

Report of: Head of Operations, Leeds Building Services

Report to: Director of Resources and Housing

Date: 26th June 2019

Subject: Supply of Catering and Laundry Equipment – Contract Extension

Are specific electoral wards affected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, name(s) of ward(s)	
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. Leeds Building Services support a variety of Leeds City Council departments with procurement of commercial and domestic catering and laundry equipment; these include: Corporate Property Management who look after all the Council's public buildings; Children's Services who provide advice and support to schools; and Housing Leeds who manage the Council's housing stock.
2. The original contract was procured for a value of £450,000, and was due to run for 24 months from 20 June 2017 and has a provision for 2 extensions of 12 months each.
3. The contract expired on the 19th June 2019, and Leeds Building Services are seeking consent to retrospectively take up one of the two available extensions and thus extend the contract by a year, in accordance with Contract Procedure Rule 21.1. Extending the contract by a year would increase the contract value by another £225,000 and take the total contract value up to £675,000.
4. It had been our intention to seek approval to take up the extension of this framework agreement prior to its expiry but unfortunately, due to miscommunication and an administrative error, such approval was not obtained which has resulted in the late submission of this report to SMT. However, prior to the framework agreement expiry date, the council did advise

the contractors on this framework in March 2019 that it was our intention to extend the framework agreement in accordance with its terms.. Based on this, we would like to seek approval to apply a retrospective extension to the contract, effective from 20th June 2019.

5. The contract is divided up into 7 Lots, and contractors have been appointed to Lot 1 through Lot 6. Lot 7 – spare parts, is currently not awarded, and managed stores are used to provide the spare parts, as an interim arrangement until such a time that the full contract is re-procured.
6. Extrapolating from current spend between June 2019 and 31 January 2019 (approx. £114,000), anticipated expenditure is likely to be under £200,000. Due to anticipated values this is a Significant Operating Decision and not subject to call-in.
7. Should the extension not be approved, this will result in the council incurring non-contract spend, as the equipment will need to be provided on the relevant sites in order for business as usual to take place.

Recommendations

8. The Director of Resources and Housing is requested to note the content of this report and to approve the recommendation to retrospectively extend the contract with all framework contractors to the agreement, for a further 12 months commencing 20 June 2019 and finishing on 19 June 2020, which will increase the contract value by a further £225,000 taking the total contract value to £675,000.

1. Purpose of this report

1.1 This report is to inform the Director of Resources and Housing of the requirement to extend the Catering and Laundry Equipment Framework. The extension will in the first instance be for a period of 12 months starting from 20th June 2019. This covers one of the two possible extensions.

2. Background information

2.1 Leeds Building Services are the Leeds City Council's in-house provider of Catering and Laundry Equipment.

2.2 The contracts under this Catering and Laundry framework were awarded on 20 June 2017. The aim was to produce a framework agreement with multiple lots and multiple suppliers within each lot. The framework was structured to deliver the following lots:

- Lot 1 – Commercial Gas Catering Equipment
- Lot 2 – Commercial Electric and Refrigeration Catering Equipment
- Lot 3 – Domestic Gas Catering Equipment
- Lot 4 – Domestic Electric Refrigeration Catering Equipment
- Lot 5 – Commercial Laundry Equipment
- Lot 6 – Domestic Laundry Equipment
- Lot 7 – Parts

2.3 The contractors awarded places on the framework were:

Lot 1 – Commercial Gas Catering Equipment	Airedale Catering Equipment Ltd Stearn Electric Co Ltd
Lot 2 – Commercial Electric and Refrigeration Catering Equipment	Airedale Catering Equipment Ltd Stearn Electric Co Ltd
Lot 3 – Domestic Gas Catering Equipment	John Gillman and Sons (Electrical) Stearn Electric Co Ltd Trading As EMS Stearn Electric Co Ltd
Lot 4 – Domestic Electric Refrigeration Catering Equipment	John Gillman and Sons (Electrical) Stearn Electric Co Ltd Trading As EMS Stearn Electric Co Ltd
Lot 5 – Commercial Laundry Equipment	Airedale Catering Equipment Ltd Electrolux Professional Limited G Bradbury Ltd John Gillman and Sons (Electrical) Stearn Electric Co Ltd Trading As EMS Stearn Electric Co Ltd
Lot 6 – Domestic Laundry Equipment	Airedale Catering Equipment Ltd G Bradbury Ltd John Gillman and Sons (Electrical)

	Stearn Electric Co Ltd Trading As EMS Stearn Electric Co Ltd
Lot 7 – Parts	Not awarded due to lack of bidders. Currently arranged through Managed Stores.

3. Main issues

- 3.1. The contract expired on the 19th June 2019, and Leeds Building Services are seeking consent to retrospectively take up one of the two available extensions and thus extend the contract by a year, in accordance with Contract Procedure Rule 21.1. Extending the contract by a year would increase the contract value by another £225,000 and take the total contract value up to £675,000.
- 3.2. It had been our intention to seek approval to take up the extension of this framework agreement prior to its expiry but unfortunately, due to miscommunication and an administrative error, such approval was not obtained. However, prior to the framework agreement expiry date, the council did advise the contractors on this framework in or around March 2019 that it was our intention to extend the framework agreement in accordance with its terms. Thus, the contract has, in effect, already been extended but without any formal decision being taken allowing this.
- 3.3. In line with the requirements of the council's contract procedure rules a decision to extend a contract is treated as a decision in its own right and cannot be treated as a consequence of any previous Key Decision. Therefore, in order to be as open and transparent as possible, this report seeks retrospective approval for the one year extension of the framework agreement with effective from 20th June 2019.
- 3.4. Discussion within Leeds Building Services have confirmed that the contract is currently working satisfactorily, and no better option has been identified which could be procured in time prior to the contract expiry to ensure no lapse in service, therefore awarding the one year extension is felt to be the most appropriate option to allow an in depth review of the service requirement to be conducted to establish if a better value alternative can be achieved once the 12 month extension has expired.
- 3.5. The proposed way forward therefore is to seek approval to implement one of the two available 12 month extension to existing contractors on Lots 1 – 6, who are currently delivering the contract to the performance standards that are required.
- 3.6. The managed stores will continue to be used for the procurement of spare parts under Lot 7.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Leeds Building Services hold this contract and after consultation with Leeds Building Services Procurement Officers it has been decided that it is best value for money to implement the first 12 month extension of the 2 extensions available, rather than reprocure at this time.

4.2 Equality and diversity / cohesion and integration

4.2.1 Due consideration to equality has taken place as part of the procurement process for the original award of this contract. It is therefore not applicable to carry out an EDCI screening or impact assessment at this time as there will be no change to contract terms or conditions.

4.3 Council policies and the Best Council Plan

4.3.1 This framework is utilised as a means of sourcing Catering and Laundry Equipment as and when required. Each order will be subject to the necessary approvals in accordance with the Council's Rules.

4.3.2 The proposed extension to this contract will maintain an efficient method of procuring this essential service.

4.4 Resources and value for money

4.4.1 The proposed extension to this contract will maintain an efficient method of procuring this essential service and is expected to offer value for money over what would be achieved through disaggregating the total spend and utilising the quotation process in accordance with CPRs when new equipment was required at varying points throughout the year.

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

4.5.1 This is a Significant Operational Decision which is not subject to call-in and there are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

4.5.2 There is always the possibility of a procurement challenge that this opportunity should be subject to a retender as no decision to extend the contract was in place at the time the extension took place, and therefore the extension is void. However, due to the reasons set out at section 3 of this report this risk is considered to be low.

4.5.3 There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.

4.6 Risk Management

- 4.6.1 The existing contractors have performed well and so the risk in extending the contract is low. A new tender exercise is not expected to bring any further savings at this time, and additional costs would be associated with a further tender process.

5. Conclusions

- 5.1. The extension of this contract is an efficient use of Council resources and offers best value for money while ensuring the supply of Catering and Laundry equipment is uninterrupted.

6. Recommendations

- 6.1. The Director of Resources and Housing is requested to note the content of this report and to approve the recommendation to retrospectively extend the contract with all framework contractors to the agreement, for a further 12 months commencing 20 June 2019 and finishing on 19 June 2020, which will increase the contract value by a further £225,000 taking the total contract value to £675,000.

7. Background Documents

None.