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Report of: Michael Barlow, Head of Service Transport

Report to: Laraine Manley, Executive Director of Place

Date of Decision: 18th December 2020

Subject: Procurement of a Hand Tools, Small Plant and Power Tools and Grounds Maintenance Equipment Supply Contract to support the Repairs and Maintenance Service, Parks & Countrysides and Transport 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> <i>Transport & Development</i> <i>Culture, Parks & Leisure</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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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 procure the contracts for the supply of Hand, Small Plant Power and Grounds Maintenance Tools primarily to support the Housing and Corporate Repairs and Maintenance Services in line with the contents of this report.

This spend has been identified as regular and recurring spend as it is for the provision of hand and power tools to enable operational staff to undertake their daily work.

Recommendations:

It is recommended that the Executive Director of Place:

1. Approves the tendering of the Tools supply contract via a new Council framework following a tender exercise as outlined in this report.
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 Johnston
<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: Michael Barlow	Job Title: <i>Head of Service Transport</i>
	Date: <i>1 October 2020</i>	

1. PROPOSAL

This report will detail the proposal to procure various small plant and tools on behalf of Sheffield City Council. This will include on-going provision for the supply of various Tools for the Repairs and Maintenance service to maintain our Housing stock including the refurbishment of void and acquisitions properties. In addition, this procurement will cover Small Plant and Power Tools used by both R & M and Transport Services and Grounds Maintenance Tools for use by Parks and Countryside's.

Given the anticipated value of a new four-year contract arrangement we are required by the Public Contracts Regulations 2015 and under our own Contracts Standing Orders to procure this supply chain in a fully compliant manner. Full details of the routes to market that have been considered are detailed in this report.

1.1 Background

The Council successfully insourced its Housing Repairs and

Maintenance (HRM) and Corporate Repairs and Maintenance (CRM) Service's on 1st April 2017.

Prior to the insourcing the Project team established a number of OJEU compliant contracts with a range of both suppliers and contractors prior to 1st April 2017 to cover much of the external spend for the service. However, the broad nature of the activities undertaken necessitated that additional specialist companies subsequently had to be commissioned at short notice to support ongoing service delivery.

The provision of tools for the R & M Service was covered by a compliant Framework which expires on the 31st March 2021, this Framework was let in April 2017 for two years with the option to extend for a further two years, however this option to extend was not taken due to a number of factors around availability and service delivery. Since then tool purchases have been made from another local Builders Merchants within a larger basket of contracted goods.

Parks spend is relatively low level with items purchased annually in the main and concentrated on general horticultural tools and consumables.

Hand Power tools are procured via The Small Plant Section under Transport services. They are working towards all internal clients utilising this service provision, by consolidation this ensures the emphasis on quality and the uniformity of products, this in turn streamlines servicing and repairs, reduces the level of stock repair spares required, manages the testing and servicing of the equipment and better co-ordinates and facilitates operator safety and item operation training. We are moving towards battery powered models and away from mains power as this gives us infinitely more flexibility on site in addition to this a number of manufacturers are now sharing battery technology which again assists with the day to day operational requirements.

We are not aware of any other formal arrangements let by other departments to cover the purchase of tools but assume the value per transaction was low enough not to require three quotes under Standing Orders in most cases, so sub £2,500.00. Small Plant and Tools generally obtain three quotes for higher value products they are requested to supply which is consistent with the Councils Standing Orders.

Data analysis across the whole category spend has provided information which details the ongoing and widespread cross Council use of tools from many suppliers independently by departments with little or no knowledge of the Council wide spend. The Public Contracts Regulations rules of aggregation determine we must look at this spend as a whole and decide a compliant route to procure for all our internal clients.

The data suggests that we need a Corporate level compliant Framework for all to access going forward.

Contract values – based on 19/20 actuals

1.2 The current annual contract value is:

- a. R & M Services Tools spend - £29,100
- b. Transport Services Tools Spend - £69,524
- c. Parks and Countryside Services Tools spend - £21,708
- d. Others - £18,500

The forecast spend, based on letting a four year compliant Framework, for these supply lines combined is circa £556K, as these items are tools used by operational staff to undertake their work these can be classed as regular recurring items and therefore requires Executive Director of Place approval to approach the market and procure.

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.

1.3 Proposed Plan

Spend on Tools is fragmented across the Council, with many suppliers in current use, given the relatively low transaction value per purchase many of these orders do not require a number of quotes under Standing Orders. These result in a wide range of prices being paid across the authority for like tools and a lack of consistency in the quality of tools purchased.

Where there is regular repeat purchasing of the same or similar items, we should aggregate this spend and drive better value for money. This report is to seek approval for procuring the ongoing provision of various hand and power tools for the authority with evaluation criteria which will include testing ongoing product quality, stock availability and critical lead times to ensure we improve both pricing and service delivery for our clients.

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

Having considered the different options, the recommended procurement route for the supply of Hand and Power Tools for Sheffield City Council is via a fully compliant Open OJEU tender.

Sheffield is rich in suppliers of all types of tools and in some cases, we

have tools that are manufactured here, using a pre-existing Framework would not allow us to tap into this local market but a full Open OJEU would.

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 openly competing this supply in a manner that allows the local supply chains and manufacturers the opportunity to quote will be the recommended route on this occasion.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The Corporate Plan sets the Council's direction, priorities and common goals. This proposal specifically supports the priorities around:

- An in-touch organization
- Strong Economy
- Thriving neighbourhoods and communities
- Better health and wellbeing
- Tackling inequalities

2.2 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.

2.3 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 Council's award winning Ethical Procurement Policy.

2.4 By providing the best value, quality tools for our staff they in turn provide the benefit to our Council tenants, transport clients and the many users of our green open spaces so we are contributing to both thriving neighbourhoods, communities and better health and wellbeing. Properties are improved and maintained to the decent homes standards, transport minimises its environmental impact and Parks provide the calm spaces so richly needed especially in areas where gardens are small or don't exist.

2.5 The R & M, Transport and Parks and Countrysides provision is available to all residents in Sheffield and all residents are treated equally in respect of access to services including maintenance and improvement works across the social housing asset, the upkeep of our vast parks and green spaces and the benefits provided by our Transport Services daily across the City.

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 tools to support the internal HRM, Parks and Transport services provision.
- 3.2 This report has been jointly developed in consultation with relevant stakeholders in the HRM, Housing Service, Legal Services and Financial & Commercial Services.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 An EIA has been completed and signed off. 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.

By ensuring that there are the correct tools 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 and open spaces.

4.2 Financial and Commercial Implications

- 4.2.1 As set out in paragraph 1.1, a revised framework is estimated to be:

- In the region of £140K per annum across hand, power and grounds maintenance tools.

- 4.2.2 The proposed new Frameworks will be for 4 years (2 years with an option to extend for a further 2 years).

- 4.2.3 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.

- 4.2.4 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.

- 4.2.5 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 amend 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:
- 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 Legal Implications

- 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 Other Implications

- 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 a number of Council departments would continue to procure tools in an ad hoc and fragmented manner – which aggregated would be non-compliant with the Councils Standing Orders and Public Contracts Regulations.

We are bound by the Council Governance and Public Contracts Regulations to conduct a procurement where the level of financial spend indicates this, alternatives around the route to market have been options appraised, considered and benchmarked and fully documented in the Procurement Strategy.

- 5.2 Alternative Option 2 – Extend the contracts with the current suppliers.

There is no wider current formal supply arrangement in place that could be extended. The data suggests spend is across many suppliers and cross departmental with few single clients having spent annually at a level which would indicate a formal arrangement was required. In aggregation however this changes and does in fact indicate a wider Council supply Framework is now required.

Alternative Option 3 – Procure using an existing OJEU compliant framework.

The existing 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 with 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 however is rich in suppliers of all types of tools and in some cases we have tools that are manufactured here, using a pre-existing Framework would not allow us to tap into this local market but a full Open OJEU would.

6. REASONS FOR RECOMMENDATIONS

6.1 The procurement using a full open OJEU process will enable the Council to:

- 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 the services' savings targets.
- Realise the Councils Social Value ambitions by driving further value added impact through this supply chain.