

Authority to undertake a procurement exercise in line with CPR 3.1.7 and CPR 10 for the appointment of a domestic appliance supplier for the Local Welfare Support Scheme

Date: 16 May 2023

Report of: Senior Policy Development Officer

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 provides domestic appliances to residents facing severe financial hardship or crisis. The Local Welfare Support Scheme has an interim contract in place, following the expiry of the previous contract. Work has been underway to prepare for a compliant procurement process, bringing in a number of changes to enhance the scheme, during a cost-of-living crisis. The service is now in a position to proceed with a procurement exercise and anticipates that this will begin in late May/June 2023, subject to the authority being given.

Recommendations

- a) The Chief Officer Community Hubs, Welfare & Business Support is requested to approve, in line with Contract Procedure Rules 3.1.7 and CPR 10, an open competitive tender process to procure a contract for the supply of domestic appliances for the Council's Local Welfare Support Scheme. A contract length of three years with two one-year extension options is recommended at an estimated value of up to £1.8 million over a full 5-year period.

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 has now expired and a direct award approved whilst the Local Welfare Support Scheme review was undertaken. Work has been underway to prepare for a compliant procurement process, bringing in a number of changes to enhance the scheme, during a cost-of-living crisis. The service is now in a position to proceed with a procurement exercise and anticipates that this will begin in May 2023, subject to the authority being given.
- 2 There are no relevant internal service providers for this service.
- 3 Following a procurement options review, it has been decided that the most appropriate methodology is for an open procurement advertising the opportunity via Leeds City Council's electronic tendering portal, YORtender, and the Find a Tender System. This will allow tenders to be received from domestic appliance suppliers. The whole process will be overseen by the Procurement and Commercial Services (PACS) to ensure that all processes and procedures comply with relevant legislation.
- 4 The report requests that a Key Decision is made to approve a new procurement exercise in compliance with Contract Procedure Rule 3.1.7 and CPR 10.

What impact will this proposal have?

- 5 This proposal will ensure supply continuity for vulnerable Leeds citizens facing severe financial hardship through the Council's Local Welfare Support Scheme.
- 6 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. 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.
- 7 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

- 8 The final 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 and cleaning appliances to meet basic wellbeing needs.
- 9 Providing these appliances to residents in severe financial hardship supports both physical and mental health.
- 10 Supplier will undergo a number of checks as part of the process, including around social value and their contribution to local employment, gaining an understanding of their contribution to inclusive growth in Leeds.

- 11 Suppliers will be assessed on the quality and energy efficiency of their products in order to provide the best product to vulnerable customers of the Local Welfare Support Scheme, as well as assessing whether the supplier responsibly recycles old appliances.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 12 Internal consultation has taken place across all relevant partner services including Procurement and Commercial Services, Financial Inclusion, Welfare and Benefits and Shared Services.
- 13 The outcome of the consultation was that a compliant procurement exercise should be undertaken that better meets the needs of the service.
- 14 In the last year a market sounding exercise has been undertaken, followed by pre-market engagement sessions with various suppliers in order to gain a better understanding of the current market conditions and see what options are available for procurement exercise to take place. Feedback from suppliers around the ordering process, particular goods on offer and delivery processes have been considered by LWSS (Local Welfare Support Scheme). There have been numerous changes in the market in the last few years which need to be reflected in the offering made by LWSS to the citizens of Leeds.
- 15 In addition to the above exercises, an in-depth review of LWSS has taken 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.

What are the resource implications?

- 16 A contract length of three years with two one-year extension options is recommended at an estimated value of up to £1.8 million over a full 5-year period. This funding will come from the LWSS budget, of which £300,000 is from the Local Authority Regulatory Settlement and £300,000 from the Housing Revenue Account.
- 17 It should be noted that this is based on the previous average spend before the cost-of-living crisis began and actual spend during the financial year 2022-2023 was significantly higher. This was possible due to the additional funding provided to Leeds City Council from central government through the Household Support Fund. A further Household Support Fund allocation has been announced by central government and proposals for Leeds are pending approval from Executive Board. Subject to approval, further funding would be added to the LWSS budget for 2023-2024 enabling more support for vulnerable residents, which would include white goods. Longer term funding is not currently available, so it assumed that the budget would revert back to its previous level.

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

- 18 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.

19 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.

What are the legal implications?

20 The Chief Officer Community Hubs, Welfare & Business Support is authorised to make the decision to commence procurement of these goods and services.

21 The process will be overseen by the Procurement and Commercial Services to ensure that all processes and procedures comply with legislation, council governance and to ensure fair competition is observed

22 The value of the provision means that this is Key Decision. The details were added to the published list of Key Decisions on 2 Nov 2022. Regulations require that the council publishes a notice at least 28 clear calendar days in advance of a key decision being taken and these 28 days expired on 1 Dec 2022. This decision was subject to call-in.

Options, timescales and measuring success

What other options were considered?

23 Using a third-party framework was considered, however the third-party frameworks looked at were either more expensive than the Council's current contract or would have added an administrative burden to the LWSS team. As such, use of such frameworks was rejected.

24 The Council considered doing nothing, however this would mean that the high level of spend on domestic appliances would remain off contract.

How will success be measured?

25 Successful award of the contract and ongoing contract management and review throughout the duration of the contract term.

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

26 Following approval, it is intended that the tender process will go live at the end of May/early June, subject to authority being given. The responsible officer for implementation will be Grace Lawrenson, Senior Policy Development Officer.

Appendices

- EDCI

Background papers

- None