

Agenda

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Delegated Decisions of the Board Member, Housing Needs

Date: **Wednesday 5 October 2011**

Time: **12.00 pm**

Place: **Town Hall, St Aldate's**

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Delegated Decisions of the Board Member, Housing Needs

Board Member

Portfolio

Councillor Joe McManners

Housing Needs

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AGENDA

PART ONE

PUBLIC BUSINESS

Pages

1 DECLARATIONS OF INTEREST

Guidance on personal and prejudicial interests is attached to these agenda pages.

2 PUBLIC ADDRESSES

Members of the public may, if the Board Member agrees, ask a question of the Board Member on any item for decision on this agenda (other than on the minutes). The full text of any question must be notified to the Head of Law and Governance by no later than 9.30 am two clear working days before the meeting. Questions by the public will be taken as read and, at the Board Member's discretion, responded to either orally or in writing at the meeting. No supplementary question or questioning will be permitted.

The total time permitted for this item will be 15 minutes.

3 COUNCILLOR ADDRESSES

City Councillors may, at the Board Member's discretion, ask a question or address the Board Member on an item for decision on the agenda (other than on the minutes). The full text of any question and the nature of any address must be notified to the Head of Law and Governance by no later than 9.30 am two clear working days before the meeting. Questions by councillors will be taken as read and, at the Board Member's discretion, responded to either orally or in writing at the meeting. No supplementary question or questioning will be permitted. If an address is made, the Board member will either respond or have regard to the points raised in reaching her or his decision. If the address is by the Chair of a Scrutiny Committee or her or his nominee then the Board member will be required to say as part of their decision whether they accept the Scrutiny recommendations made.

4 BUILDING MATERIALS AND HEATING AND PLUMBING SUPPLIES

Lead Member: Councillor McManners

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Report of the Head of Direct Services

This report seeks project approval for the supply of building materials and plumbing and heating supplies to the Council and the award of the contract to Buildbase until June 2013 with the option of a further one year's extension.

5 MATTERS EXEMPT FROM PUBLICATION

If the Board member wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Board member to pass a resolution in accordance with the provisions of Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

The Board member may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

DECLARING INTERESTS

What is a personal interest?

You have a personal interest in a matter if that matter affects the well-being or financial position of you, your relatives or people with whom you have a close personal association more than it would affect the majority of other people in the ward(s) to which the matter relates.

A personal interest can affect you, your relatives or people with whom you have a close personal association positively or negatively. If you or they would stand to lose by the decision, you should also declare it.

You also have a personal interest in a matter if it relates to any interests, which you must register.

What do I need to do if I have a personal interest?

You must declare it when you get to the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you. You may still speak and vote unless it is a prejudicial interest.

If a matter affects a body to which you have been appointed by the authority, or a body exercising functions of a public nature, you only need declare the interest if you are going to speak on the matter.

What is a prejudicial interest?

You have a prejudicial interest in a matter if;

- a) a member of the public, who knows the relevant facts, would reasonably think your personal interest is so significant that it is likely to prejudice your judgment of the public interest; and
- b) the matter affects your financial interests or relates to a licensing or regulatory matter; and
- c) the interest does not fall within one of the exempt categories at paragraph 10(2)(c) of the Code of Conduct.

What do I need to do if I have a prejudicial interest?

If you have a prejudicial interest you must withdraw from the meeting. However, under paragraph 12(2) of the Code of Conduct, if members of the public are allowed to make representations, give evidence or answer questions about that matter, you may also make representations as if you were a member of the public. However, you must withdraw from the meeting once you have made your representations and before any debate starts.

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To: Board Member for Housing Needs
Date: 5th October 2011
Report of: Head of Direct Services
Title of Report: Award of Contract for the Supply of Building Materials and Plumbing and Heating Supplies to Oxford City Council

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Summary and Recommendations

Purpose of report: To grant project approval for the supply of building materials and plumbing and heating supplies to Oxford City Council and to recommend award of the contract to Buildbase.

Key decision? No

Executive lead member: Councillor J McManners

Policy Framework: An efficient and effective Council

Recommendation(s):

- 1) Grant project approval for the supply of building materials and plumbing and heating supplies.
- 2) Recommend that the contract is awarded to Buildbase until June 2013, with the option for a further years extension at the discretion of Procurement For Housing and the Director of City Services (in consultation with the Executive Member for Housing Needs).

1. Summary

- 1.1 This report sets out the procurement route that has been taken for purchasing building materials and plumbing and heating supplies.

2. Background

- 2.2 Oxford City Council currently has a contract with Buildbase, a locally based company that is part of the larger Grafton Group. Buildbase

supply building materials and plumbing and heating supplies to the Council and also, where appropriate, hold stock.

- 2.3 The existing contract expired at the end of August 2011 and has been extended until October 1st 2011, under the same terms and conditions, to accommodate the procurement process.
- 2.4 Previously, Oxford City Council's Procurement Team, with technical support from Oxford City Homes, has run the tendering process.
- 2.5 This time the procurement route was slightly different and both the Procurement Team and Direct Services Senior Management team agreed to use Procurement for Housing (PfH) to run the tender. The reason for this change of strategy was to investigate whether a professional housing consortium could drive out any additional efficiencies from the tender. It was also expected that, by PfH managing the tender, that there would be a reduced cost associated with the tender process.
- 2.6 The Council spends approximately £1.25million on building materials and plumbing and heating supplies every year.

3. Tender Process

- 3.1 The value of the contract necessitated an OJEU procurement process and PfH have compliantly tendered their framework of suppliers, therefore Oxford City Council were able to use the PfH framework to conduct a mini-competition between suppliers.
- 3.2 PfH determined the relevant financial and technical evaluation criteria and Suppliers had to demonstrate that they were technically and operationally competent and were able to meet the specification provided by Oxford City Council.
- 3.3 Four suppliers on the framework confirmed that they were able to meet the criteria listed in the tender documentation and submitted proposals to PfH.
- 3.4 PfH did an initial analysis of pricing and quality. A further evaluation panel was set up consisting of the Direct Services Stores Team, the Customer and Workforce Services Manager and a procurement officer. The purpose of the Council panel was to provide moderation for the PfH analysis and to invite the top 2 suppliers (company A and Buildbase) for an interview.
- 3.5 Prior to interview, company A provided the most competitive commodity pricing, however it was necessary for the Stores Manager to further analyse the scoring to ensure that PfH had compared like for like products. This further analysis meant that a great deal of further pricing clarification was requested from company A.

- 3.6 At interview Buildbase outperformed company A in most aspects – this was to be expected as they were obviously used to working with the Council. Company A failed to back up their excellent tender submission and the Council evaluation panel had to moderate the original scoring of company A down to reflect this. PfH procurement officers were present at the interviews and ratified this decision.
- 3.7 3 weeks after the interviews, company A failed to come back with the clarifications that the Council had requested on their pricing schedule. Of the other clarifications requested, the company also stated that it would not be able to support the Council's Living Wage policy.
- 3.8 The option of splitting the contract between the 2 suppliers was investigated by the panel, however, it was decided that the costs associated with 2 sets of contracts to manage and the duplication of invoices will not be financially efficient or in the best interest of the Council.

4. Savings

- 4.1 There are no savings associated with this contract as it stands. However, the new contract with Buildbase has agreed pricing which results in no price increase of the product range. This pricing will be held for 4 months.
- 4.2 Commodities on the building materials market have increased by 8% over the past year. By obtaining the best pricing through our combined leverage with PFH we are in the best position to be able to purchase our building materials at the lowest prices available to the market
- 4.3 Costs associated with transporting building materials are estimated to be in the region of 10% of the contract costs. Buildbase commit to absorbing the transport costs within their current pricing.
- 4.4 The new contract will not achieve savings for the Council but by managing the inflationary price rises on a 4 monthly basis instead of a monthly basis will deliver non cashable savings. These savings are due to staff not needing to update the pricing on the system as frequently.

5. Other Options

- 5.1 The Constitution and Procurement Commissioning and Supplier Strategy advises that the Single Member Decision Process considers what other options are available before giving major project approval and awarding a contract over 100K. These are detailed below.

5.2 Continue as we are

The current building materials and plumbing and heating supply contract expired at the end of August 2011 and has been extended until October 2011 to accommodate the current procurement process. To remain compliant and ensure best practice in providing value for money, the Council is obliged to make provision for a replacement contract.

5.3 Use an Existing Contract, set up by another organisation

There is no suitable contract that meets the needs of Oxford City Council.

6. **Benefits of this Contract**

6.1 By awarding the contract to Buildbase, the Council has no additional costs associated with the set up of a new supplier.

6.2 The Council has worked with Buildbase for the past 6 years and knows that the company are capable of delivering the contract objectives. The Council evaluation panel is also confident that the relationship between the Council and Buildbase can improve further and possibly drive out new efficiencies concerning stock holding and the investigation of more cost effective products as an alternative to branded items that are currently more commonly used.

6.3 Operational benefits include:-

Buildbase will

- Hold all stock items for same or next day delivery.
- Provide a facility for emergency orders outside of normal office hours.
- Provide an Oxford City based collection point to enable Council staff to collect stock items on an as needs basis.
- Fix prices for 4 months, providing evidence of benchmarking of prices against market rates.

6.4 By carrying out a mini tender via PFH and awarding a new contract the Council is ensuring it is compliant with the EU Procurement regulations.

7. **Financial Implications**

7.1 The Housing Revenue Account has budget provision to fund the repairs and maintenance of its stock. This necessitates purchases associated with building materials and plumbing and heating supplies.

8. Legal Implications

8.1 There are no legal implications associated with this contract.

9. Risk Management

Risk	Likelihood	Mitigation
Preferred supplier experiences financial difficulties as a result of the decline in the construction market	M	This risk applies to every construction reliant company in the UK. If the company goes into liquidation there are several other companies that would be able to supply products to the council. Regular financial monitoring will be conducted.
Contract no longer satisfies Oxford City Council needs.	L	This is a call off contract. Oxford City Council are able to exit the contract and make alternative arrangements at any time.

10. Climate Change/Environmental Impact

10.1 Buildbase is located locally, minimising the transport impact on the environment.

11. Equalities Impact

11.1 Buildbase support and adhere to the Council's Living Wage Policy.

11.2 Tenants will be able to benefit from certain discount schemes administered by Procurement for Housing.

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List of background papers:

Version number:1

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