



Officer Decision Report

**Author/Lead Officer of Report: Jason Peck,
Contracts Manager**

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Report to: *Tom Smith - Director – Operational Services*

Date of Decision: *29 September 2023*

Subject: *Supply of Plumbing & Heating Materials
Framework Extension*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? (2367)				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

This report sets out the details of the current Supply of Plumbing & Heating Materials Framework with particular emphasis on its expiry date.

This report sets out the Council's separate procurement exercise currently running for a new plumbing and heating materials supply service.

This report will then justify the proposal to commission 6 months of plumbing and heating materials supply services and set out the proposed procurement strategy to implement the commissioning strategy.

Recommendations:

That the Director of Operational Services approves:

- 1) The commission of plumbing and heating materials for a period of 6 months and for an estimated value of £2,764,411 from external providers;
- 2) The procurement strategy to extend 3 individual contracts under the Supply of Plumbing & Heating Materials framework for a period of 6 months and an estimated value of £2,764,411.

Background Papers:

None

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Adrian Hart</i>
		Legal: <i>Richard Marik</i>
		Equalities & Consultation: <i>Louise Nunn</i>
		Climate: <i>n/a</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	<i>n/a</i>
3	Relevant Policy Committee	<i>n/a</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Jason Peck</i>	Job Title: <i>Contract Manager</i>
	Date: <i>29/09/2023</i>	

1. PROPOSAL

BACKGROUND

- 1.1 The current in-house supply of plumbing and heating materials framework (Framework) commenced on 1st October 2019 and is due to end on the 30th September 2023. The framework was set up for the supply and delivery of plumbing and heating materials to support the Council's Housing Repairs and Maintenance Service.
- 1.2 The Framework covers the supply of plumbing and heating parts such as copper pipe, sinks, baths, taps, radiators, gas boilers and boiler parts. There are three suppliers on the Framework. Deliveries from the suppliers on the framework are made to our central stores at Manor Lane from where staff can collect required items and van stocks are replenished. Housing repairs staff also have access to a local trade counter at each of the three suppliers and are able to collect parts and materials on an as and when basis.
- 1.3 Suppliers on the Framework provide monthly management information including sales and pricing data to enable services to monitor spend on the contracts.
- 1.4 The Council has started a procurement exercise and is developing the procurement strategy for a new compliant route to market to procure a replacement for the existing Framework. However, due to delays around obtaining technical data and confirmation of service future requirements the Council has been unable to procure a new framework prior to the expiration of the existing Framework on 30 September 2023.
- 1.5 An officer decision report detailing the proposed commission and procurement of the replacement for the existing Framework is to be submitted prior to any approach to the market.
- 1.6 The Council therefore intends to commission the supply of plumbing and heating materials for a period of 6 months (and an estimated value of £2,764,411).
- 1.7 The procurement strategy to implement this commissioning strategy is to extend three individual contracts under the current Framework by a maximum of 6 months to allow time for the procurement exercise of a new plumbing and heating materials framework to be completed and new contracts issued.
- 1.8 The Framework (and individual contracts called-off under it) shall expire on 30 September 2023 and the individual contracts with each supplier on the Framework shall be varied in order to extend them for a period of 6 months. Plumbing and heating materials shall therefore be sourced from these three contracts for the 6-month period.

- 1.9 The materials purchased under these contracts are used by the Council's repairs and maintenance teams in the ongoing maintenance of heating and plumbing systems within our social housing and corporate estates. Continuity of supply and ready access to the required materials is essential in order maintained the social housing and corporate estates to the required standard and facilitating the work of our in-house repair teams. The availability of parts and materials is of greater significance during the winter months in order to ensure heating systems are maintained and kept working through the cold winter period.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Strong economy – Local economic impact was assessed as part of the original tender of the framework agreement. Suppliers on the current framework have depots within Sheffield.

2.2 Better health and wellbeing

By extending the current contracts under the Framework, we will ensure that the council's housing maintenance and repairs service have access to parts and equipment to enable them to continue to ensure buildings and homes within the social housing and corporate estates are maintained to the required standard.

2.3 Thriving neighbourhoods and communities

In delivering good value and quality goods, the proposed extension to the existing framework will contribute towards thriving neighbourhoods and communities as properties are amenable and functioning across the city.

2.4 Tackling inequalities

The Council's properties are available to all. Ensuring their safe operation and ongoing maintenance means they continue to be so.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 We have consulted with the Repairs & Maintenance and Housing Services, along with Finance, Legal and Commercial Services. This decision will temporarily extend the current position.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

4.1.1 There will be no equality implication arising from a recommendation to temporarily extend the current position.

4.2 Financial and Commercial Implications

4.2.1 The estimated spend over the proposed 6-month extension period based on historical spend patterns, is £2,764,411. A breakdown of the individual spend per contractor is below.

- CPS – £2,018,020 (73% of total spend)
- Plumco – £552,882 (20% of total spend)
- Wolseley - £193,508 (7% of total spend)

4.2.2 Based on 2022/23 spend and winter trend, this assumes a 20% uplift on the average monthly spend so far this year (£383,946 pcm), for the months of October, November, December, January, February and March. This is due to an expected uplift in materials purchasing due to the onset of winter, as falling temperatures results in heating systems being switched on.

4.3 Legal Implications

4.3.1 The Council has duty to repair and maintain social housing under the Landlord and Tenant Act 1985.

4.3.2 The Council also has a duty to provide a safe working environment under the Health and Safety at Work Act etc. Act 1974.

4.3.3 The provision of plumbing and heating supplies shall ensure that the Council can meet these duties.

4.3.4 The contracting arrangements proposed in this report are permitted by the Local Government (Contracts) Act 1997.

4.3.5 The Council must act in accordance with the Public Contracts Regulations 2015 (PCR) and the Council's Contract Standing Orders when modifying public contracts.

4.3.6 The three proposed contract extensions are justified under regulation 72(1)(e) PCR as modifications that are not "substantial". Indeed: the contracts will remain of the same character (para (8)(a)); the modifications would not have affected the original tender and participants (para (8)(b)); the modification does not change the economic balance of the contract in favour of the provider (para (8)(c)); and the modification does not extend the scope of the contract (para (8)(d)).

4.3.7 The proposed extension to each contract in this report would represent a 12% increase in value and such increases are unlikely to be deemed “substantial” for the purposes of reg 72 PCR.

4.3.8 All variations must be made in accordance with the terms and conditions of each contract.

4.4 Climate Implications

4.4.1 There will be no change in the climate implication arising from a recommendation to temporarily extend the current position.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Do Nothing

The supply of plumbing and materials is an essential requirement for the maintenance of plumbing and heating system in both the corporate and housing estate. Without the availability of a readily available materials the service would cease to function effectively and would result in the failure of heating and plumbing systems throughout the Council’s corporate and housing estate. The current contracts are due to end.

5.2 Supply In-House

All materials for the supply of plumbing & heating materials are provided by third-party suppliers, bringing the services “in house” has been disregarded. The Council having no capacity to provide its own materials for plumbing and heating repairs and maintenance.

5.3 Procure A Temporary Alternative Supply.

The identification and use of other procurement options (for example the use of a third-party framework) would entail a significant resource implication, which is considered disproportionate for a short time period of 6 months delivery. It would not be possible to complete this process in time to secure ongoing provision by the expiry date of the current contracts. These options have therefore also been disregarded.

6. **REASONS FOR RECOMMENDATIONS**

6.1 A period of 6 months is required to complete the steps involved in the procurement process including confirmation of specification, tender,

evaluation, moderation, approval and pre-implementation mobilisation. Therefore a 6-month extension of the current contracts under the Supply of Plumbing & Heating Materials framework will allow time for replacement provision to be procured.