

Report of: Property and Contracts Chief Officer

Report to: Director of Environment and Housing

Date: 16/05/2016

Subject: Provision of Flooring Materials: Authority to Procure

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Leeds Building Services (LBS) currently have an agreement in place for the provision of flooring materials. This agreement, initially put in place for Property Maintenance, commenced from 1st October December 2012 and expires on 30th September 2016 with no further options for extension available. This report seeks approval for the proposed procurement route, including the scope of service, for the provision of flooring materials.
2. This procurement exercise will look to establish a framework agreement for the provision of flooring materials. It is anticipated that there will be multiple contractors appointed to each 'lot' of the agreement. This is to ensure that the goods supplied can be sourced in accordance with the needs to the Council's Internal Service Provider (ISP), Leeds Building Services, and associated clients.
3. The new contract is required from 1st October 2016, and will be for an initial period of 2 years with a further 2 x 12 month extensions available.
4. The anticipated annual value of this framework agreement is £450,000. The estimated contract value exceeds the Official Journal of European Union (OJEU) threshold of £164,176 for Supplies and must therefore comply with OJEU timescales and advertisement regulations.
5. A review of the available procurement options has been undertaken with officers from PPPU compliant with Contract Procedure Rule 3. This report identifies the preferred option to deliver the service.

Recommendations

The Director of Environment and Housing is recommended to:

1. Grant the authority to procure a framework agreement for the provision of flooring materials with an anticipated annual value £450,000 per annum. The total value of the agreement, inclusive of extensions, will be approximately £1,800,000.
2. To approve the proposed procurement route and model.

1. Purpose of this report

- 1.1. To inform the Director of Environment and Housing of the procurement options available and seek approval to put in place a new contract for the provision of flooring materials in line with Contract Procedure Rule 3.1.8.

2. Background information

- 2.1. This procurement will replace the current agreement. It will also allow Leeds Building Services (LBS) to continue delivering services to Council departments as an Internal Service Provider (ISP), specifically with regards to flooring materials.
- 2.2. This will ensure Council departments are able to approach LBS in line with Contract Procedure Rule 3.1.4, and will support the ISP to meet the varied needs of its client groups, contributing to best value being achieved for the authority.
- 2.3. This process is being run alongside a schedule of procurements taking place to support LBS and its sub-contracting requirements. These will ultimately support LBS and an ISP meeting the needs of the Council.

3. Main issues

- 3.1. In November 2015 a project group was set up to undertake the procurement. The groups consists of representatives from Leeds Building Services, Housing Leeds Property and Contracts, and the Programmes, Projects and Procurements Unit (PPPU). By the end of January 2016 a scope of work was developed with a project timetable.
- 3.2. This project has been registered on the Councils project management software: PM Lite, and has been assessed as a small project (ref:SD378835).
- 3.3. The scope of work is to procure the provision of flooring materials which will ensure supplies are provided in a timely manner to allow LBS to deliver their services effectively.
- 3.4. Leeds Building Services Flooring section provide a vinyl and carpet repair, replacement and fitting service to Leeds City Council departments that include Corporate Property Management who look after all LCC's public buildings, Children's Services who provide advice and support to schools and Housing Leeds who manage LCC's housing stock. Therefore the service covers a wide variety of buildings in terms of type and use which includes schools, leisure centres, offices, public buildings, residential / nursing homes, day centres, children's' homes and residential properties.
- 3.5. The 'Flooring Section' has over recent years seen a growth in their workloads and last year spent approximately £450k on materials. The service is presently

supported by a number of suppliers of flooring materials and associated products and it is now the intention to carry out a procurement exercise to implement a framework agreement that will facilitate and secure the provision of these supplies. The supply of flooring materials will include delivering materials to the Leeds depot and/or nominated buildings/sites within Leeds and the surrounding areas.

3.6. The framework will be to deliver:

Lot – 1. The supply of carpet materials that will include carpet tiles, full rolls and cuts.

Lot – 2. The supply of vinyl material including tiles, full rolls and cuts.

Lot – 3. The supply of flooring sundry items and associated products such as:-

- carpet trim,
- vinyl trim,
- carpet grips,
- concrete leveller,
- adhesives for carpets and vinyl.

3.7. A lessons learnt workshop has been held, which identified that the key benefits to be achieved from this procurement will be:

- To ensure the scope of opportunity is clear, to avoid any confusion with tenderers – this will be achieved through ensuring that contract documentation is clear and jargon-free where possible.
- Provision for emergency planning needs to be reviewed and included within the opportunity – this will be achieved through declarations at tender stage, as well as ensuring that the market are aware that this forms part of the opportunity and scoping the availability/appetite to provide this.
- To ensure greater accessibility to products required in each ‘lot’ – this can be achieved by increasing the number of suppliers per lot to increase range as well as competition for call-offs.
- To give opportunity to communicate with manufacturers rather than distributors, this may allow further reductions in cost, without compromising on the quality of the product – this can be achieved through market engagement to see if there is an appetite from the manufacturers to supply LCC and ensuring that there are not any undue barriers to enabling this if this is the case.
- To develop and maintain relationships with new providers- this can be achieved through effective market engagement, starting with market sounding, through to bidder events during the tender process and ensuring that documentation/correspondence with providers is clear and jargon-free. Another important element of this is that care is taken to ensure that the mechanics of the framework and how it is advertised is based on how the agreement will be managed when in place so that there is consistency from LCC in how it deals with external suppliers.

3.8. Consideration will be given to whether Employment & Skills targets can be applied to this contract. However, it is worth noting that the nature of frameworks often limits this, as there is no guarantee to the level of supplies they will be providing.

- 3.9. A Key Performance Indicator (KPI) workshop has been held and the following KPI's were identified, these will be reviewed and monitored by the Contract Manager on a monthly basis and form part of the Contract Management Plan. It will be the responsibility of the supplier to provide a monthly statement of management information which will include:
- Spend in month – with breakdown of orders;
 - Number / percentage of orders returned as faulty;
 - Average days taken from order request to collection/ delivery – with breakdown of orders (we can use this to see which items take longest and query it);
 - Stock availability – is the stock available when it is ordered.
- 3.10. The full suite of LCC standard tender documentation will be used as outlined within the Contract Procedure Rule's. Involvement will be sought from PPPU in the development of appropriate Terms and Conditions.
- 3.11. The Contract Manager will be responsible for developing and managing:
- KPI monitoring and reporting processes;
 - Annual reviews;
 - Contract Management Plan;
 - Exit Plan.
- 3.12. In order to deliver the procurement effectively, the project team including representatives from Leeds Building Services, Programmes, Projects and Procurements Unit and Property & Contracts, has been established. Property & Contracts representatives will be responsible for co-ordinating the project team and procurement delivery.
- 3.13. In discussion with Procurement Officers within the Projects, Programmes and Procurement Unit (PPPU) the following Procurement options have been considered in line with Contract Procedure Rule 3.1;

Procurement Options:

Do nothing – This option was discounted as there are no extension options available on the current agreement. If no action was taken one of two unacceptable outcomes would take place, either the service would be unable to carry out its required function, or the non/off contract spend would be in breach of EU Public Procurement Directives and UK legislation, Public Contract Regulations.

External Frameworks – several frameworks were considered, including Fusion 21, ESPO (part of the PRO5), Efficiency North, Crown Commercial Services etc. The reason this option was discounted was whilst there were two frameworks which met some of the LCC need, there wasn't a solution which met it in its entirety. One of the frameworks only had three suppliers on the relevant lot, limiting the amount of competition our need would be subjected to. In addition, as both frameworks are nationally focused, LCC would miss out on the opportunity to test its local market, including facilitation SME involvement which could produce a more responsive service, in particular with reference to the need for emergency provision.

Procure LCC framework (recommended) – this allows the Council to specify the materials which it needs to meet its requirements completely, opposed to having to settle for what is available through alternative solutions. This means that control is retained to ensure that the solution procured is of best fit, and provides best value to the Council and its residents. Best value will be sought through the competitive tender process, as well as ensuring that the model of delivery is tailor-made to suit LBS’s requirements.

- 3.14. The procurement approach will be an OJEU compliant framework, and there will be multiple suppliers and lots within it.

Lot – 1. The supply of carpet materials that will include carpet tiles, full rolls and cuts.

Lot – 2. The supply of vinyl material including tiles, full rolls and cuts.

Lot – 3. The supply of flooring sundry items and associated products

- 3.15. The proposed price quality split will be 50% price and 50% quality. There will be a threshold in the quality submissions as each bidder will be required to score a minimum of 40% of the overall score available.

- 3.16. A detailed project plan has been produced for the procurement. A high level timetable is provided below:

Develop Scope	January 2016
Market Sounding	February 2016
Approval to commence Procurement: Delegated Decision Report	May 2016
Pre-Qualification Questionnaire (PQQ) and Tender Issue	May/June 2016
Tender Return	July 2016
Contract Award	September 2016
Contract Commencement	1 October 2016

4. Corporate Considerations

- 4.1. **Consultation and Engagement** There has been detailed internal consultation in developing this procurement strategy. This has focussed within three key teams: Leeds Building Service, Housing Leeds Property and Contracts and Programmes, Projects and Procurement Unit who are all represented on the project group.

- 4.1.2. In addition, a market testing exercise was issued via the YORtender portal on 12th February 2016 and closed on 4th March 2016. The opportunity to participate in this exercise was sent out to all of the existing contractors, as well as being openly advertised on the system so any appropriate contractor could respond. By utilising appropriate Common Procurement Vocabulary (CPV) codes, alerts for this exercise were sent out to any contractor who had expressed an interest in that category of work in our area.

4.1.3. The market sounding feedback showed:

- There was a reasonable amount of overlap with regards to which suppliers would be interested in which lot. There were ten submissions with seven or eight suppliers declaring interest in each lot.
- All of the suppliers who responded had experience of working with public sector organisations.
- There was a wide range of trade counters available, either within Leeds, or if not, with good transport links.
- The suppliers generally have a high level of stock availability.
- Lead times from all the responses would meet LCC requirements, with many quoting next day or 48 hour delivery.
- There was also some indication of adequate availability of emergency cover which would be required in the running of the agreement.

4.2. **Equality and Diversity / Cohesion and Integration**

4.2.1. The Equality, Diversity, Cohesion and Integration Screening document has been considered and completed. No adverse or otherwise impacts have been identified.

4.3. **Council policies and the Best Council Plan**

4.3.1. It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness and procured in line with Leeds City Council's Contract Procedure Rules.

4.3.2. This contract will contribute to the Council's priorities by working towards becoming a more efficient and enterprising Council, and working as a team for Leeds.

4.4. **Resources and value for money**

4.4.1. The procurement will be carried out in an open and transparent manner in line with Public Contract Regulations and EU Public Procurement Directives whilst ensuring competition is sought to identify best value when initially establishing the framework, as well as throughout the framework term.

4.4.2. The structure of the contract will consider the best way to provide delivery of supplies to ensure LBS can deliver the services to their clients effectively.

4.4.3. The project will be contract managed by Leeds Building Services within the Property and Contracts division of Housing Leeds. A contract management plan is under development for these works as is required by Contract Procedure Rule 3.1.16.

4.5. **Legal Implications, Access to Information and Call In**

4.5.1. It is proposed that PPPU legal undertake due diligence of the contract documents prior to tender out.

4.5.2. The Chief Officer for Property and Contracts, Head of Housing Contracts and PPPU officers have been consulted during the procurement process.

4.5.3. This is a Key Decision and will be subject to call in. This was listed on the Forthcoming Decisions on 27th January 2016 stating a decision will not be made before 15th February 2016.

4.6. Risk Management

4.6.1. A risk register will be developed as part of the contract. This will highlight all risks and register how contract risks will be managed. The risk register will also form part of the scheme's Contract Management Plan.

4.6.2. The risks identified with this procurement are:

- Insufficient Tenders – this will be managed through use of the YORtender portal, OJEU advertising/Contracts Finder as well as market engagement through the tender process (i.e. meet the buyer events)
- Uncompetitive pricing – this will be managed through the competitive tender process and the ongoing competition that the successful contractors will be subjected to through the call off procedure during the life of the contract.
- Failure of minimum threshold for quality – this will be managed through detailed instructions to the market as well as ensuring that thresholds are proportionate and achievable.
- Products supplied are not to specification – this will be managed through vetting and verification of the bids received as well as effective contract management and appropriate escalation and resolution measures.
- Poor Contract Management – this will be managed through the use of a proportionate contract management plan and ensuring its use.
- Challenge – this will be mitigated through following best procurement practice, ensuring fairness and transparency, and consultation with PPPU Commercial team to ensure robustness.
- Reputation – this will be mitigated through market engagement, clear documentation/instructions and effective contract management which will diminish the risk of reputational damage.
- Risk to LBS if contract not in place – this will be mitigated through the clearly structured timeline to support service delivery and ownership of the project group and associated officers to ensure that this is adhered to.

5. Conclusions

5.1. There is a requirement to procure a new contract for the provision of flooring materials.

5.2. The procurement will be supported by a clearly defined specification, stock data and robust arrangements for contract management.

6. Recommendations

6.1.1. The Director of Environment and Housing is requested to approve the procurement of a new contract in line with the provisions of Contract Procedure Rule 3.1.8 for flooring materials.

7.0 Background documents¹

N/A

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.