

Item No.	Classification: Open	Date: 7 December 2022	Meeting Name: Cabinet Member for Council Homes and Homelessness
Report title:		Gateway 2 - Contract Award Approval Building Material Supplies for Frensham Street Depot	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION

1. That the Cabinet Member for Council Homes and Homelessness approves the contract award for the purchase of building material supplies for Southwark Repairs through a Pretium framework agreement from Travis Perkins Trading Company Ltd (TPTC) at an estimated annual cost of £1.2m for a period of three years from 19 December 2022 making a total estimated contract value of £3.6m.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report approved by the Cabinet Member for Council Homes and Homelessness on 3 October 2022. The approved sole supplier direct award route via the Pretium framework was followed.
3. The existing contract with TPTC that provides building material supplies expired on 4 November 2022. Service continuity will be maintained until the new contract is in place as an order was submitted via the existing contract for supplies for two months to the start of January 2023.
4. This new contract will provide building material supplies for Southwark Repairs (formally known as Southwark Building Services) to ensure that it can deliver repairs to the council's housing tenanted properties and communal areas.

Procurement project plan (Key Decision)

5.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	02/08/2022
Briefed relevant cabinet member (over £100k)	22/08/2022
Approval of Gateway 1: Procurement Strategy Report	22/08/2022

Activity	Completed by/Complete by:
Engagement with TPTC to confirm contract terms and ordering price requirements	07/11/2022
DCRB Review Gateway 2:	14/11/2022
CCRB Review Gateway 2:	17/11/2022
Notification of forthcoming decision – Five clear working days	22/11/2022
Approval of Gateway 2: Contract Award Report	30/11/2022
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	08/12/2022
Contract award	12/12/2022
Add to Contract Register	13/12/2022
Publication of award notice on Contracts Finder	13/12/2022
Contract start	19/12/2022
Contract completion date	18/12/2025

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

6. This procurement exercise was driven by the need to have a contract in place to purchase building material supplies to be used by Southwark Repairs to ensure it provides a repair service to the council's housing tenanted properties and communal areas which it is responsible for. TPTC will deliver materials from its branch located next to Southwark Repairs stores at Frensham Street, Peckham.
7. The contract will also provide operative van stock replenishment and provide the ability to move toward ICT systems that will help reduce the burden of repetitive internal purchase order processes with modern online auditable transactions.
8. A streamlined ordering process will be managed and monitored by TPTC and material supply prices will be reviewed every six months. TPTC have a minimum requirement to price match local suppliers

Key/Non Key decisions

9. This report deals with a key decision.

Policy framework implications

10. The delivery of this contract fits with the council's objectives as outlined in the fairer future commitments, specifically:

- a. Theme 1: A place to call home
- b. Theme 3: A greener borough
- c. Theme 4: A full employment borough
- d. Theme 7: A safer community

Tender process

11. As TPTC are the only supplier on the Pretium framework, as outlined in the Gateway 1 report, discussions were held with TPTC's general manager and asset management officers in October 2022. Pretium's head of frameworks was also present to ensure compliance with the framework procedures.

Tender evaluation

12. Discussions between the council and TPTC established that the building materials supplies contract can be delivered for a period of three years from 19 December 2022 for the estimated annual cost of £1.2m per annum and the following was agreed:
 - a. An express condition requiring compliance with the blacklisting regulations as well as provision to terminate the contract for breach of these requirements;
 - b. Key personnel and communications;
 - c. Best prices for the 50 most used building material supplies;
 - d. Benchmarking of the next 200 most common building materials;
 - e. Key performance indicators (KPI) as detailed in paragraph 19 below;
 - f. Compliance with council policies on equalities, safeguarding, blacklisting and prevent duties;
 - g. Adherence to quality, technical and regulatory standards;
 - h. Guaranteed minimum wage or higher plus additional employee payment benefits such as bonuses, medical plans, benefit hub for child care vouchers, bicycles and life assurance;
 - i. A community benefit fund for great estate projects;
 - j. Environmental and sustainable considerations through recycling of packaging and redundant materials;
 - k. Arrangements for performance reporting, invoicing, management and contract review meetings;
 - l. Arrangements for collection of user feedback and continuous improvement procedures;
 - m. Exit and disaster recovery plans.

Plans for the transition from the old to the new contract

13. The transition from old contract to the new contract is to resume with 'business as usual' as the new contract is predominantly based on the same 'call-off' terms and conditions as the old contract with the additional amendments agreed with TPTC as set out in paragraph 12 above.

14. Building material supply rates will be set to activate electronically on the commencement of this contract. This will also provide cost data for the existing contract to be finalised and invoiced.
15. Southwark Repairs operative van stocks will be reviewed as part of the phased return plans for Covid-19 and stocks will be monitored to ensure adequate supply.
16. An ongoing review of outstanding repair orders will continue so Southwark Repairs can estimate what materials are required to give early indication to TPTC. It should be noted that most materials are common repetitive items but repair orders will be reviewed for less common items to ensure planning and co-ordination with council tenants.

Plans for monitoring and management of the contract

17. The contract will be managed by the Southwark Repairs business service manager. KPIs will be used to measure TPTC's performance. Social value commitments will be monitored and verified by Pretium framework on a quarterly basis. KPIs will include;
 - a. delivery on time;
 - b. delivery of correct material products;
 - c. maximum percentage of defective products;
 - d. satisfaction; and
 - e. invoicing accuracy.
18. Payments for building material supplies will normally be done monthly based on despatch notices and after verification of correct delivery and quality.
19. Within the first three months of this contract, it is planned to introduce a TPTC material mobile app to realise some of the benefits of reduced purchase ordering processes and to provide the ability to order materials directly from the tenant's property.
20. Council officers will monitor the most frequent ordered materials to ensure compliance with the negotiated rates and review better value products.
21. Quarterly core group meetings will be held with the council, TPTC and Pretium representatives to measure performance and adherence to the points detailed in paragraph 17 above.
22. Officers will also produce annual performance reviews in line with contract standing orders (CSO).
23. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate

details of this procurement are added to the contract register via the eProcurement System.

Identified risks for the new contract

24. The table below identifies risks associated with the contract and controls to mitigate the risks:

Risk No.	Risk Identified	Risk Level	Mitigation	Post mitigation Risk Rating
R1	TPTC ceases trading or goes into administration / liquidation.	Medium	Pretium have undertaken a financial evaluation and currently this has a secure credit score. The council has also undertaken a financial check through FAME and TPTC have a good rating. This will be monitored throughout the contract and alternative suppliers will be contacted to ensure back arrangements can be put in place.	Low
R2	Effects of Covid-19 restrictions delivery of service and external factors (e.g. energy supplies / Ukraine war).	Medium	Reviews of most common stocks will be updated on a weekly basis with the supplier to ensure stock is available. An assessment of the backlog of repairs and plans for a phased return will also identify future (monthly) requirements and this will be communicated with the supplier. A larger stock supply of the most common items will be implemented to ensure continuity of service.	Medium
R3	Brexit risk on supply chain and delivery of service.	Medium	Most common used materials are sourced from British manufacturers. Where certain materials are from EU nations alternatives will be reviewed with TPTC	Medium
R4	Risk of challenge using a single supplier via a direct award route.	Low	The Pretium framework is compliant with the Public regulation and allows for	Low

			direct award to a single supplier framework agreement.	
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Community, equalities (including socio-economic) and health impacts

Community impact statement

25. The supplies from this contract are intended to provide and support the council's commitment to providing high quality affordable housing. Direct benefit to residents will include limiting the incidence of repeat repair visits.
26. With regard to the council's duties under the Public Sector Equality Duty, this decision has been judged to have medium to high impact to tenants, leaseholders and other stakeholders as building material supplies are essential for maintaining the council's housing stock.

Equalities (including socio-economic) impact statement

27. The council launched Southwark Stands Together (SST), a borough wide initiative in response to the injustice and racism experienced by Black, Asian and minority ethnic communities and to the inequalities exposed by COVID-19 pandemic.
28. TPTC have a number of business objectives and projects tackling in-equalities which include;
 - a. Raising awareness of hidden and visible disabilities, along with long term health conditions;
 - b. Awareness of Cultures and Ethnicities (ACE);
 - c. Proud - Empowering LGBTQ+ community and allies; and
 - d. Youth - Developing our future pipeline

Health impact statement

29. Building materials supplied by TPTC will have all relevant COSHH assessments reviewed that will then form part of a method statement which will include application and installation to ensure safety of operatives, residents and visitors.

Climate change implications

30. TPTC holds ISO14001 accreditation and operates a group responsible sourcing to reduce the impact on the environment. TPTC have aligned their policies with the United Nations Sustainable Development Goals which include;
 - a. sustainable cities and communities;
 - b. responsible consumption and production;
 - c. climate action; and
 - d. life on land.

Social Value considerations

31. The Public Services (Social Value) Act 2012 requires that the council consider, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

32. The full cost to the council and the life span of the contract is set out in paragraph 1 of this report.
33. Under the commitment of a “full employment borough” and as part of social value commitments this contract will require work place experience placements with local schools for every £250k spend.
34. The payment of London Living Wage (LLW) is not applicable to this contract because of the supply nature of this work. TPTC have confirmed that its employees or agency staff do not meet the ‘Relevant Staff’ definition which states that London Living Wage applies to staff engaged in the council’s contract for two or more hours of work in any given day in a week, for eight or more consecutive weeks in a year. TPTC has confirmed it recognises trade unions, and the majority of its staff are paid in excess of LLW.

Social considerations

35. The “call-off” contract includes provision for TPTC to contribute 1% of contract turnover to community projects and this will be allocated to great estates projects.
36. TPTC is silver accredited to the Transport for London (TfL) Fleet Operator Recognition Scheme (FORS). FORS helps fleet operators to measure and monitor performance, encompassing safety, fuel efficiency, vehicle emissions and improved operations, in order to promote fleet management best practice and reduce social / environmental impacts. This will be monitored as part of the quarterly review.
37. TPTC will provide DIY workshops for local residents to empower them to learn new skills and be able to carry out minor repairs. This will be communicated via resident forums.
38. TPTC have its own Equal Opportunities Policy and are fully aware and compliant with the council’s own policies.
39. The “call-off” contract conditions include an express condition requiring compliance with the blacklisting regulations and include a provision to allow the contract to be terminated for breach of these requirements.

Environmental/Sustainability considerations

40. These are detailed in paragraph 36 above.

Market considerations

41. TPTC is the largest building material supplier in the UK with in excess of 29,000 staff.

Staffing implications

42. There will be no impact on Southwark Repairs as the existing department are already performing the contract management functions.

Financial implications

43. The cost of this procurement can be met from existing budgets as the costs of materials purchased following this procurement will be included as part of the overall works costs recharged by Southwark Repairs to the Housing Revenue Account. The estimated maximum contract sum is £3.6m over three years subject to demand. Cumulative Southwark Repairs spend with TPTC from October 2020 to July 2022 was c£2.3m averaging c£104k per month. However, due to potential workload decreases in communal repairs this could change.

Investment implications

44. There are no investment implications.

Second stage appraisal (for construction contracts over £250,000 only)

45. The council had a financial background report completed on 10 November 2022 by Bureau van Dijk (BvD). TPTC was within an acceptable credit score.

Legal implications

46. As noted in paragraphs 51 to 54.

Consultation

47. Consultation will be planned between operatives and management to ensure that Southwark repairs new IT system fully incorporates break down of materials and van stocks.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (Ref No)

48. This report seeks approval from the Cabinet Member for Council Homes and Homelessness to award the building material supplies for Southwark Repairs through a Pretium framework agreement from Travis Perkins Trading Company Ltd (TPTC).

49. The estimated cost of the contract is £1.2m per annum. It is a 3-year contract and will run from 19 December 2022 to 18 December 2025. Total estimated cost of the contract for the 3 years - £3.6m.
50. The Cabinet Member for Council Homes and Homelessness notes that this spend will be met within approved budgets as detailed in paragraph 43.
51. The Cabinet Member for Council Homes and Homelessness notes that the overall spend with TPTC is dependent on demand for materials supplied by TPTC, stock availability, levels of stocks held at the depot and competitive pricing of materials. The measures taken to ensure adequate materials supplied by TPTC and levels of stock held at the depot are detailed in paragraphs 15, 16 and 24 (R2). The measures taken to establish competitive pricing are detailed in paragraphs 8, 12c, 12d and 20.
52. The Cabinet Member for Council Homes and Homelessness notes that there is a potential workload decrease in communal repairs. This is detailed in paragraph 43. Further changes to the way the repairs service is delivered will impact spend on materials

Head of Procurement

53. This report seeks approval from the Cabinet Member for Council Homes and Homelessness to award the building material supplies for Southwark Repairs through a Pretium framework agreement from Travis Perkins Trading Company Ltd (TPTC) at an estimated annual cost of £1.2m for a period of three years from 19 December 2022 making a total estimated contract value of £3.6m.
54. The Cabinet Member for Council Homes and Homelessness notes that procurement process is detailed in paragraphs 6 to 8 and 11 to 12, transition from existing contract is detailed in paragraphs 13 to 16, management and monitoring of the new contract is detailed in paragraphs 17 to 23, the risk are detailed in paragraph 24, the impact on equalities, health and climate change are detailed in paragraphs 27 to 30, confirmation of the payment of LLW is detailed in paragraph 34, the social value commitments are detailed in paragraphs 35 to 37.

Director of Law and Governance

55. This report seeks the approval of the Cabinet Member for Homes and Homelessness to the contract award for the purchase of building material supplies for Southwark Repairs to Travis Perkins Trading Company Ltd (TPTC) as further detailed in paragraph 1. By virtue of contract standing order 6.5.2(b), and at an estimated contract value of £3.6m, this decision should be taken by the relevant individual decision maker after consideration of the report by CCRB.
56. The nature and value of these supplies are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR 2015). However, as noted in paragraph 11 and approved at Gateway 1 stage, award is through a direct call-off from the Pretium framework, which the framework permits as a sole supplier arrangement. This framework has been established following a PCR compliant tendering process and allows local authorities to use

for their own requirements, thereby satisfying the tendering requirements of the PCR 2015.

57. The Cabinet Member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 25-29 setting out the consideration that has been given to equalities issues which should be considered when approving this award.
58. Contract Standing Order 2.3 requires that no steps be taken to award a contract unless the expenditure involved has been included in approved estimates, or is otherwise approved by the council. Paragraph 43 confirms the financial implications of this award.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
GW1 report dated 3 October 2022	Commercial Team, Asset Management, 160 Tooley Street	Gavin Duncumb X55076
Link: Decisions for issue Gateway 1 - Procurement Strategy Approval - Building Material Supplies for Frensham Street Depot - Southwark Council		

APPENDICES

No	Title
None	None

AUDIT TRAIL

Lead Officer	David Hodgson, Director of Asset Management (AM)		
Report Author	Gavin Duncumb, AM Commercial Manager		
Version	Final		
Dated	5 December 2022		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Finance and Governance	Yes	Yes	
Head of Procurement	Yes	Yes	
Director of Law and Governance	Yes	Yes	
Director of Exchequer (for housing contracts only)	No	No	
Cabinet Member	Yes	Yes	
Contract Review Boards			
Departmental Contract Review Board	Yes	Yes	
Corporate Contract Review Board	Yes	Yes	
Cabinet	No	No	
Date final report sent to Constitutional Team		7 December 2022	