

Report of: Head of Commercial Management, Leeds Building Services
Report to: Director of Resources and Housing

Date: 6th July 2018

Subject: To seek approval to call off from the Cirrus Materials Framework to award a contract for a Managed Store to supply materials for primarily Civic Estate works

Are specific electoral wards affected? If yes, 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. LBS purchase a wide range of building construction materials through a number of different suppliers in order to deliver an efficient and effective service to its customers across the City for its Civic Estate responsive repairs and maintenance programme.
2. The current contract which was with a number of suppliers (YORE-9ADDTY – Building and specialist material supplies) for the Civic Estate Store expired on 14th April 2018. Therefore LCC must put in place a compliant arrangement through the most suitable procurement approach.

Recommendations

It is recommended that the Director of Resources and Housing approve the appointment of Travis Perkins through the Cirrus Purchasing Material Framework for an initial term of 12 months with an indicative start date of July 2018 for an approximate value of £4.5m with the option to extend further for 2x6 months. In order to place a call-off LCC will apply to become a member of the Cirrus Consortium which is a free membership.

1. Purpose of this report

- 1.1 This report evaluates a number of suitable frameworks for the supply of materials for the civic estate and management of stores.
- 1.2 The report further evaluates the shortlisted supplier from the selected framework.
- 1.3 To seek approval for the appointment of a leading supplier to manage the store and provide building construction materials to LBS for the Civic Estate works for an initial term of 12 months with the option to extend 2x6 months through a suitable and compliant framework.

2. Background information

- 2.1 The current arrangement for the Civic Estate began in 2014 and provided a range of materials through a number of different suppliers. LBS total spend during the last financial year (17/18) was approx. £4.5m, which is made up of the following two elements:
 - 2.1.1 Building and Specialist supplies framework agreements total spend for the year was approx. £3.6m
 - 2.1.2 Annual non-contract spend for materials, generally smaller orders for goods not covered by the frameworks was approx. £900k.
- 2.2 Access to framework is free for LCC, however suppliers are required to pay a fee to the Framework Provider for a percentage of invoiced turnover from the call-off contracts. Percentages are shown in table below.
- 2.3 In order to place a call-off LCC will apply to become a member of the Cirrus Consortium which is a free membership
- 2.4 **Procurement Options**

The following frameworks have been reviewed:

Frameworks	No of Suppliers for required Lot	Direct award and mini competition	Levy imposed on suppliers by Framework providers
CCS	2	Both	1%
Pretium	1	direct award only	0.75%
Procurement Hub	1	direct award only	2%
Spectrum	5	Both	0.75%
Re-allies	3	Both	3%
Cirrus	3	Both	0.50%

- 2.4.1 Cirrus Material Framework has the lowest levy of 0.5% which represents low risk for LBS. There is a potential risk that the levy may be built into the material costs by the Suppliers.
- 2.4.2 The Cirrus Framework also allows the option of direct award to eliminate the need for competition. The suppliers available are Travis Perkins, Wolseley and Jewson.
- 2.4.3 Following assessment of the Cirrus Framework, it has been identified that the preferred provider is Travis Perkins as they are ranked No 1 in the Managed Stores

Lot, a result of the procurement activity undertaken by the Framework Provider to identify the Most Economically Advantageous option.

- 2.4.4 Travis Perkins is also able to quickly interface with LBS Total Mobile Technologies, therefore enhancing the service delivery.
- 2.4.5 **Do Nothing** – This option is not appropriate because LCC is currently non-complaint, the materials spend is a necessity in order for LBS to continue delivering work on behalf of departments across the authority, and would therefore be in breach of EU regulations and CPRs if spend was to continue on a non-contract basis.
- 2.4.6 **OJEU Procurement** – This option is not appropriate because it requires 12 to 18 months timeframe to put an arrangement in place, this may be an option for the longer term arrangement, however to ensure compliance whilst an options appraisal is undertaken to consider both the housing and civic materials provision it would not be the most effective procurement route at this time.

3. Main issues

- 3.1 Currently the arrangement of purchasing materials for the Civic Estate is through a number of different suppliers.
- 3.2 LBS non-contract spend of materials, relating to civic estate works (generally small order for goods not covered by the frameworks) is in order of approx. £900k per annum. It is anticipated that being able to utilise Travis Perkins large supply network and resources will reduce the non-contract spend on materials which are used throughout the civic estate.
- 3.3 The current contract for Civic Estate store expired on 14th Apr 2018.
- 3.4 A number of managed frameworks are available for use and have been subject to procurement options appraisal, to assess their suitability against LBS requirements.
- 3.5 The recommended 12 month arrangement will provide an adequate timeframe to engage with the market for finding a long term sustainable solution for the overall material requirements for LBS.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Procurement Officers have undertaken a procurement options appraisal of the frameworks available and alternative approaches for materials delivery.
- 4.1.2 The Heads of Service at LBS have been consulted throughout the procurement options review period.
- 4.1.3 Legal representatives have been consulted on the use of this framework.
- 4.1.4 The LBS Procurement Manager will continue to liaise with LBS service representatives in order to formalise the contract approved in this report.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Equality and Diversity / Cohesion and Integration (EDCI) assessment has been completed and no impact has been found. See Appendix 1 for the completed form.

4.3 Council policies and best council plan

This provision will link into the following elements of the 'best Council Plan'

- 4.3.1 Inclusive Growth – Supporting growth and investment by ensuring LBS as an internal service provider is in a position to contribute to the maintenance and investment of public stock.
- 4.3.2 Culture – LBS support the community in maintaining cultural properties such as leisure centres, museums and other public attractions ensuring the facilities are safe and available to the public of Leeds.
- 4.3.3 Child-Friendly City – LBS provide a responsive maintenance to schools within the city ensuring that young people have adequate access to their educational facilities including the improvement of catering facilities.
- 4.3.4 This contract will support and enable the Council to provide best value through engaging with the local and leading supplier through the Cirrus Material Framework that represents best VFM as listed in section 2.4 and 4.4.
- 4.3.5 The Contract Procedure Rules have been adhered to in recommending this procurement option.
- 4.3.6 A Contract Management Plan will be developed by LBS Procurement Manager in conjunction with the service lead in line with CPR 3.1.16.

4.4 Resources and value for money

- 4.4.1 Travis Perkins with its large infrastructure, wide local network and strong buying power, will contribute in reducing material and transportation costs, i.e. deliver material through its local branch network stores, which in turn will reduce carbon emission and improve service turnaround times (i.e. bring efficiencies).
- 4.4.2 Mobilisation costs will be minimal because Travis Perkins already has a fully functional warehouse situated at Seacroft Industrial Park, Coal Road, Leeds, which is a major benefit and advantage to LBS, hence TP has agreed not to charge any Management fees which provides added value.
- 4.4.3 Operational costs will also be reduced for LBS ISP due to utilising Travis Perkins local branches to pick materials from the nearest branch to the work site.
- 4.4.4 Procuring through frameworks is an efficient and economical means to access the market in a compliant manner reducing administrative costs and buying time.

4.5 Legal implications, access to information, and call-in

- 4.5.1 Due to its value this report is a key decision and is subject to Call in.
- 4.5.2 The procurement is being performed in compliance with the Public Contract Regulations 2015 and EU legislation and Leeds City Council Contract Procedure Rules.
- 4.5.3 The Cirrus Material Framework has been reviewed by LCC legal representatives and no compliance issues were identified. The chosen lot allows for Direct Award to the top ranking supplier in the required lot.

4.6 Risk management

- 4.6.1 The current contract expired on 14th Apr 2018 and a new contract should be put in place with immediate effect.
- 4.6.2 The Council will remain non-compliant if a contract is not awarded.

5. Conclusions

- 5.1 The procurement process undertaken is in accordance with the Regulations and the Council Contract Procedure Rules.
- 5.2 The proposed solution will enable LBS to continue to deliver works to the civic estate, procure materials compliantly as well as provide an adequate timeframe to carry out a detailed options appraisal for the long term sustainable solution for materials provision that would need to be put in place from July 2019 onwards for both Housing and the Civic Estate Stores contract.

6. Recommendations

- 6.1 It is recommended that the Director of Resources and Housing approve the appointment of Travis Perkins through the Cirrus Purchasing Material Framework for an initial term of 12 months for an approximate value of £4.5m with the option to extend further for 2x6 months. In order to place a call-off LCC will apply to become a member of the Cirrus Consortium which is a free membership.

7. Background documents¹

- 7.1 EDCI – Appendix 1

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.