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Report of: Mark Freeth – Head of Repairs & Maintenance
Report to: Laraine Manley – Executive Director of Place
Date of Decision: 18th December 2020
Subject: Procurement of Primary Materials Supplies and Equipment Contracts to support the Repairs and Maintenance Service in the Place Portfolio.

Is this a Key Decision? If Yes, reason Key Decision: -	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
- Affects 2 or more Wards		<input checked="" type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? <i>Neighbourhoods and Community Safety</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities Scrutiny and Policy Development Committee</i>				
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? Email approval from Annemarie Johnston 1 st September 2020.				
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“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”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:

The purpose of this report is to seek authority to re procure the contracts for the Primary materials suppliers to support the Housing and Corporate Repairs and Maintenance Services and to award the contracts in line with the contents of this report.

Recommendations:

It is recommended that the Executive Director of Place:

1. Approves the tendering of the Primary materials contracts via a new Council framework following a tender exercise as outlined in this report. This will include ongoing provision for the supply of various supplies for the Repairs and Maintenance service to maintain our Housing stock including the refurbishment of void and acquisitions properties.
2. Delegates authority to the Director of City Growth, in consultation with the Director of Finance and Commercial Services and the Director of Legal and Governance to:
 - a. decide the award of the new contracts to the successful suppliers chosen by the Council following the procurement.
 - b. take all other decisions necessary in order to meet the aims, objectives and outcomes of this report which are not already covered by existing delegations in the Leaders Scheme of Delegation.

Background Papers:

N/A

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: Chloe Parker
		Legal: Gemma Day
		Equalities: Annemarie Johnstone
<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	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Councillor Paul Wood</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 EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	

Lead Officer Name: Mark Freeth	Job Title: <i>Head of Repairs and Maintenance Service</i>
Date: 25th November 2020	

1.	PROPOSAL
	<p>This report will detail the proposal to procure various suppliers for the provision of; Paint, Timber, Electrical, Ironmongery, Glazing and General Building materials/products on behalf of Sheffield City Council for use by the Repairs and Maintenance Services. Given the anticipated value of a new four-year contract arrangement we are required by Public Contracts Regulation 2015 and under our own Contracts Standing Orders to procure this supply chain in a fully compliant manner. The spend is regarded as commonly recurring items for the purposes of approvals under the Leaders Scheme of Delegation. Full details of the routes to market that have been considered are detailed in the report.</p>
1.1	Background
	<p>The Council successfully insourced its Housing Repairs and Maintenance (HRM) and Corporate Repairs and Maintenance (CRM) Service's on 1st April 2017.</p> <p>Prior to the insourcing the Project team established a number of OJEU compliant contracts with a range of both suppliers and contractors prior to April 1st 2017 to cover much of the external spend for the service. The provision of Paint, Timber, Electrical, Ironmongery, Glazing and General Build materials/products were covered by compliant Frameworks these expire on the 31st March 2021, this Framework was let in April 2017 for two years with the option to extend a further two years, this option has been taken and there are no further options to extend.</p> <p>Primary materials are defined for this procurement as products and supplies required for the day to day maintenance and repair of the Councils housing stock and cover:</p> <ul style="list-style-type: none"> • General building materials – plaster, cement etc • Timber and timber products – skirting, cut timber etc • Paint – all types of interior and exterior paints and consumables etc • Electrical items – sockets, switches etc • Ironmongery including fixings– door handles, hinges, bolts etc

<p>1.2</p>	<ul style="list-style-type: none"> • Glazing – specialist glazing consumables and sheet glass etc <p>The annual spend data indicates that we need a compliant Framework going forward.</p> <p>Contract values – based on 19/20 actuals</p> <p>The current annual contract value is:</p> <ol style="list-style-type: none"> a. Paint - £100K b. Timber - £350K c. Electrical - £675K d. Glazing - £70K e. General Build - £195K f. Ironmongery and fixings - £300K <p>The forecast spend, based on letting a four year compliant Framework, for these supply lines combined is circa £6.7M.</p> <p>With spend over £150K under the Councils Standing Orders a full tender is required, for spend in excess of £190K we are legally bound to tender under the Public Contracts Regulations (PCR) 2015. As our forecast 4 year spend is in excess of these levels, we are required by law to compete this opportunity. The exceptions to this would be either a Direct Award or further competition under a fully PCR compliant Framework where the legal requirements of PCR 2015 have already been satisfied.</p>
<p>1.3</p>	<p>Proposal</p> <p>The Council successfully insourced its Housing Repairs and Maintenance (HRM) and Corporate Repairs and Maintenance (CRM) Service's on 1st April 2017.</p> <p>Prior to the insourcing the Project team established a number of OJEU compliant contracts with a range of suppliers and contractors prior to 1st April 2017, to support the day to day repairs services.</p> <p>Over the last 4 years a robust supply chain has been in place to provide supplies of; Paint, Timber, Electrical, Ironmongery, Glazing and General Build materials/products to the in-house services.</p> <p>The incumbents were engaged under a full OJEU tendering process following benchmarking against price and quality. The maximum term to engage a supplier under a Framework is four years – the frameworks commenced on the 1st April 2017 and will terminate on the 31st March 2021 in line with the regulations – as these are four year Frameworks under PCR there is no option to extend these arrangements further.</p> <p>Where there is regular repeat procurement of the same or similar items, we should aggregate this spend and drive better value for money.</p>

This report is to seek approval for procuring the ongoing provision of various supplies as outlined above for the Council with evaluation criteria which will include testing ongoing product quality, stock availability, and service delivery and also deliver real social value to the Council and Housing clients.

The Procurement Strategy has explored our best value options via a full OJEU tender route, direct award or mini competition under an existing OJEU compliant framework.

The Framework providers are not for profit procurement consortium established to serve the construction procurement needs of the social housing landlord community, understanding the needs of the maintenance clients.

The Frameworks are compliant the Procurement Regulations and Directives (OJEU). This means as potential Clients we would not have to openly advertise the opportunity or follow the full procedural rules. This is a more time and cost-efficient process than running a "full" procurement exercise for the Authority. This also ensures we procure to the current specifications and standards set by the client in addition to access to competitive pricing by taking advantage of the economies of scale these Frameworks provide.

Sheffield is however rich in suppliers of all types of; Paint, Timber, Electrical, Ironmongery, Glazing and General Build materials/products and in some cases products are manufactured here, using a pre-existing Framework may not allow us to tap into this local market but a full Open OJEU would, that being said there are a number of Nationals with a presence in Sheffield and these suppliers are on the Frameworks. In addition, a number of smaller incumbent and current suppliers will be excluded from this opportunity via the use of an established Framework as they are not represented on them.

In a highly competitive market, we will ensure best value includes as much added value as can be driven this procurement through the delivery of Social Value.

Social Value and Local Economic Impact cuts through all we want to achieve via Procurement and the Supply Chains we use, we are always looking for the very best possible outcome for Sheffield and its communities and competing this supply in a manner that allows the local supply chains and manufacturers the opportunity to quote and contribute to the Councils Social Value ambitions may be the recommended route on this occasion.

The recommendation is therefore to conduct a bespoke Sheffield City Council Open multi lot Tender and tap into the local and SME supply chains in addition to national suppliers with a presence in Sheffield to give as wide an opportunity locally as possible.

2.	HOW DOES THIS DECISION CONTRIBUTE?
2.1	<p>The Corporate Plan sets the Council’s direction, priorities and common goals. This proposal specifically supports the priorities around:</p> <ul style="list-style-type: none"> • An in-touch organization • Strong Economy • Thriving neighbourhoods and communities • Better health and wellbeing • Tackling inequalities
2.2	<p>This procurement will enable the Council to engage with the market to ensure that the standards and products for our clients demonstrate best value and are also compliant with Legal and Corporate requirements for the Council, and the industry.</p>
2.3	<p>The procurement opportunity will enable suppliers both local and national to trade with the Council and should contribute to keeping the local economy strong. Local Economic Impact will be assessed as part of the total Social Value offering in line with the Councils award winning Ethical Procurement Policy.</p>
2.4	<p>By providing the best value, quality material supplies for our operatives they in turn provide the benefit to our Council tenants where properties are improved and maintained to the decent homes standards as well as to our staff internally who occupy Corporate Buildings/offices throughout the city.</p>
2.5	<p>Ongoing Contract Management will also be key to ensuring the Council receives a first-class service.</p> <p>Regular attendance at Service Review meetings will be required to discuss work load and measure performance and KPI’s will be used to measure the following performance:</p> <ul style="list-style-type: none"> • Compliance with the specifications • Health & Safety compliance where products determine • Service Responsiveness • Invoice Accuracy • Continuous Improvement <p>The Council’s housing stock currently includes:</p> <ul style="list-style-type: none"> • traditional and non-traditional constructed properties, • high, medium and low-rise properties

2.6	<ul style="list-style-type: none"> • sheltered housing schemes • other miscellaneous properties • gypsy and traveller sites • Incl. all communal areas associated with the above <p>This service will ensure, as far as is reasonably practical, that in relation to the Council's Housing and Corporate Repairs and Maintenance Service:</p> <ul style="list-style-type: none"> • The optimum balance between service, cost and quality therefore ensuring value for money. • Continuity of excellent customer services.
3.	HAS THERE BEEN ANY CONSULTATION?
3.1	No external consultation is required or has taken place as the proposed procurement is for the supply of primary materials to support the internal HRM, and CRM repairs and maintenance services provision.
3.2	This report has been jointly developed in consultation with relevant stakeholders in the R & M service, Legal Services, Equalities and Inclusion and Finance & Commercial Services.
4.	RISK ANALYSIS AND IMPLICATIONS OF THE DECISION
4.1	<u>Equality of Opportunity Implications</u>
4.1.1	<p>Overall, there are no significant differential, positive or negative, equalities impacts as this decision is for a continuation of an ongoing supply arrangement and not a new provision.</p> <p>By ensuring that there are the correct materials for any repairs this has a positive impact on the health & wellbeing and health & safety of the operatives. This then has a positive impact indirectly to clients across the city that utilise the various repairs services.</p>
4.2	<u>Financial and Commercial Implications</u>
4.2.1	The Housing Repairs Service is a general funded service which provides services for the Housing Revenue Account (HRA), and as such any changes in spend levels would be borne by the HRA.
4.2.2	As set out in paragraph 1.1, a revised framework is estimated to be in

	the region of £1.7M per annum across; Paint, Timber, Electrical, Glazing, ironmongery, and General Building materials/products.
4.2.3	The proposed new Frameworks will be for 4 years (2 years with an option to extend for a further 2 years).
4.2.4	The Council has a duty to ensure that all of its procurement is based on value for money principles, achieving the optimum mix of quality and effectiveness for the least outlay. In addition to this duty and the overarching EU Treaty Principles relating to transparency and equality of treatment, the value of the services in scope is above the OJEU threshold and so requires a number of specific procedural steps to be followed.
4.2.5	In undertaking an OJEU compliant tender process the Council will ensure compliance with the necessary legal and regulatory provisions relating to procurement, whilst encouraging innovation and competition from the market and allowing the Council to choose the optimum solution for our specified products based on a balance of quality and price.
4.2.6	The contracts will not provide any guarantees in relation to volumes or a value committed to supplies over the course of the arrangement and so provides flexibility for the Council to carry out ongoing reviews of its needs and refine its requirements as required.
4.2.6	Sheffield City Council is committed to ensuring a high standard of ethical practice across our supply chain.
4.2.7	The Council expects all internal staff, partners and suppliers to work to these augmented standards which assure we will: <ul style="list-style-type: none"> • Trade with those who comply with an Ethical Code of Conduct • Exclude suppliers committing acts of Grave Misconduct • Improve Social Outcomes for the citizens of Sheffield • Increase the power of procurement and its local economic impact.
4.3	<u>Legal Implications</u>
4.3.1	The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need.
4.3.2	The Council has a responsibility under the Council tenancy conditions to carry out certain repair and maintenance work. This procurement and

	any contracts that are awarded will enable the Council to meet these obligations.
4.3.3	When the Council delivers services, it is subject to the 'best value duty'. This requires the Council to 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
4.3.4	The proposed procurement outlined in this report has a value in excess of the threshold for contracts for services in accordance with the Public Contracts Regulations 2015, therefore the procurement and contract award processes to be followed will be subject to those Public Contracts Regulations.
4.3.5	The procurement process and any contract awards must also be undertaken in accordance with all relevant provisions of the Council's Constitution including its Contracts Standing Orders.
4.3.6	Successful suppliers chosen by the Council following a compliant procurement process will be required to enter into formal written legal contracts with the Council.
4.4	<u>Other Implications</u>
4.4.1	No further implications as a result of this procurement.
5.	ALTERNATIVE OPTIONS CONSIDERED
5.1	Alternative Option 1 – Do not Procure. If the Council did not carry out this procurement, then the Repairs and Maintenance Service would not be able to maintain the Council's Housing Stock. We are bound by the Council Governance and Public Contracts Regulation to conduct a procurement where the level of financial spend indicates this, alternatives around the route to market will be options appraised, considered and benchmarked and fully documented in the Procurement Strategy.
5.2	Alternative Option 2 – Extend the contracts with the current suppliers. The current contracts have expired and there are no further extensions possible under the framework agreement. A new contract is needed to ensure continuity of supply.
5.3	Alternative Option 3 – Use a fully compliant OJEU Framework There are a number of these established Frameworks with a number of

	larger suppliers hosted on them. These would undoubtedly deliver the items we need to procure but would preclude access to a number of smaller, local SME's and suppliers who have served us well over a number of years. It is felt that a fully Open Sheffield City Council tender will drive both pricing and service delivery and deliver more focused Social Value via mandated use of the Social Value Portal.
6.	REASONS FOR RECOMMENDATIONS
6.1	<p>The procurement will enable the Council to:</p> <ul style="list-style-type: none"> • Have a compliant mechanism in place to meet all the services requirements. • Harness any immediate savings and economies of scale that can be realised by re-engaging the market, any savings realised that can be cashable in nature will contribute to any services' savings target. • Realise the Councils Social Value ambitions by driving further value-added impact through this supply chain.