

CABINET MEETING – 9 FEBRUARY 2021

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Managed Store Facility

Author(s):

Executive Director of Neighbourhoods

Purpose of Report:

To seek approval to procure and award a contract to a managed store provider for material purchasing for a four-year period to support Building Services in the effective delivery of its services

Description of Decision:

Cabinet is recommended to approve the procurement approach and award of a contract to a managed store provider for material purchasing for a four-year period

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The estimated total value of the material purchasing requirements of Building Services under the proposed agreement exceeds £350,000 per annum and therefore requires the approval of Cabinet.

The award of the proposed framework agreement is necessary to ensure the continued timely procurement and provision of materials on a call-off basis as required to deliver the repairs and maintenance function of Building Services.

The Building Services review has indicated the need to make new and appropriate material purchasing provision to improve service productivity, efficiency and generate a more holistic localised arrangement

Alternative options to be considered and recommended to be rejected:

Option 1. Undertake a Sunderland City Council framework similar to the regional framework, with 11 lots that will end in March.

This option has been rejected as this option is a less efficient approach to future service arrangements and that a one stop shop material purchasing system is a more efficient and cost-effective approach, which cannot be achieved using this type of framework

Option 2: Undertake a Sunderland City Council framework for a single supplier managed store

This option has been rejected as there is currently a regional Dynamic Purchasing System (DPS) that has been procured in-line with the Public Contracts Regulation 2015. The DPS will give the Council the flexibility to conduct a competitive competition with those suppliers that have successfully obtained a place on the DPS.

Impacts analysed;

Equality **Privacy** **Sustainability** **Crime and Disorder**

Is the Decision consistent with the Council's co-operative values? Yes/~~No~~

Is this a "Key Decision" as defined in the Constitution? Yes/~~No~~

Is it included in the 28-day Notice of Decisions? Yes/~~No~~

MANAGED STORE FACILITY

REPORT OF THE EXECUTIVE DIRECTOR OF NEIGHBOURHOODS

1.0 Purpose of the Report

- 1.1 To seek approval to procure and award a contract to a managed store provider for material purchasing for a four-year period to support Building Services in the effective delivery of its services

2. Description of Decision (Recommendations)

Cabinet is recommended: -

- 2.1 To approve the procurement approach and award of a contract to a managed store provider for material purchasing for a four-year period to support Building Services in the effective delivery of its services

3. Current position

- 3.1 Building Services are currently utilising the North East Purchasing Organisation (NEPO) regional framework agreement for materials that is split into eleven specific Lots. Across these Lots twelve separate companies provide the core materials. Any requirements for specialist “off contract” materials continue to be procured internally on a case by case basis.
- 3.2 The current framework arrangements are due to expire at the end of March 2021 as it has been superseded by a Dynamic Purchasing Agreement, which will give the Council the flexibility to conduct a competitive competition for its requirements.
- 3.3 As part of the Building Services review it was identified that the current material framework is coming to an end and the current arrangements are proving inefficient and adversely impacting on service cost and productivity, consequently, a more local and managed store provision would better serve Building Services in the delivery of its Repairs and Maintenance functions.
- 3.4 It is envisaged the provision of a single managed store facility will:
- Save time in managing the procurement of materials;
 - Increase productivity and efficiency of the service;
 - Provide better value for money;
 - Support the City Plan in having a service that will be set up and delivered locally and support local job creation; and
 - Create positive environmental impacts as travelling time will be reduced as materials will be available locally and in one place

4.0 Managed Store procurement

- 4.1 The intention is to establish a contract with a single managed store provider for material purchasing over a four-year term.
- 4.2 The estimated total value of the material purchasing requirements of Building Services under the proposed agreement exceeds £350,000 per annum and therefore requires the approval of Cabinet.
- 4.3 The contract is necessary to ensure the continued timely provision of services required to deliver the repairs and maintenance obligations of the Council's Building Services Department.
- 4.4 There are no financial implications in relation to the award of the contract for a managed store. The procurement process can be managed and delivered through the Council's Procurement Team and the future costs of all material purchasing procured within the managed store contract will be met within the relevant service and contract budgets.

5.0 Reasons for the Decision

- 5.1 The estimated total value of the material purchasing requirements of Building Services under the proposed agreement exceeds £350,000 per annum and therefore requires the approval of Cabinet.
- 5.2 The award of the proposed contract is necessary to ensure the continued timely provision of materials from the store as required to deliver the repairs and maintenance function of Building Services.
- 5.3 The Building Services review has indicated the need to make new and appropriate material purchasing provision to improve service productivity, efficiency and generate a more holistic localised arrangement

6.0 Alternative Options

- 6.1 **Option 1. Undertake a Sunderland City Council framework similar to the regional framework, with 11 lots that will end in March.**

This option has been rejected as this option is a less efficient approach to future service arrangements and that a one stop shop material purchasing system is a more efficient and cost-effective approach, which cannot be achieved using this type of framework

Option 2: Undertake a Sunderland City Council framework for a single supplier managed store

This option has been rejected as there is currently a regional Dynamic Purchasing System (DPS) that has been procured in-line with the Public Contracts Regulation 2015. The DPS will give the Council the flexibility to conduct a competitive competition with those suppliers that have successfully obtained a place on the DPS.

7. Impact Analysis

(a) **Equalities** - An Equality Impact Assessment will be completed in relation to the proposal.

(b) **Sustainability**

The outcomes from this framework agreement arrangement will align with the Council's City Plan and associated objectives within the City.

8. Other Relevant Considerations / Consultations

(i) **Co-operative Values** – In procuring its own framework agreement the Council will seek to promote social value through the procurement process.

(ii) **Financial Implications** – There are no financial implications in relation to the award of the contract for a managed store. The future costs of all material purchasing within the managed store agreement will be met from within the relevant services approved capital and revenue and contract budgets.

(iii) **Risk Analysis –**

- i) Not receiving enough interest in the contract opportunity. This is seen as low risk as the contract will be of interest to many suppliers based on previously known local procurement and tender processes
- ii) That the bidders for the framework will not have the required skills and qualifications. This is seen as low risk as the contract will be explicit on the requirements and expectations of all bidders and based on known previous procurement and tender processes undertaken all bidders were suitably experienced and qualified.

(iv) Legal Implications –

The procurement exercise for the establishment of the framework agreement will be carried out in accordance with the Public Contract Regulations 2015 and the Council's own Procurement Procedure Rules.

(v) Health & Safety Considerations – these will be considered as part of the procurement process.

(vi) Implications for Other Services – the framework agreement shall be accessible by all Council Services

(vii) Procurement – The procurement implications have been outlined in this report.