

Health, Wellbeing & Vulnerable People Executive Advisory Panel 3rd December 2021

Report Title	Procurement of shared parts and materials suppliers, Housing Property Services
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Executive Member	Councillor Andrew Mercer, Executive Member for Housing and Communities

1. Purpose of Report

- 1.1. This report requests the Executive Advisory Panel for Health, Wellbeing & Vulnerable People consider the procurement of the supply of parts and materials for the Corby and Kettering Housing Property Services.
- 1.2. This report asks the Panel to support the request for the delegation of authority from the Executive to the Portfolio Holder for Housing and Communities in consultation with the Executive Director for Adults, Communities and Wellbeing, to take any further decisions and/or actions required to appoint a framework provider and enter into contract with suppliers

2. Executive Summary

- 2.1 North Northamptonshire Council owns and manages 8,280 council homes, across the former Corby and Kettering areas. The Property Services teams are responsible for the repairs and maintenance of these properties via our in-house direct labour organisations. To do this the teams need to be able to purchase large quantities of stock on a regular basis to fulfil our landlord repairs and maintenance obligations.
- 2.2 At present the Corby area has a contract with a supplier of general building parts and materials which is due to expire in January 2022 and another which expires 30th October 2023. Kettering area has six contracts in place, five of which are due to expire in January 2022, and one which has been extended until January 2023. In addition, the Kettering area has one contract which has expired and one which now needs to be procured.
- 2.3 There are benefits to the Council of merging our parts and materials supplier contracts, such as greater buying power and a standardised approach to the purchasing process.
- 2.4 Prior to vesting day Kettering Borough Council entered into a number of short-term supplier contracts, so as to provide the opportunity for North

Northamptonshire Council to deliver a joined-up approach to suppliers post vesting day. It is now proposed to enter into a medium to long term contractual arrangement (4 years in a 2+1+1 format) with multiple material and parts suppliers.

- 2.5 Following receipt of procurement advice, it has been established that the use of a Framework Provider would provide compliant, robust and resilient contracts. Both Kettering and Corby Property Services teams wish to enter into joint contracts which cover the supply of parts and materials for heating and plumbing, electrical, general building, decorating, kitchens, windows and doors and flooring.

3. Recommendations

- 3.1 It is recommended that the Health, Wellbeing & Vulnerable People Executive Advisory Panel:

- a) Considers the procurement process for supply of parts and materials for the two Housing Property Services teams, via a Framework Provider.
- b) Considers a procurement approach which covers the Council for the next four years.
- c) Considers the delegation of authority to the Portfolio Holder for Housing and Communities in consultation with the Executive Director for Adults, Communities and Wellbeing, to take any further decisions and/or actions required to appoint a framework provider and enter into contract with suppliers.
- d) Provides feedback to the Executive to inform their decision making at its meeting on 16th December 2021

- 3.2 If the recommendations are approved at Executive , Council officers will be able to: -

- Closely align with local government reform and transformation outcomes, through the use of shared suppliers within the two Housing Property Services teams.
- Procure the new contracts in the most efficient and timely manner to ensure a fully compliant procurement process is in place for the supply of parts and materials.
- Provide better value for money to the council.
- Ensure our tenants benefit from a standard parts and materials service across North Northamptonshire.

4. Report Background

- 4.1 The two Property Services teams purchase thousands of building related parts and materials annually that are required to repair and maintain the Council's housing stock of 8,280 homes. This ranges from replacement boilers and new kitchens/bathrooms to a new tap or door handle.
- 4.2 The parts required are used to maintain tenanted homes and also empty homes (voids) prior to re-letting to applicants via Keyways. Works identified can be either planned or responsive, meaning both revenue and capital budgets are used to purchase the necessary parts and materials.
- 4.3 Previous arrangements at Corby involved a contract with one main supplier for all items other than electrical. These items are either delivered to site or collected direct from the supplier, as there is no Stores facility at the Corby Depot. Kettering has a Stores facility on site which holds over 1,000 products and is stocked direct from suppliers, who deliver parts and materials direct to the Depot.
- 4.4 There is currently a project underway to consider the options for a shared in-house stores function. This will form part of a separate report in due course, The procurement of suppliers is essential to the delivery of a Stores service and will also allow for a joined up back-office ordering and payment function.
- 4.5 A joint working group of officers from Corby and Kettering's Property Services teams, along with colleagues from Legal and Procurement, was established post vesting day, to explore the most suitable procurement route to deliver a joint parts and materials purchasing process. The Purchasing Gateway Group are required to approve the procurement process undertaken before the award of any supplier contracts are entered into.
- 4.6 The results of this joint working group are now presented under section 5.

5. Issues and Choices

- 5.1 Following the creation of North Northamptonshire Council, multiple supplier contracts for building and maintenance parts and materials are required to enable the Council to deliver a safe and legal landlord repairs service.
- 5.2 Options considered for procurement of a new contractor:
 - a) Open tender.
If we were to go through an advertised open tender procurement process, the process could take upwards of six 6 months to award a contract.
 - b) Framework
If we were to go through the framework procurement process, the process could be concluded in a short period of time. Estimates provided by the framework providers suggest within 3 months.
 - c) Direct Award
Making a direct award to a supplier is not deemed a viable option in this instance and therefore hasn't been explored further.

- 5.3 The fastest option available for the Council to procure new suppliers is to go through the framework route. Five trusted Framework Providers were approached in September 2021 (Efficiency East Midlands; Procurement for Housing, ESPO, YPO and Crown Commercial Service) to enquire about appropriate frameworks. All five providers responded.
- 5.4 Meetings were held with all five providers, to ascertain the suitability of their frameworks to the Council’s needs. As a result, two providers, Efficiency East Midlands and Procurement for Housing were deemed the most suitable. A basket exercise of parts and materials regularly purchased is currently being undertaken with both providers. Once completed a decision will be made on a preferred framework provider.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 Anticipated annual spend for both Corby and Kettering are as follows, this includes an uplift for future price rises of 5%:

	Corby	Kettering	Total
• Building materials	£1,050,000	£315,000	£1,365,000
• Heating and Plumbing	£178,500	£525,000	£703,500
• Electrical	£168,000	£225,000	£393,000
• Decorating	£42,000	£31,500	£73,500
• Kitchens	£63,000	£42,000	£105,000
• Windows and doors	£136,500	£21,000	£157,500
• Flooring	£26,250	£26,250	£52,500
• Total	£1,664,250	£1,185,750	£2,850,000

6.1.2 The proposed approach to procuring parts and materials supply contracts for the seven areas listed above does not tie the Council into a guaranteed spend per year arrangement with each successful supplier. Instead, it seeks to ensure the Council can quickly purchase parts and materials at a procured price based on anticipated spend.

6.1.3 The Council has a ring-fenced Housing Revenue account within which budgets are identified for the purchase of parts and materials. This includes both revenue and capital budgets. The anticipated spends outlined above fit within the existing and previous year’s budget allocations for this purpose.

6.1.4 The 2021/22 total budgets for spend on parts and materials within the two HRA Neighbourhood Accounts are as follows:

6.1.4.1 **Corby**

Total value of HRA material revenue budgets for 2021/22	£984,640
Total value of HRA material capital budgets for 2021/22	£564,249*
Total	£1,548,889

6.1.4.2 **Kettering**

Total value of HRA material revenue budgets for 2021/22	£422,800
Total value of HRA material capital budgets for 2021/22	£650,000*
Total	£1,072,800

*Capital budgets are not split into cost centres, therefore only approximately half of these budgets are available for parts and materials spend. The other half covers capitalised salaries. The total figure is therefore based on half of the total budget available.

6.1.4.3 Whilst the total estimated value of the budgets for parts and materials listed above is less than the proposed values shown in 6.1.1, this is due to the 5% uplift that has been applied to the anticipated spend on parts and materials over the next four years. It is expected that the budgets would increase proportionately to accommodate such rises.

6.1.5 A joint purchasing approach will benefit the price per unit of items purchased from suppliers. Framework Providers procure unit prices for parts and materials on behalf of a number of member organisations. As a result, members benefit from this collective buying power through access to more competitive prices. For example, with a previous contract, the Kettering team saved on average 33% of their overall spend during a 12-month period by accessing the Framework price for the parts in comparison to the non-Framework price. Therefore, it is expected that we can purchase more products for less expenditure.

6.2 **Legal**

6.2.1 Both the Legal and Procurement team have been engaged to ensure a full and correct procurement process has been followed

6.2.2 Membership of the selected framework will be reviewed and signed off by Legal and Procurement prior to proceeding further.

6.2.3 The Purchasing Gateway Group (a pre-procurement forum which is mandatory for all procurement requirements over £100,000 in total value) seeks approval from key Legal, Finance and Procurement colleagues before any procurement at this value can be undertaken, to which a suitable Report is currently being drafted. Legal services will execute the necessary contracts following approval from the Executive to the Portfolio Holder for Housing and Communities in consultation with the Executive Director for Adults, Communities and Wellbeing.

6.3 **Risk**

6.3.1 There is a risk of delay to the procurement conclusion if any further decisions need to be referred to the Executive Committee and not delegated as proposed.

6.3.2 There are seven contracts expiring in January 2022, and a further two that have either expired or aren't in place. The Council faces significant risk by operating

outside of procurement legislation, and therefore a speedy resolution to this matter is being sought.

- 6.3.3 If we are not able to enter into new contracts, then there is a risk to being able to deliver our statutory repairs obligation to tenants.

6.4 Consultation

- 6.4.1 There has been no consultation undertaken outside of the Council.

6.5 Consideration by Executive Advisory Panel

- 6.5.1 This paper is being considered by the EAP on 3/12/21.

6.6 Consideration by Scrutiny

- 6.6.1 The procurement process and/or any part of the requirement may be selected for consideration by Scrutiny.

6.7 Climate Impact

- 6.7.1 The framework providers include National Suppliers who have local branches within North Northamptonshire, thus reducing travel distances from suppliers to Depots within Corby and Kettering.

6.8 Community Impact

- 6.8.1 The Council's tenants will benefit from a standard parts and materials service across North Northamptonshire whilst we will be able to continue to both maintain and improve our Housing stock.

7. Background Papers

- 7.1 None.