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 Service

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Report of: Laraine Manley, Executive Director of Place

Report to: Cabinet

Date of Decision: 21st October 2020

Subject: Procurement of a Kitchen, Worktops and Associated Products Supply Contract 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? <i>As SharePoint is currently unavailable we have email approval from Michelle Hawley dated 25th June 2020.</i>	
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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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 fitted kitchens, worktops and associated products to support the Repairs and Maintenance Service in line with the contents of this report.

Recommendations:

It is recommended that Cabinet:

1. Approves the tendering of the fitted kitchens, worktops and associated products supply contract via an existing compliant framework as outlined in this report.
2. Delegates authority to the Executive Director of Place, 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: Paul Schofield
		Legal: Gemma Day
		Equalities: Michelle Hawley
<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: 1 October 2020	

1. PROPOSAL

This report will detail the proposal to re procure Kitchen, Worktops and associated products on behalf of Sheffield City Council for use in the main by the Housing Repairs and Maintenance Service. The Corporate Repairs and Maintenance Service may also occasionally use the contract that is set up. This will include ongoing provision for the supply of fitted kitchens, worktops and associated products for the Repairs and Maintenance service to maintain our Housing stock including the refurbishment of void and acquisitions properties.

Given the anticipated value of a new four-year contract arrangement we are required by Law 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 within 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 kitchens & associated products is one such commission and we have managed this supply under the ESPO framework on a direct award basis. This arrangement ended on the 31st March 2020 with no further option to extend and is on the Forward Plan of Procurements. Delays to tendering due to the Councils response to the Coronavirus pandemic have been inevitable.

Under the Decent Homes Programme and in consultation with tenants a number of styles of kitchens and associated products were market tested, evaluated, selected and subsequently specified by the Housing Service Asset Team. Tenants have a choice of styles and colours of kitchen doors and handles to enable them to personalise their homes in addition to the access to products which can demonstrate durability.

These products have been installed and maintained by the HRM service latterly and under Kier over many years. Continued availability of the selected products and styles is critical to delivering an efficient and effective repairs and maintenance service for our tenants with some of these products currently installed in over 38,000 social properties across the city.

For consistency of standards, styles and safety features, ongoing repairs and maintenance and the supply chain logistics required to support the service it is key we continue to procure these specified products and maintain the quality throughout the Housing asset.

Kitchen cabinets and carcasing, worktops and associated products are currently supplied by Joinery and Timber Creations (JTC).

1.2 **Contract values**

The current contract value is £390K per annum, this is split approximately 30% full kitchen replacements in voids or acquisition properties and 70% day to day smaller scale ad hoc repairs.

The forecast spend, based on letting a four year Framework, for this supply line is circa £1.56m and therefore requires the appropriate Cabinet approval to approach the market and re 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 Contract 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 have already been satisfied.

1.3 **Proposal**

The Repairs & Maintenance service is undergoing a period of transition following insourcing and all supply chain arrangements initially put in place for the insource are due to either expire or require a full Commercial review. The supply chain for Kitchens and associated products is one such arrangement.

This report is to seek approval for procuring the ongoing provision of the specified fitted kitchens, worktops and associated products with emphasis on service delivery to include testing stock availability and critical lead times to ensure we fully manage service delivery for our tenants. Procuring this contract will help the Council to maintain our Housing stock including the refurbishment of void and acquisitions properties.

The Procurement Strategy explored our best value options via a full OJEU tender route, direct award or mini competition under an existing OJEU compliant framework. We have identified a number of OJEU compliant frameworks – Procurement for Housing (PfH), Eastern Shires Purchasing Organisation (ESPO) and LHC which have all been developed with the Social Landlord and the ongoing maintenance provision in mind.

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

All the identified 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 Housing Client in addition to access to competitive pricing by taking advantage of the economies of scale these Frameworks provide.

Frameworks offering this specific supply via a Direct Award have been benchmarked on pricing. Following the benchmarking the best value option in terms of the Frameworks offering was that of PfH whose pricing proved the most competitive.

Having considered the options the recommendation is to procure our specified kitchen products via the fully OJEU compliant framework let by PfH on a direct award basis.

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 HRM 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 will 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 products for the benefit of our Council tenants we are contributing to both thriving neighbourhoods and communities and better health and wellbeing as properties are improved and maintained to the decent homes standards.

2.5 The HRM provision is available to all tenants and all tenants are treated equally in respect of access to services including maintenance and improvement works across the social housing asset.

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 goods to support the internal HRM service provision. External consultation has taken place in the past with tenants representatives (TARA's) to determine best value products under the Decent Homes Programmes.

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 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

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 £390K per annum for day to day tenants repairs and upgrades to voids and acquisition properties.

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 or by accessing a compliant Framework, 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 then the Repairs and Maintenance Service would not be able to maintain the Council’s Housing Stock fully.

We are bound by the Public Contracts Regulations and Council Governance 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 contract with the current supplier.

The current contract has expired and there are no further extensions possible under the framework agreement.

5.3 Alternative Option 3 – Conduct a full OJEU compliant SCC Tender

The option to conduct a standalone tender was ruled out as there was no option to open up the specification and include other manufacturers, the JTC kitchens are fitted in almost every Council rented property which has been upgraded under the Decent Homes programme over time. Kitchens from other manufacturers are not completely interchangeable and sizes do vary making the responsive repair of these kitchens and the component parts very difficult.

Given the specification can only be met by one manufacturer there is no competitive market to approach. Value on this will be driven by a competitive offering via a Framework and harnessing the economies of scale these bring. In addition, much due diligence on the supplier has already been satisfied which does save time and resource compared to conducting a full tender.

5.4 Alternative Option 4 – Conduct a further competition under a fully OJEU compliant Framework.

The option to conduct a further competition under a Framework has been considered but again has been ruled out for the same reasons as in option 3. There is no opportunity to accept a bid from another manufacturer who's products will not be compatible with the items we have installed.

6. REASONS FOR RECOMMENDATIONS

6.1 The procurement will enable the Council to:

- Have a compliant mechanism in place to meet the service requirements, whilst allowing for a thorough review in the medium term to identify any further savings/efficiencies as part of the ongoing Repairs & Maintenance TOM (target operating model) project.
- 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.

