.

Training was delivered to all staff on purchasing goods and services to ensure they understood and could comply with the revised Procurement Policy and Procedure. This training was completed by the 31 July 2025.

3. The creation of a new field against supplier records to help identify if the supplier was an SME or Third sector org was completed. This allows ELHA to identify the number of, and total procurement spend with, SME or Third Sector Organisations. All supplier records where spend is greater than £10k per annum have this information completed.
4. The creation of a competency matrix for roles within the organisation was completed in 2023/24 and the training plan to bring staff to this level for each post was completed in the year.

Role profiles of all ELHA Job Descriptions were updated off the back of this training to include a section on procurement responsibility in relation to the areas identified from the competency matrix.

- 3.5. To assess progression against the Procurement Strategy, KPIs were created as per the table below. Actual performance against these in 2024/25 is noted in the table.

Performance Indicator Name	Target	Actual
Percentage of ELHA expenditure covered by contracts	91%	93%
Number of ELHA collaborative opportunities explored as a percentage of all regulated contracts tendered	100%	0%
Regulated contracted ELHA suppliers paying the living wage	100%	100%

- 3.6. The number of ELHA collaborative opportunities explored as a percentage of all regulated contracts tendered was not met as the one contract tendered was not able to support this.
- 3.7. The ambitions for 2025/26 strategy will remain the same, with the key priorities for the year for each ambition will be:
  1. Continue to review supplier spends and the contracts in place for these to ensure we have responsible individual managing the contract where spend >£2k. The full contracts database to be monitored monthly to ensure supplier meetings are being held, in line with the contracts management policy, and contract KPI's being monitored.
  2. Continue to review supplier spends and ensure they comply with statutory and regulatory compliance.

- 3. There are no planned actions relating to this ambition.
- 4. R3 role profiles to be revised to include section on procurement responsibilities.
- 3.8. There were no known regulated procurements that did not comply with the Associations strategy.

#### **4.0 Community Benefit Summary**

- 4.1. There are no community benefit clauses currently inserted into ELHA's regulated contracts. The value of these contracts does not require ELHA to insert this clause into these contracts.

#### **5.0 Supported Businesses Summary**

- 5.1. The Act includes a new classification for supported business: "an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged".
- 5.2. Our regulated contract activity for the last financial year did not provide us with an opportunity to utilise the goods or services from supported businesses.
- 5.3. We do however make use of supported businesses for our non-regulated procurement activities.

#### **6.0 Future Regulated Procurements Summary**

- 6.1. The Act States that all estimated regulated procurement over the next two years should be disclosed by the Association. **Appendix 2** provides this summary and there are four contracts due to be tendered.
- 6.2. There are two potential extensions to current contracts, one relet (replacement tender process) and one new contract to be tendered over the next two years.

#### **7.0 Summary**

- 7.1. East Lothian Housing Association is measuring against the four ambitions defined in our strategy to help us achieve our procurement aims. Progress was made against all the actions within the action plan and some of the actions will continue into 2025/26 as they are ongoing actions. The KPI's set to measure progression against the strategy were achieved in the year.
- 7.2. Tenants will continue be consulted, where appropriate, on the tendering outcomes to ensure we are procuring the goods and services they expect.

- 7.3. Once a tender is advertised, supporting suppliers to engage with the Association through the legislation is key to the success of our procurement programme. This includes taking time at the outset of each tender to consider not just the financial impact but also the added value that the contract can deliver, including the economic, social and environmental benefits. This is reflected in our strategy.

**Appendix 1 – Regulated Procurement Register – 2024/25**

Date of Award	Contractor	Works / Goods / Services	Estimated Value (including VAT where applicable)	Start Date	End Date
11/09/2018	Waterstons	Managed IT Service (4 + 3 years)	£480,000	11/09/2018	11/09/2025
24/02/2023	Marsh Ltd	Insurance Services (3 + 2 years)	£934,040	31/03/2023	31/03/2026
31/08/2022	Alexander Sloan	External Audit Services (3 + 2 years)	£125,000	30/09/2022	30/09/2025
08/01/2025	Designer Software Ltd	Housing Management System	£280,000	20/12/2024	20/12/2026

**Appendix 2 – Future Regulated Procurement Summary 2025/26 & 2026/27**

<b>Contract Title</b>	<b>Contract Description</b>	<b>New, Ext or Re-Let</b>	<b>Estimated Value</b>	<b>Est Publication Date</b>	<b>Est Start Date</b>	<b>Contract Duration</b>
Managed IT Service	The provision of Managed IT Services and related infrastructure hardware and equipment.	Re-Let	£500,000	Apr-25	Sep-25	3 Years + 1 Year
Insurance Services	The provision of non-life insurance services.	Ext	£400,000	Jan-26	Mar-26	2 Years
External Audit Services	External Audit Services.	Ext	£50,000	Jul-25	Sep-25	2 Years
Stair & Communal Area Cleaning	Stair & Communal Area Cleaning Services	New	£277,068	Dec-25	Apr-26	3 Years + 1 Year + 1 Year