

To: City Executive Board
Date: 23 January 2018
Report of: Managing Director Oxford Direct Services
Title of Report: Award of Kitchen Contract

Summary and recommendations	
Purpose of report:	To seek project approval and delegated authority for the Executive Director of Sustainable City to award a contract for the Supply of Kitchen Units, Worktops and Accessories.
Key decision:	Yes
Executive Board Member:	Councillor Mike Rowley, Housing
Corporate Priority:	Meeting Housing Need
Policy Framework:	Housing Strategy
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Give project approval for the Supply of Kitchen Units, Worktops and Accessories; and 2. Delegate to the Executive Director of Sustainable City, authority to award a contract for the Supply of Kitchen Units, Worktops and Accessories to the Council. 	

Appendices	
Appendix 1	Risk Register

Introduction and background

1. The Council replaces the kitchens in their stock of approximately 8000 properties on a rolling replacement programme and also provides day to day maintenance to maintain high standards to tenants. The spend is approximately £300,000 per annum on kitchen units, worktops and associated accessories and Premiere Kitchens have supplied the Council for over 10 years. A solid relationship exists and the Council are very happy with the quality of the products provided.
2. The existing supply route involves direct delivery from Premiere Kitchens but invoices come from Jewsons who hold a contract for the Supply of Building Materials to the Council. Historically this option was taken to ensure OJEU compliance and maintain continuity of supply. There is however a charge for the invoicing services from Jewsons to cover the cost of invoicing only. The Council can terminate this agreement by giving 1 month's notice and implement a new contract on 1st March 2018.
3. This report sets out the potential for considerable cost savings by simply changing the invoicing route and making a compliant Direct Award through an existing framework agreement.
4. The proposed contract value is £1.2 million.

Procurement process

5. LHC is a leading provider of free-to-use framework agreements used by local authorities, social landlords and other public sector bodies to procure works, products and services for the construction, refurbishment and maintenance of social housing and public buildings.
6. The LHC Framework for Supply of Kitchen Units and Worktops has Premiere Kitchens listed as a supplier.
7. A benchmarking exercise was completed using existing pricing, potential LHC pricing and usage figures obtained directly from Premiere Kitchens for the year commencing 1 November 2016. The results indicated significant savings against current costs as outlined in the table below.
8. Officers recommend approving the project and awarding a 4 year contract to Premiere Kitchens through the LHC Framework for the Supply of Kitchens, Worktops and Accessories. Key reasons behind this recommendation are as follows:

Other benefits of awarding the contract through the LHC framework include:

- A potential £45,000 saving per annum is available with relatively little input required by OCC.
- OCC should see a seamless transition as it is only the invoicing process that will change.
- A strong existing relationship exists between OCC and Premiere Kitchens.
- A large proportion of the housing stock contains a Premiere Kitchen installation.
- A large stock of units, accessories and spares is held at Stores and on operatives van stocks.
- OCC employees are proficient in installing, repairing and maintaining a Premiere Kitchen.

- The other option of looking for a replacement manufacturer would incur additional costs due to the following:
 - Existing Contracts Managers have Premiere Kitchens design software and are familiar with designing and specifying a kitchen that Premiere Kitchens can manufacture quickly and efficiently.
 - A new kitchen unit design would need to be integrated into the existing stock over a long period of time, therefore requiring extra storage space.
 - Spares would need to be carried for 2 different ranges.
 - A whole kitchen may need replacing even if only 1 unit is beyond repair.

Financial implications

9. The following table provides a summary of the benchmarking exercise:

	Existing costs	LHC proposed costs	Saving	% saving
Units	£248,196.79	£206,729.77	£41,467.02	16.71
Accessories	£72,905.46	£68,639.90	£4,265.56	5.85
Totals	£321,102.25	£275,369.67	£45,732.58	

The exercise highlighted the potential to save approximately £45,000 per annum by procuring through the LHC Framework as opposed to the existing arrangement. This equates to a potential saving of £180,000 over the proposed life of the contract which would reduce the cost of building works operations in Oxford Direct Services.

Level of risk

10. A Risk Register is attached at Appendix 1.

Equalities impact

11. An Equalities Impact Assessment is not deemed necessary for this project.

Report author	Matthew Stevenson
Job title	Contracts and Procurement Specialist
Service area or department	Financial Services
Telephone	01865 252535
e-mail	mstevenson@oxford.gov.uk

Background Papers: None