



**Report of Chief Officer Civic Enterprise Leeds**

**Report to Director of Resources and Housing**

**Date: 23<sup>rd</sup> February 2021**

**Subject: Authority to procure a Managed Stores provider to supply materials to support LBS for housing and non-Housing responsive repairs and maintenance works**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open 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**

**1. Main issues**

- Leeds Building Services (LBS) have an ongoing requirement to purchase a wide range of building construction materials in order to deliver an efficient and effective service across the City for its responsive repairs and maintenance programme, which also includes elements of planned works and adaptations.
- This requirement is currently fulfilled through the Managed Stores Housing Contract with Wolseley UK Ltd, which is due to expire on 31st March 2021 and a replacement contract is required to ensure a continued contractually compliant supply of materials to support the business.
- LBS have a preference underpinned by strong business needs for Wolseley UK Limited to continue providing this service beyond the current contract expiry date to allow an adequate timeframe to carry out a detailed options appraisal for a long term solution for the provision of materials to support the continued growth of LBS.
- The Central Housing Investment Consortium (CHIC) Merchants framework has already been identified as suitable for use and can be accessed by Leeds City Council and can be used to contract with Wolseley UK Limited to allow continued supply of materials and associated services (e.g Van Stocks) to support LBS's direct delivery works. Suppliers undergo a competitive assessment including

providing prices against a basket of goods before they are admitted onto the CHIC Merchants framework.

- Creation of this call-off contract will also support the delivery of responsive repairs, voids and cyclical maintenance works within the South of the city which has been commissioned to LBS by Housing Leeds to commence 1st July 2021, alongside their current responsibilities.

### **Council Plan implications** (see the [latest version of the Best Council Plan](#))

- The procurements and resulting work will contribute to the following Best Council Plan objectives –
  - a. Housing - Maintaining housing stock is key in ensuring we are supporting tenants in reducing fuel poverty and ensure the right quality of housing. Improving energy performance in homes through maintenance can also contribute to tackling the Climate Emergency
  - b. Good growth – Growing the economy, creating jobs, improving skills, promoting a vibrant city – Employment & Skills method statements will be evaluated as part of this procurement programme, this will include liaison with Employment Leeds.

## **2. Resource implications**

- Retaining the services of Wolseley UK Limited through a new contract will ensure best use of the internal resources currently engaged to monitor and manage the effective running of this contract, and to ensure an uninterrupted supply of materials to the business.
- This contract will support the LBS direct delivery workforce with the provision of materials required to complete their housing and non-housing responsive repairs and maintenance programme.
- LBS operatives are already trained in, and familiar with the processes of ordering, collecting, and receiving materials through Wolseley UK Limited therefore no additional resource training time would be required.
- As the current supplier remains our preferred supplier, TUPE will not apply.
- There are no additional financial implications in contracting with Wolseley UK Limited through the CHIC framework.

## **Recommendations**

- a) The Director of Resources and Housing is recommended to approve an award through the Central Housing Investment Consortium Merchants framework to Wolseley UK Limited for a term of 18 months with a provision to extend for up to a further 6 months with a planned start date of 1st April 2021. The estimated value of this service is expected to be approximately £10,000,000 per annum, with an 18 month contract totalling £15,000,000 increasing to a total potential contract value of £20,000,000 if provisions to extend the agreement up to 24 months are used.

## **1. Purpose of this report**

- 1.1 This report is to seek approval for the appointment of Wolseley UK Limited through a new interim contract awarded via the CHIC Merchants framework, to provide a Managed Stores solution through which they will provide building construction materials to LBS to support the responsive repairs and maintenance programme, in addition to elements of planned works and adaptations.

## **2. Background information**

- 2.1 The current arrangement for the Housing Managed Stores solution commenced in April 2019 and provides a range of materials and associated services (e.g. van stocks).
- 2.2 This contract was established for a period of 12 months, with an option to extend for a further 12 months from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 – this extension was approved and implemented in March 2020, and is now set to expire on 31<sup>st</sup> March 2021
- 2.3 The existing arrangement has been made through a call off award from the Efficiency East Midlands (EEM) Merchants framework – this framework has now expired, and is in the process of being replaced by EEM however it is not anticipated to go live until by 1<sup>st</sup> April 2021 and therefore cannot be considered as an appropriate route to market.

## **3. Main issues**

- 3.1 From the 1<sup>st</sup> of July 2021 the LBS housing portfolio of works will include voids, responsive repairs and cyclical maintenance to around 31,000 domestic council properties across the South and East of Leeds; as a result of this expansion, the provision of materials supplied to the business will need to increase dramatically and it is crucial we are able to establish a contract with a capable provider in order to meet the increase in demand for materials.
- 3.2 Continuation of this service from Wolseley UK Limited has also been identified as the most cost effective and best value solution available to LBS at this time given the significant time and cost investment which has been put into the previous and current contract over the last 5 years.
- 3.3 This includes significant investment in Council IT systems which have been configured to ensure an effective and efficient process to allow ordering of goods and materials as and when required by LBS Operatives which include ordering of materials remotely through use of smart phones.
- 3.4 Utilising a compliant framework is the most appropriate and cost effective option procurement route. To be eligible to join the CHIC Merchants framework, suppliers undergo a range of assessments including providing prices for a basket of goods and use of this framework complies both with the Public Contracts Regulations 2015 and the Council's Contract Procedural Rules.
- 3.5 The commission fee to access this framework is 1% of the total spend, which is one of the lowest fees available on frameworks. Contracting with Wolseley UK Limited through this framework will be at least budget neutral.

- 3.6 Through engagement with CHIC to assess the suitability of their framework, they have confirmed they would fully support the Authority in creating this contract, helping to identify meaningful and useful KPIs and service levels to aid with contract management.
- 3.7 In addition, we have identified that use of this framework will allow us to utilise a combination of CHIC's third party agreements with various materials suppliers, and Wolseley UK Limited's large supply network and resources, achieving significant better value for money through economies of scale.

#### **4. Corporate considerations**

##### **4.1 Consultation and engagement**

- 4.1.1 Procurement Officers have undertaken a procurement options appraisal of the frameworks available and alternate approaches for the provision of materials and associated services to LBS.
- 4.1.2 The Head of LBS has been consulted throughout the procurement options review period, and is supportive of the recommendation to award a call-off agreement with Wolseley UK Limited through the CHIC Merchants framework.
- 4.1.3 Legal representatives from the Council's Procurement and Commercial Services (PACS) have been consulted on the use of the CHIC framework, and have approved this for use in compliance with Public Contract Regulations 2015 and the Council's Contract Procedural Rules.

##### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality and Diversity/Cohesion and Integration (EDCI) assessment has been completed and no impact has been found.

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

- 4.3.1 The implementation of this decision satisfies the criteria that procurements are undertaken to ensure openness, transparency and fairness and in line with the Council's Contract Procedure Rules.
- 4.3.2 This service will link into the 'Best Council Plan' element of contributing to providing good quality affordable properties, effective maintenance of the housing estate by ensuring that the appropriate services are available and properties can be maintained to a safe and high standard, this links to the city priority of meeting housing needs and ensuring residents feel safe in their home.

##### Climate Emergency

- 4.3.3 At Full Council on 27th March 2019, Leeds City Council passed a motion declaring a Climate Emergency. In addition, the Leeds Climate Commission have proposed a series of science based carbon reduction targets for the City so that Leeds can play its part in keeping global average surface temperature increases to no more than 1.5c.
- 4.3.4 One element is to reduce carbon emissions - Wolseley UK Limited's large infrastructure, wide local network and strong buying power, will continue to

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 Resources, procurement and value for money**

- 4.4.1 Mobilisation costs will be minimal as Wolseley UK Limited already provide this service to the LBS and will continue to occupy and provide this service from a main depot location within close proximity to the Council's Seacroft depot, which is a major benefit and advantage to LBS.
- 4.4.2 LBS Operatives are already trained in, and used to the processes of ordering, collecting, and receiving materials through Wolseley UK Limited therefore no additional resource training time would be required as would be the case if a new supplier solution was put in place
- 4.4.3 By establishing this contract through the CHIC Merchants framework, this is an efficient and economical means to access the market in a compliant manner reducing administrative costs.
- 4.4.4 To demonstrate value for money for their members, CHIC offer one of the lowest percentage framework levies to access a compliant materials framework, which also includes providing ongoing contract management reporting and performance reviews with Wolseley UK Limited.
- 4.4.5 There are no additional financial implications from approving this award.

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

- 4.5.1 Due to the overall value, the decision to establish this contract and the subject of this report is a key decision and is subject to call-in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 4.5.2 This procurement is being conducted in compliance with the Public Contract Regulations 2015, in addition to Leeds City Council Contract Procedure Rules.
- 4.5.3 Due diligence checks on the use of the recommended framework have been undertaken by the LBS Procurement Team, and representative from PACS, and both support its usage.
- 4.5.4 The CHIC framework has been reviewed by LCC legal representatives and no compliance issues have been identified. The recommended framework allows for award to Wolseley UK Limited.

#### **4.6 Risk management**

- 4.6.1 The approach of using the CHIC framework will mitigate any risks as both CHIC and Wolseley UK Limited have confirmed that mobilisation is possible within a matter of weeks given that Wolseley UK Limited are already providing the service, and will only be subject to a change in terms and conditions, and pricing (the overall impact of any pricing changes will be budget neutral) which govern the overall contract.

## **5. Conclusions**

- 5.1 Retaining the services of Wolseley UK Limited will ensure that best value is achieved due to the levels of investment, both from a time and cost perspective, in the service since the contract commenced in April 2015.
- 5.2 CHIC are able to offer one of the lowest framework levies to access a compliant materials framework which has been agreed at just 1%, which also includes providing initial support to create the call-off agreement, as well as contract management reporting and performance reviews with Wolseley UK Limited once the contract commences.

## **6. Recommendations**

- 6.1 The Director of Resources and Housing is recommended to approve a direct award through the Central Housing Investment Consortium (CHIC) Merchants framework to Wolseley UK Limited for a term of 18 months with a provision to extend for up to a further 6 months with a planned start date of 1st April 2021. The estimated value of this service is expected to be approximately £10,000,000 per annum, with an 18 month contract totalling £15,000,000 increasing to a total potential contract value of £20,000,000 if provisions to extend the agreement up to 24 months are used.

## **7. Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> 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.