

Report of: Business Manager, Oxford Building Solutions

To: Executive Board

Date: 20th February 2006

Item No:

Title of Report : Contract for The Supply of Electrical Materials to Oxford City Council



Summary and Recommendations



Purpose of report: Request major project approval to award a contract for the supply of electrical materials to Oxford City Council.

Key decision: YES

Portfolio Holders: Councillors Ed Turner and Bill Baker

Scrutiny Responsibility: Housing Scrutiny Committee



Ward(s) affected: All

Report Approved by: Oxford Building Solutions Business Manager, Graham Bourton, Dave Higgins – Finance, Lindsay Cane – Legal Services.



Policy Framework:



Recommendation(s):



That the Executive Board agrees to:



1. Grant major project approval for the purchase of electrical supplies to a value of £500,000 a year for use by Oxford Building Solutions.



To award the contract to Wilts Electrical Ltd for 1 year with the option to extend the contract for a further year. The Supplier has been selected following a competitive selection process conforming to the European procurement regulations.



Background –

1. At Oxford Building Solutions the workload of the electricians to comply with the decent homes programme has resulted in an increase in rewires and purchase of electrical components/materials. Currently OBS uses a number of electrical suppliers and prices are checked on a regular 3-month basis to ensure suppliers supply at competitive market prices.
2. The increase in workload means that if all electrical components/materials are purchased through one supplier the annual spend would be circa £500k. This level exceeds the European contract value threshold of £144k. OBS has therefore put the supply of electrical materials out to tender using the EU procurement regime and wishes to award a contract to one supplier starting on 1st April 2006. The proposed contract award supports the Council's Procurement Strategy and meets the requirements of the E.U. Directives.
3. The contract tender prices are set until April 2007 with the exception of cable. The tender prices are currently 2-3% above what we currently pay for our stocked items however have been priced by the suppliers' to include all price rises over the next 15 months. The market price of electrical materials is rising increasingly at present primarily because of the demand for commodities such as copper. We have seen a 10% rise for copper containing components/materials of the last 12 months. The 2-3% rise for this contract means that we will be able to contain prices within 06/07 FY budget proposals and not have to deal with any additional price rises.
4. The pricing between first and second tender (Supplier 1 and 2 on the attached Appendix) is very close and both sets of pricing are extremely competitive. The pricing offered by Supplier 1 is marginally higher than Supplier 2 but on the expected annual purchases will be less than £5k a year more expensive than Supplier 2. The other two tenderers submitted considerably higher prices, see Appendix 2.
The quality score of Supplier 1 was better than Supplier 2 and this has been confirmed in their offer which includes a range of operational advantages to the unit. The tender offer of Supplier 1 offers efficiencies to the stores service and proposals to reduce operational costs longer term. A summary of the advantages are as follow :
 - Prices can be contained within proposed budgets.
 - On line ordering resulting in a single weekly/monthly invoice. Resulting in a reduction of invoices to process and archive.
 - Supplier 1 can support OBS with the delivery of goods to site and over the counter issues weekdays until 17:30.
 - Supplier 1 will hold up to 6 weeks worth of ring-fenced stock on our behalf reducing the need for this to be held within the OBS stores.
 - Supplier 1 scored highest on quality and demonstrated a much greater range of improvements to assist us with delivering our stores function and streamlining our processes.

Supplier 1 is Wilts Electrical. Taking into account both pricing and quality the evaluation panel agreed unanimously that to recommend that the contract be awarded to Wilts Electrical.

Timetable

5. Subject to approval the timetable will be as follows:
- 28th February 2006 – Award Tender.
 - 7th March 2006 pre-contract meeting around contractor performance.
 - 7th March to 31st March contract lead in and setting up arrangements
 - Tender start date 1st April 2006.

Financial implications -

6. The contract award will contain inflation increases to within the existing budget proposals.

Appendices -

7. Appendix 1 – Tender Scoring
8. Appendix 2 – Financial Profile Cost Comparison

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