

CABINET – 13TH SEPTEMBER 2018

Report of the Head of Landlord Services Lead Member: Councillor Paul Mercer

ITEM 6 PURCHASE OF STORE MATERIALS FOR HOUSING REPAIRS THROUGH A FRAMEWORK CONTRACT

Part A

Purpose of Report

This report is to seek approval from Cabinet to procure a supplier through a framework for the supply of store materials for the Council's directly employed repairs service for three years with the option to extend for a further one year.

The Contract value is estimated at over £500,000 per annum, therefore under the Council's Contract Procurement Rules, this distinct report to Cabinet is necessary.

Recommendation

That the Head of Landlord Services be authorised to commence a procurement exercise, identify a suitable framework, and subsequently award a contract for the supply of store materials for the housing repairs service, for a period of up to four years.

Reason

- a) The current contract is due to end in June 2019. This decision will enable a new supplier to be procured and a contract awarded in a way that is consistent with the Council's procurement rules.
- b) To benefit from economies of scale provided by using a framework provider's buying power.
- c) To mitigate the risks associated with OJEU procurement by using a framework provider.

Policy Justification and Previous Decisions

Under the Council's Contract Procurement Rules Cabinet approval is required as the total value of the contract exceeds £500,000.

Implementation Timetable including Future Decisions and Scrutiny

The existing contract for supply of stores materials will conclude at the end of June 2019.

Subject to call in, the implementation timetable for the procurement exercise and the award of the new contract would be as follows:

Task	Indicative Timeframe
Procurement process commences	October 2018
Materials supply contract start date	June 2019

Report Implications

The following implications have been identified for this report:

Financial Implications

The new contract will run for three years with an option to extend for a further year. The estimated contract value is £580,310 per year based on 2017/18 expenditure. The spend under the current contract is fully funded in the 2018/19 budget, and similar levels of expenditure for future years have been assumed in the Housing Revenue Account Business Plan.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below:

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Failure to follow the agreed Council Procedures and, of consequence, not obtain best value procurement	Possible	Major	Framework contracts comply with the Council's procedures and provide economies of scale.
Failure to follow EU procurement Rules by not advertising in OJEU an above threshold contract.	Possible	Major	Consortium framework contracts are let in accordance with EU regulations. Access procedures for the framework will be followed.

Key Decision: Yes

Background Papers: None

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Part B

Background

1. The Council requires significant quantities of materials for its directly employed workforce to undertake day to day repairs at the Council's housing stock. The Council has a defined budget of £534,100 for materials in the financial year 2018/19, with additional materials spend accommodated at other budgets including those for major voids and minor adaptations.
2. The existing contract with Jewson was procured via the Procurement for Housing Framework in financial year 2015/16, and is due to expire on the 16 June 2019. It is therefore necessary for the Council to put in place arrangements the award of a new contract.
3. There are several advantages for the Council in making use of contracts procured through a suitable framework. Framework providers go out to the market, conducting an OJEU (Official Journal of the European Union) compliant procurement process for material suppliers on behalf of their members. This means that the Council will gain economies of scale through the framework buying power, and that the risks associated with OJEU procurement are mitigated. The use of a framework will also ensure that a contract can be put in place within an appropriate timescale, and that the Council will benefit from the framework's established contract and supply chain management processes.

Process

4. The Council will identify and approach a suitable framework provider. Depending on the framework rules a direct award to an appropriate supplier may be made, or alternatively a further mini-competition may be undertaken to refine pricing and / or quality statements.
5. Subject to call in, it is envisaged that the procurement exercise will commence in October 2018 and that the contract will start in June 2019.