

Contract Award Report – M1) LBS Responsive Van Stocks, Void Materials & Counter Collection and M2) General Building Materials Counter Collection

Date: November 2022

Report of: Head of Leeds Building Services

Report to: Chief Officer, Civic Enterprise Leeds

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Appendix 1 and 2 under access to information procedure rule 10.4.3

Brief summary

- Leeds Building Services (LBS) as the Council's in-house provider for construction and building needs has an ongoing requirement to purchase a wide range of building construction materials to support responsive and planned works to both domestic and commercial properties across the city.
- This requirement is currently fulfilled through a Managed Stores Contract with Wolseley UK Ltd, which is due to expire on 31st March 2023.
- Replacement contracts are required to ensure the continuity of an efficient and effective service and to ensure a compliant supply of materials for the business. Consequently, a revised procurement strategy for such was approved in July 2022, that gave authority to procure competitive procurements via a combination of Frameworks Lots and Dynamic Purchasing Systems (DPS) across 7 specific requirements, see link to report in background papers.
- This report covers the tender evaluation process and seeks approval to award contracts for 2 of the lots - M1) LBS Responsive Van Stocks, Void Materials & Counter Collection and M2) General building materials counter collection
- The procurements and resulting work will contribute to the city's three pillars set out in the Best City Ambition, described at section 15.

Recommendations

- a) The Chief Officer, Civic Enterprise Leeds is recommended to note this report and approve the following contract awards:
 1. 55986 – LBS Responsive Van Stocks, Void Materials & Counter Collection to Jewson Partnership Solutions, commencing 1st April 2023 for a period of 4 years, with the

option to extend for up to a further 4x12months. The estimated annual value for this contract will be £1,650,000.

2. 55985 – LBS General Building Materials Counter Services to Jewson Partnership Solutions and Wolseley UK Limited, commencing 1st April 2023 for a period of 4 years, with the option to extend for up to a further 4x12months. The estimated annual value for this contract will be £1,400,000.

What is this report about?

- 1 This report outlines the tender evaluation process and seeks to obtain approval to award two contracts for M1) LBS Responsive Van Stocks, Void Materials & Counter Collection and M2) General building materials counter collection
- 2 The procurement strategy was approved in July 2022 as a key decision and gave authority to procure competitive procurements via a combination of Frameworks Lots and Dynamic Purchasing Systems (DPS) across 7 specific requirements, see link to report in background papers, this report covers 2 of those lots.
- 3 The approved strategy allowed for procurement activity for the above contracts to be undertaken using established frameworks held and managed by the social value, not-for-profit framework provider Procure-Plus, as per the Authority to Procure key decision report.
- 4 The approved procurement strategy gave approval to a tender evaluation approach known as the quality / price separated approach, assessing quality to a minimum standard, then assessing on a price only basis in an attempt to ensure best pricing.
- 5 Full evaluation details for the two procurements are attached at confidential appendix 1 & 2, both of which are deemed to be confidential under access to information rule 10.4.3.

What impact will this proposal have?

- 6 The competitive tendering process will ensure that LBS receives good value for money. Despite the cost of materials in the construction sector increasing, cost analysis of like for like products shows that the service will make savings on the range of products used for evaluation purposes under these new contracts.
- 7 The award of these contracts will ensure the continuity of an efficient and effective service to support delivery of both responsive and planned works to both domestic and commercial properties. It will also ensure that spend on materials is compliant with the Council's Contract Procedure Rules (CPRs).
- 8 The approved strategy and subsequent contract awards will provide a compliant method for operatives to acquire materials at multiple locations around the City which will reduce downtime associated with travelling to the current material supplier therefore increasing efficiency of the front-line workforce.
- 9 Procure Plus is a not-for-profit, social value organisation which will redirect half of its proceeds into Leeds through the delivery of social value objectives. LBS will work in close partnership with Procure Plus to ensure that money is directed at those residents and areas with the highest priority need. Procure Plus will also monitor the contractors' social value commitments that have been agreed as part of the procurement process, ensuring these are delivered upon for the city.
- 10 TUPE Regulation (Transfer of Undertakings (Protection of Employment)) were referred to in the tender documentation as 'may apply' as part of these procurements with staff transferring from the incumbent materials merchant to the new merchants on a 'contractor to contractor' basis.
- 11 An equality, diversity, cohesion and integration (EDCI) screening has been undertaken and found that these procurements have no impact on these issues.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 12 Inclusive growth will be met through delivering on social value objectives. The service will work to ensure support is directed to residents and areas with the highest priority need.
- 13 These contracts will support health and wellbeing, ensuring that tenants live in housing of the right quality with repairs completed within target time.
- 14 Improved access to materials and better use of van stock materials via these contracts will support the Council's climate emergency agenda by reducing vehicle travel and fuel usage.

What consultation and engagement has taken place?

Wards affected: NA

Have ward members been consulted? Yes No

- 15 The service has worked with PACS colleagues who have advised on the procurement and award process, including compliance.
- 16 Engagement has been undertaken with operatives, team leaders, service staff and Trade Union representatives. Their feedback has directly fed into tender evaluations and the procurement outcome.
- 17 Trade Unions were formally consulted on 17th June 2022 and were supportive of the procurement approach.
- 18 IDS Colleagues within the Council have been involved throughout key areas of the quality evaluation, to provide confidence that the proposed infrastructure and interface is both workable, compliant and secure with the Council's existing ICT.

What are the resource implications?

- 19 If approved, Jewson Partnership Solutions (JPS) will be awarded the contract for M1) LBS Responsive Van Stocks, Void Materials & Counter Collection. The estimated annual value for this contract is £1.65M. The length of the contract is 4 years, plus 4 x 12 months meaning the total contract spend, including extensions is estimated to be £13,200,000.
- 20 If approved, both JPS and Wolseley UK Limited will be awarded the contract for M2) LBS General Building Materials Counter Services. The estimated annual value for this contract is £1.4M. The length of the contract is 4 years, plus 4 x 12 months meaning the total contract spend, including extensions is estimated to be £11,200,000.
- 21 The approved procurement strategy set out LBS's approach to increase productivity and reduce travel time by having more outlets across the city - therefore providing more options to access materials quickly, closer to operatives' areas of work. It was proposed that this would be achieved by procuring one main materials supplier responsible for deliveries and van stocks (M1) and in addition, up to five further suppliers located across the city providing drop-in counter services (M2). Seven suppliers were invited to tender for both M1 and M2 via Procure Plus's Materials Framework and DPS, however only JPS and Wolseley returned tenders. Reasons for suppliers not tendering include suppliers not having an existing local footprint to support counter services; existing branch networks unable to cope with increased demand for counter services and the financial risk for suppliers associated with LBS not committing to a minimum spend on the contracts.
- 22 Despite interest in these procurements being lower than anticipated, LBS is confident that the original procurement strategy will still be achieved via contracts with JPS and Wolseley. JPS has proposed a Hub and Spoke solution that will provide a dedicated LBS hub, supported by a further eight existing outlets spread across Leeds. Wolseley has tendered for the counter services of nine Plumb Centre stores. Altogether, this provides LBS operatives with 18 outlets across the city to support the quick and efficient access to materials for responsive works. Further procurements are ongoing for electrical, kitchen, bathrooms and specialist materials

suppliers. Collectively, these procurements and subsequent contracts will provide LBS with a greater choice and access to materials to support improved productivity and efficiency.

- 23 It should be noted that the value of these contracts will fluctuate based on the volume and type of work undertaken by LBS utilising directly employed operatives. The value of M2 and the split of spend between the two suppliers will be determined by the extent to which operatives utilise these counter services across the city. LBS has not committed to any minimum spend on these contracts. Under M2 materials will be sourced based on whichever is the most efficient location for the operative at that time based on location and stock availability

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

24 Economic Risks:

- a) Increased cost of materials – limited opportunity to mitigate these increased costs although the evaluation indicates that savings will be realised across the range of products used for evaluation purposes. Robust contract management and supplier relationship development is needed to ensure transparent communications pertaining to cost increases across the sector. Support in managing this risk and mitigating cost increases will be provided via Procure Plus who will support value engineering.
- b) Consistent availability of core product – long lead times have been noted within the construction sector for some materials. Where possible, LBS will seek to work with commissioning services to plan work programmes effectively in advance to mitigate delays to work, in addition to robust contract management and supplier relationship development.
- c) Disruption in Materials Supply Chain – mitigated by contracting materials via multiple suppliers.

25 Environmental Risks:

- a) Increased landfill usage and subsequent costs – contractors have been evaluated on the effectiveness of their waste management strategy pertaining to packaging and other waste product in line with the Council's waste policy.
- b) Carbon reduction – contractors were also evaluated on their plans to reduce Co2 emissions during the lifetime of the contracts. Among other commitments, contractors have committed to using electric vehicles, supporting intelligent travel planning and utilising local supply chains.

What are the legal implications?

- 26 This report is as a direct result of a previous Key Decision from July 2022 and is therefore a Significantly Operational Decision (SOD).
- 27 The Procure Plus Framework & DPS arrangement have been reviewed by PACS Legal officers and deemed compliant.
- 28 Due diligence has been undertaken as part of contract award on both organisations including insurance cover and credit checks. Vetting is underway and will be closed off before formal award.

Options, timescales and measuring success

What other options were considered?

- 29 If no award is recommended, the approach would be to abandon, and retender these procurements. It is not anticipated that this would garner a different outcome, and as such the Head of LBS is of the opinion that the best and preferred approach is to proceed to contract award and contract mobilisation.

How will success be measured?

30 A benefits realisation plan has identified the following:

- a) Improved first time fix for tenants – as part of these contracts, operatives will have a better and bespoke van stock to support first time fixes. This will be measured via KPIs.
- b) Increased productivity and reduced travel time – these procurements will ensure that operatives have more options to access materials quickly via more outlets around the city, closer to their area of work. This will reduce non-productive time travelling to a single store location and support increased productivity. This will be measured using vehicle GPS data.
- c) A more satisfied workforce. Engagement has been undertaken with operatives, team leaders, service staff and Trade Union reps. Their feedback has directly fed into tender evaluations and the procurement outcome.

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

31 These contracts are proposed to be awarded in November 2022 to allow sufficient time for contract mobilisation. Contracts will commence 1st April 2023.

Appendices

- Confidential Appendix 1 & 2

Background papers

None.

Related Decisions:

- <https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=55424>