

Authority to procure a contract for the supply and delivery of Commercial Boiler and Heating Components

Date: 15th August 2024

Report of: Chief Officer Civic Enterprise Leeds

Report to: Director of Strategy and Resources

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- Leeds Building Services (LBS) have a requirement to purchase a wide range of commercial responsive boiler and heating components to support them to deliver an efficient and effective service for repairs to commercial buildings across Leeds.
- LBS requests authority to undertake a procurement exercise to establish a multi-supplier contract for the supply and delivery of commercial responsive boiler and heating components. The estimated spend is up to £250,000 per annum over a 3-year contract period with an option to extend of 2 years giving total estimated spend of £1,250,000.
- The contract will cover a list of boiler and heating components. Suppliers will be required to have a local trade counter within local proximity to Leeds to allow operatives to collect goods daily as and when needed.

Recommendations

The Director of Strategy and Resources is recommended to:

- a) In accordance with the Council's Contracts Procedure Rule 3.1.7 approve a procurement strategy to competitively procure a contract for the supply and delivery of commercial responsive boiler and heating components through an open procurement procedure. It is proposed that such contract would be awarded to a maximum of 3 suppliers, for a 3 year + 2 x 12 month period extension option, with a total contract value of up to £1,250,000 over the full 5 years.
- b) Approve the proposed evaluation criteria of a price/quality separated approach in accordance with CPR 15.2(a), as required under CPR 15.1

What is this report about?

- 1 This report seeks the Director of Strategy and Resources's approval to utilise the proposed procurement route to establish a contract with up to 3 suppliers, for the supply and delivery of commercial responsive boiler and heating components.
- 2 This approach will allow LBS to continue delivering heating repair services to Council Commercial properties as the Council's Internal Service Provider (ISP) for construction services. It will also ensure that supplies are provided in a timely manner thereby facilitating and maximising LBS's ability to deliver these services effectively. The materials will be used for responsive works to commercial properties.
- 3 It is estimated that this contract expenditure will be up to £250,000 per annum. The contract will run for a period of 3 years with an optional extension period of 2 years with an estimated contract start date being December 2024.
- 4 It is proposed that the tender evaluation methodology will be based on the quality-price separated approach. Thereafter, for all organisations that meet the minimum quality standard, contracts will be awarded to up to 3 suppliers that submitted the lowest prices. This ensures suppliers are providing the minimum quality standard that LBS requires and expects whilst achieving the best value for money for the Council.

What impact will this proposal have?

- 5 It's anticipated that there will be no significant impacts to the wards.
- 6 This contract will support LBS with their responsibility of delivering commercial responsive boiler and heating repairs to their internal clients.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 7 The inclusion of the supply of commercial responsive boiler and heating components to support housing and non-housing related activity will allow LBS to support the community in maintaining properties such as schools, nursing homes, leisure centres, museums and other public attractions and commercial buildings ensuring the facilities are safe and available to the public of Leeds, linking to cultural elements of the Best Council Plan.

What consultation and engagement has taken place?

Wards affected: N/A

Have ward members been consulted?

Yes

No

- 8 LBS Civic Enterprise Leeds Senior Management Team, Head of LBS, LBS stakeholders along with the Procurement & Commercial Services Legal Team. All parties are supportive of the proposal.
- 9 The structure of this contract is in line with the LBS Procurement Strategy approach which has been developed through consultation between senior procurement colleagues, and the Head of Leeds Building Services. This strategy provides an overarching framework which is applied to all LBS contracts to align the way that contracts are managed and monitored which ensures the best possible output to support LBS' Growth Strategy. Further, it enables LBS to provide an

efficient and value for money responsive repairs service across the City to both domestic, unoccupied, and corporate maintained properties.

- 10 The strategy has been developed to focus on achieving fit for purpose contracts which will be established with a strong focus on:
- a) Achieving value for money through effective market engagement to encourage greater levels of competition.
 - b) Identifying and enabling cost savings
 - c) Consistent approach to terms of service and contract across housing, and non-housing, to enable improved contract management.
 - d) Adoption of a mixed economy of contractors to support the LBS Works programme (including repairs, maintenance and planned works) which will in turn support the local economy and SMEs in line with Core Council Values.

What are the resource implications?

- 11 The service will operate on the agreed tender prices with clear costs and ways of working formalised during the tender process and through the contract.
- 12 The contract will be managed by the Leeds Building Services team and a contract management plan will be developed in line with CPR 3.1.17.

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

- 13 There is a risk of procurement challenge when undertaking any competitive procurement process. To mitigate this a fair, transparent, and compliant procurement will be conducted.
- 14 The contract will be managed and monitored regularly by service area representatives to ensure the benefits of the services are maximised and the supplier performance will be measured over the life of the contract.
- 15 A contract management plan will be developed that will clearly identify roles and responsibilities of officers with contract ordering and performance management & monitoring activities. This plan will also emphasise the perceived aims and objectives of the contract and how their realisation and contract success will be received and managed, in addition to the plan clearly stating the responsibilities of the contractor.
- 16 Due diligence checks of the preferred suppliers will be done to ascertain their financial position prior to contract award. This will ensure we are contracting with financially sound organisations limiting the risk of materials not being available/received when requested.

What are the legal implications?

- 17 Given the costs related to this contract, this decision is a Key Decision and is eligible for call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules. The scheme was added to the List of Forthcoming Key Decisions which was published on the 19th June 2024.
- 18 There will be separate report on the tender evaluation following the procurement activity and this will be the Publishable Admin Decision to award the contract, detailing the successful contractors selected and the agreed costs for any such agreements.
- 19 The procurement will be carried out in an open and transparent manner in line with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules, ensuring competition is sought to identify best value.

Options, timescales and measuring success

What other options were considered?

- 20 In discussion with the Procurement Officers within the Procurement & Commercial Services (PACS), the following procurement options have been considered in line with the Council's Contract Procedure Rules:
- a) **Do Nothing** – LBS require a contract for the supply and delivery of commercial responsive boiler and heating supplies to allow them to provide crucial repairs on a responsive basis to Council commercial properties. Without supplies, the service cannot properly function and without procuring the contract, the authority would incur significant levels of off contract spend as the supplies would still be required. Therefore, this is not a viable option.
 - b) **Frameworks** – Through researching, only 1 externally managed framework was identified as being potentially suitable for use however these frameworks do not include local SMEs. It is important to the service and the Council to include these local SMEs and therefore this option was not recommended.
 - c) **Conduct an open above threshold tender (Recommended option)** – The project team have agreed that the best route to market would be to use the open procedure in accordance with the Public Contracts Regulations 2015. We would issue a Standard Selection Questionnaire (SSQ) with the tender pack and tenderers would be required to pass the pre-qualification stage (the SSQ) before their tender is evaluated.

How will success be measured?

- 21 Each supplier will have a set of KPIs that must be met. LBS will set the KPI requirements and targets and will manage the performance of the suppliers to ensure the requirements are completed to their satisfaction.
- 22 The contract management plan will emphasise the perceived aims and objectives of the contract and how their realisation and contract success will be received and managed, in addition to the plan clearly stating the responsibilities of the supplier.

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

- 23 The proposed timetable for the delivery of this procurement is below:

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|--|-------------------------|
| Issue SSQ and Tender Documentation | September 2024 |
| Tender return date | October 2024 |
| Tender evaluation (inc. governance reporting, and contract award prep) | October - November 2024 |
| Contract Award | January 2025 |
| Contract Start | February 2025 |

Appendices

- EDCI

Background papers

- None