

Authority to award contract 81083 - Domestic Appliance Purchases for LWSS (Local Welfare Support Scheme)

Date: 2.4.24

Report of: Senior Policy Development Officer, Financial Inclusion

Report to: Chief Officer Community Hubs, Welfare & Business Support

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The Local Welfare Support Scheme (LWSS) provides domestic appliances to residents facing severe financial hardship or crisis. LWSS previously had a contract in place which has now expired. An open competitive tender process took place in which four tenders were received. Stearn Electric Co Ltd were the successful tenderer using a price/quality separated evaluation methodology. The purpose of this report is to approve the award of the contract to Stearn Electric Co Ltd for a contract length of 3 years with two one-year extension options at an estimated value of up to £1 million over the full 5-year period.

Recommendations

- a) The Chief Officer Community Hubs, Welfare & Business Support is requested to approve the award of the contract for the supply of Domestic Appliances for LWSS to Stearn Electric Co Ltd. A contract length of three years with two one-year extension options is recommended at an estimated value of up to £1 million over a full 5-year period. The new contract will commence on 15 April 2024.

What is this report about?

- 1 The Local Welfare Support Scheme provides domestic appliances to residents facing severe financial hardship or crisis. The Local Welfare Support Scheme previously had a contract in place, which expired and a direct award of contract approved whilst the Local Welfare Support Scheme review was undertaken and a full procurement exercise carried out.
- 2 In 2022, a market sounding exercise was undertaken, followed by pre-market engagement sessions in 2023 with various suppliers to gain a better understanding of the current market conditions and see what options were available for a procurement exercise. Feedback from suppliers around the ordering process, particular goods on offer and delivery processes were considered by LWSS. There were numerous changes in the market in the last few years which also needed to be reflected in the offering made by LWSS to the citizens of Leeds. All feedback was recorded and anonymised so that it would not favour any particular supplier that subsequently took part in the tender process. It was reviewed and assessed as to whether it would benefit the Council or the residents LWSS supports.
- 3 The service carried out an open, competitive tender process in early 2024 and received four tenders. A price/quality separated evaluation methodology was used to assess the tenders.
- 4 The successful supplier was Stearn Electric Co Ltd as they met or exceeded all quality thresholds and offered the lowest price. Two other suppliers met or exceeded all quality thresholds and one supplier did not meet the necessary quality thresholds in order to be evaluated on price.
- 5 The report requests approval for the award of the contract to Stearn Electric Co Ltd.

What impact will this proposal have?

- 6 This proposal will ensure supply continuity for vulnerable Leeds citizens facing severe financial hardship through the Council's Local Welfare Support Scheme.
- 7 Residents presenting to the Local Welfare Support Scheme include those fleeing domestic violence and people who have been recently homed after a period of homelessness. Eligible beneficiaries of the scheme do not have the financial means to purchase essential household appliances themselves and have faced a recent crisis, as defined in the Local Welfare Support Scheme eligibility criteria. In providing these items, the Council ensures that residents facing severe hardship have the basic items to live independently and with dignity in their homes.
- 8 Domestic appliances are one of the most expensive household items and for those facing financial difficulty, the only way to purchase such an item is often through unaffordable credit that could put someone into further debt. In providing these appliances, the Council reduces that risk, thus working to achieve the Leeds Best City Ambition, which sets at its heart the mission to tackle poverty and inequality and improve the quality of life for everyone who calls Leeds home.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 9 The contract will contribute towards the three pillars of the Best City Ambition by providing assistance to citizens who are experiencing financial hardship through the provision of household appliances enabling households to have refrigeration, cooking and cleaning appliances to meet basic wellbeing needs.

- 10 Providing these appliances to residents in severe financial hardship supports both physical and mental health.
- 11 The suppliers had to propose Social Value commitments as part of the tendering process, including their contribution to local employment, and inclusive growth in Leeds.
- 12 Suppliers were also assessed on their environmental impact, including through packaging, reducing the impact of deliveries as well as anything wider they were doing to address environmental issues. This allowed the service to understand their commitment to reducing carbon emissions.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 13 Internal consultation has taken place to prepare for the procurement. This was across all relevant partner services including Procurement and Commercial Services, Financial Inclusion, Welfare and Benefits, Shared Services and the Climate and Energy Team.
- 14 Last year a market sounding exercise was undertaken, followed by pre-market engagement sessions with various suppliers to gain a better understanding of the current market conditions and see what options were available for procurement. Feedback from suppliers around the ordering process, particular goods on offer and delivery processes were considered by LWSS. There have been numerous changes in the market in the last few years which needed to be reflected in the offering made by LWSS to the citizens of Leeds, including changes to sizes of washing machines as well as greater availability of small, tabletop appliances that offer more energy efficiency, such as air fryers. These will have a positive impact on the beneficiaries of the LWSS scheme.
- 15 In addition to the above exercises, an in-depth review of LWSS took place during 2022, the recommendations of which are now being delivered. Key recommendations included a review of the white goods ordering processes and spend, in order to bring forward process efficiencies and savings.
- 16 The evaluation panel was made up of officers from Financial Inclusion and Shared Services.

What are the resource implications?

- 17 A contract length of three years with two one-year extension options is recommended at an estimated value of up to £1 million over a full 5-year period. This funding will come from the LWSS budget, which comes from the General Fund.
- 18 Over the last financial year, funding has also been received from the Household Support Fund which has previously been added to the LWSS budget enabling more support for vulnerable residents. It was recently confirmed that Household Support Fund will be extended from 1st April 2024 for 6 months. Consideration will be given as to how this funding will be allocated and is not yet confirmed.

What are the key risks and how are they being managed?

- 19 The key risk is that vulnerable citizens of Leeds do not receive the essential household appliances that they require in order to allow them to improve their standard of living.
- 20 There is a risk that due to the Council's financial pressures, the budget for the scheme may be reduced in the future. This has been negated by providing an estimated contract value without a guarantee of orders.
- 21 If we do not proceed to award a contract to the successful supplier, we will no longer be able to provide essential domestic appliances to vulnerable residents. Domestic appliances are often the most expensive items to replace in a household facing financial insecurity and can place further pressures to seek funding for the item from elsewhere, such as pay day lenders or loan sharks, which create longer term risks for the individuals in debt.
- 22 A ten day Standstill period has been observed prior to contract award to allow the unsuccessful tenderers to raise any objections or challenges to the award. As no legal challenges were raised the risk of the contract award not proceeding has been mitigated.
- 23 The successful tenderer is the current supplier and is already covered by the existing Privacy Impact Assessment. This will be reviewed again within the first meeting with the supplier, to ensure any changes are reviewed and any risks mitigated.

What are the legal implications?

- 24 The Chief Officer Community Hubs, Welfare & Business Support is authorised to make the decision to award the contract to the successful supplier.
- 25 The process has been overseen by the Procurement and Commercial Services to ensure that all processes and procedures have been compliant with legislation, council governance and to ensure fair competition was observed.
- 26 The tender procedure was conducted in accordance with the council's Contract Procedure Rules and in compliance with the Public Contract Regulations 2015.
- 27 This decision to award is a direct result of a previously taken key decision ref D57035 taken on 3 January 2024 which was "authority to procure a domestic appliance supplier" This decision is not subject to call-in.

Options, timescales and measuring success

What other options were considered?

- 28 Using a third-party framework was considered, however the third-party frameworks looked at were either more expensive than the Council's current supplier or would have added an administrative burden to the LWSS team. As such, use of such frameworks was rejected.
- 29 The Council considered doing nothing, however this would mean that a compliant contract was not in place and any spend would either be off-contract or the service could not continue to offer domestic appliances.

How will success be measured?

- 30 Successful award of the contract and ongoing contract management and review throughout the duration of the contract term.
- 31 The successful supplier's performance will be monitored and measured against a number of specified Key Performance Indicators during the life of the contract.

What is the timetable and who will be responsible for implementation?

- 32 Subject to approval, the decision will be implemented immediately and a contract awarded to the successful supplier commencing on 15 April 2024.
- 33 The supplier will then deliver the contract for the agreed contract period. Contract management meetings to review performance and KPIs will be undertaken by the Welfare and Benefits Service.

Appendices

- None

Background papers

- [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk)