

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Jason King – Housing Landlord Services Manager

**To:** Officers Decision Notice

**Author:** Chris Mycock- Housing Repairs Manager

**Subject** Materials Contract

**Purpose:** To award a contract to Jewson Limited for the provision of Building Materials at an estimated annual contract value of £300,000 per year for an initial period of three years with the option to extend for a further period of one year.

### **Recommendation:**

- 1) That the Council awards a contract to Jewson Limited for the provision of Building Materials at an estimated annual contract value of £300,000 for an initial period of three years with the option to extend for a further period of one year.

### **1.0 BACKGROUND**

- 1.1 Following a review of the Housing Repairs service, the Council has greater clarity on the materials required to maintain its housing stock. This information has been profiled into the tender documents to develop a realistic and attractive tender for the open market process. Time has been taken to ensure that the tender could be successfully let whilst ensuring the Council operates a manageable contract which offers value for money.
- 1.2 As part of the focus of the new Housing Repairs Manager, in liaison with the new members of the Procurement Team, the tender document was issued via the TPPL (The Procurement Partnership Ltd) Framework.
- 1.3 The new tender focussed solely on value for money, stock levels and flexibility in the contract for us in terms of price and the requirement for stock items to change to meet our demands or new work streams should we expand our service remit. The contract is designed to provide us with the materials we need, when we need them at a price which provides value for money.
- 1.4 The new contract has been designed on a 3 tier system - Tier 1 being items that must be stocked at all times, Tier 2 within 48 hours and Tier 3 being more ad-hoc or specialised items that will be made available within a week.
- 1.5 The Council received a total of three competitive tenders all meeting the criteria. The tenders were assessed based on 60% on price and 40% on stock availability, quality and service levels; the tenders were scored independently by the Housing Repairs Manager and the Procurement Team.
- 1.6 The scoring of the three bids was relatively close with only 2% between all three tenders. Jewson Limited however stated in their tender that they would have 100% of tier 1 items

and 97% of tier 2 items in stock at all times. This was significantly better than the tender requirements and better than the other bids and was the main contributory factor to Jewson Limited scoring higher than the other two bids.

- 1.7 It is therefore recommended that a contract is awarded to Jewson Limited for the sum of £300,000 per annum. The current budget for materials and consumables is £325,000 per annum, this contract therefore ensures spend on materials is within current budget.

## 2.0 **OPTIONS**

- 2.1 Option 1 - Award the contract to Jewson Limited as laid out in the recommendations.
- 2.2 Option 2 – Do nothing and continue to purchase materials over the counter- this is not considered a viable option as it does not seek to place the necessary control measures against the required level of spend on materials.

## 3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 The tendered contract will give the Council oversight and assurance of its expenditure on materials. The parameters of the contract enable the Council to ensure it receives value for money with renegotiated prices. The structure of the contract also enables better financial forecasting. In addition to this, the tiered system of the new contract places a requirement on the contractor to hold the most frequently used components continually in stock. Failure to acquire component parts in a timely manner impacts on responsive repairs targets and void turn around times.
- 3.2 The tender from Jewson Limited is considered the most economically advantageous in a competitive Further Competition and has offered good solutions moving forward to ensure the contract continues to meet the on-going needs of the Council.

## 4.0 **EXPECTED BENEFITS**

- 4.1 Jewson Limited will be contractually obliged to stock the materials and items the Housing Repairs team most frequently use - this will ensure we can plan our response and void work in the most efficient way, not having to wait for Tier 1 or 2 items to be in stock.
- 4.2 Comparing contractual prices on the tender to actual spend for 2018/19 there are Unit Cost Savings of just over £10,000 if we were to purchase each item on our tender product list just once; due to this we are expecting larger savings than this. This will be monitored on a monthly basis during the contractual monthly review meetings.
- 4.3 We have the flexibility to either move items between the tiers or add/remove items completely. This will ensure that if we take on a new type of task or if legislation requires a new type of part or material to be used we can seamlessly add it to the stock list or move it from a Tier 3 (hardly used) to a Tier 1 (must stock it all the time) item.

## 5.0 **IMPLICATIONS**

### 5.1 **Carbon Footprint / Environmental Issues**

- 5.1.1 We will reduce our Carbon Footprint as all required items will be available from one merchant location - currently we may have to try several merchants in the district until we

locate the part or material we require.

## 5.2 **Constitutional & Legal**

5.2.1 The procurement was subject to a further competition via The Procurement Partnership Ltd (TPPL) – Spectrum National Materials Framework – Lot 1 Building Materials and therefore meets requirements under both UK and EU Procurement Law and the Constitution's Contract Procedure Rules.

## 5.3 **Contracts**

5.3.1 The contract will be the TPPL Terms and Conditions, this has already been accepted by the supplier as they have signed up to the Framework.

## 5.4 **Corporate Priorities**

5.4.1 This contract allows the Council to meet Corporate Priority; "Our Council" and "Your Home".

## 5.5 **Financial**

5.5.1 As mentioned above there are Unit Cost Savings of just over £10,000 if we were to purchase each item on our tender product list just once. A budget of £325,000 currently sits within the HRA with allocated spend on Response Repairs and Voids split between two budget codes, the award of this contract to a value of £300,000 therefore indicates savings of between £10,000 and £25,000 per annum.

5.5.2 In addition to the direct cost savings we will also see indirect savings on time resources and travel time, as building materials will be stocked therefore fuel costs, when searching for out of stock items.

## 5.6 **Reputation**

5.6.1 We will be able to better plan our responsive repairs work as we will have confidence that required items will be in stock - this will lead to a shorter waiting time for our tenants, a reduction in avoidable contact (repeat calls from our tenants chasing jobs) and fewer complaints.

## 5.7 **Risk Management**

5.7.1 By entering into this contract we will stop the risk of challenge as this will be compliant spend.

## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 We carry out repairs, maintenance and void works to all our stock and so all our wards will be affected.

## 7.0 **ACRONYMS**

7.1 TPPL - The Procurement Partnership Limited.

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Background papers:-           None

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**Lead Contact Officer**

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**Key Decision:** Y

**Exempt Decision:** N

**This report refers to a Mandatory Service.**