

Finance and Resources Committee

10.00am, Thursday, 9 December 2021

Award of Contract for Trade Materials and Commodities for Housing Property

Executive Wards	Executive
Council Commitments	All
	2, 3 and 7

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Approves the award of a contract to Travis Perkins Trading Co. Ltd. for the supply and delivery of trade materials and commodities to support the Council's reactive and planned maintenance works to the Council's domestic estate. The estimated value of the contract is £8m to £10m per annum;
 - 1.1.2 Notes the contract commencement would be 1 April 2022 for a period of seven years with the option to extend for a further three years; and
 - 1.1.3 Notes the contract values above are reflective of estimated future pipeline of material requirements and that the value may fluctuate, subject to demand. The contract can also be utilised by other public funded bodies in the Lothian region and the spend reflects a 10% increase in estimated spend to accommodate the future potential of this.

Paul Lawrence

Executive Director of Place

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Award of Contract for Trade Materials and Commodities for Housing Property

2. Executive Summary

- 2.1 This report seeks Committee approval to award a contract to Travis Perkins Trading Co. Ltd for the provision of trade materials and commodities following a competitive procurement process.
- 2.2 The contract to commence on 1 April 2022 for a period of seven years with the option to extend for a further three years.
- 2.3 The estimated value of the contract is between £56m and £70m over the seven-year duration of the Framework.

3. Background

- 3.1 The Council has an operational estate of approximately 20,000 homes with a significant and diverse range of property types, usage and tenure.
- 3.2 Annually approximately 130,000 repairs are carried out to these properties which include Planned Preventative Maintenance (PPM)/Cyclical Maintenance; Reactive Repairs and Capital Works.
- 3.3 The Council employs a range of tradespersons to meet the above repair and maintenance and works requirements and require the provision of an external organisation to provide the materials and commodities needed to undertake the works.
- 3.4 The current Trade Materials and Commodities Contract expires on 31 March 2022. To ensure compliance with the Council's regulatory obligations, the procurement of a replacement contract was necessary. It was recognised that the replacement contract had to ensure flexibility for both the Council and the tenderers due to ongoing volatility of the materials due to the impact of the current pandemic and Brexit.

4. Main report

- 4.1 Commercial and Procurement Services (CPS), in conjunction with Housing Property, undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal on 30 June 2021.
- 4.2 There were 21 notes of interest in the contract with all organisations being able to download the full Invitation to Tender which was attached to the notice. The majority of the notes of interest were from organisations who were unable to fulfil the full scope of the requirement.
- 4.3 Two organisations submitted returns by the closing date of 20 September 2021. Organisations available within the market who have suitable experience, capacity and capability to deliver the wide range of materials and commodities are very limited therefore it was expected that response levels would be low.
- 4.4 The two returned bids were fully compliant with the Council's mandatory checks in terms of business probity, financial capacity, grounds for exclusion and legal requirements such as health and safety.
- 4.5 The Invitation to Tender stated that the contract would be awarded on the basis of the most economically advantageous tender, with 60% of the overall score being based on quality and 40% based on price.
- 4.6 The Key Performance Indicators (KPIs) built into the contract allow the Council to monitor performance and quality throughout the duration of the contract.
- 4.7 The two tender submissions received were evaluated individually by the four members of the evaluation panel.
- 4.8 There were 12 quality evaluation criteria, each having different applied percentages (see Appendix 1). These were scored between 0 and 10 in accordance with the evaluation criteria scoring definitions included in the tender instructions issued to the tenderers.
- 4.9 Along with a written tender submission, the tenderers also gave a presentation which sought responses to the remaining award criteria. This presentation gave the tenderers the opportunity to demonstrate their approach and proposals to those who would be utilising the contract on a daily basis to fulfil their duties. The presentation was attended by trades operatives, the Trade Unions and the evaluation panel.
- 4.10 Quality evaluation criteria scores were reviewed, and a consensus score reached for each element. The appropriate weighting was then applied to each of the individual evaluation criteria to arrive at a final weighted quality score.
- 4.11 On completion of the quality analysis, it was confirmed that both bids had achieved the minimum 60% threshold for the quality element and were then subject to price cost analysis.
- 4.12 The 40% price was sub divided across the following price elements:
 - 4.12.1 Core Materials – materials which the bidder must provide a price for which is fixed and subject to annual increase in line with Consumer Price Index

(CPI). These products must be available immediately at the time of purchase as they are the highest utilised products and critical to service delivery.

4.12.2 Core Volatile Materials – materials which are currently considered to be cost volatile. Tenderers submitted a percentage mark up on the cost at the time which the Council purchases. These products must be available immediately at the time of purchase as they are the highest utilised products and critical to service delivery.

4.12.3 Non-Core Materials - materials which are considered 'specials' and not typically purchased products. The tenderers submitted a percentage mark up on the cost at the time which the Council purchases.

4.12.4 Rebate – a percentage applied to the annual spend through the contract which is returned to the Council as a rebate. This includes spend made through other public funded bodies which are permitted to utilise the contract.

4.12.5 Delivery Charges – a price added on to the cost of an order for delivering to site.

4.13 The quality scores were then combined with the scores from the cost analysis to derive an overall award to each bidder out of a maximum of 100%, the recommended tenderer achieved a total score of 82.95.

5. Next Steps

5.1 Subject to Committee approval, and completion of the required standstill period, the award of the contract will be completed.

5.2 To ensure the Council is able to maximise the financial and non-financial benefits of the framework, including the delivery of community benefits. A contract management plan is being put in place which will robustly manage the contract and ensure the desired outcomes are achieved.

6. Financial impact

6.1 The estimated value of the contract is between £56m and £70m over the seven-year duration of the Framework, with an estimated value of £8m to £10m per annum.

6.2 The estimated contract value is reflective of estimated spend through maximisation of internal resource and the scope of works may fluctuate subject to demand. Contract spend will be monitored on an ongoing basis.

6.3 The budget will be met from a range of Housing Capital Budget and Housing Revenue Account (HRA).

- 6.4 Spend rebate of between 1% and 4% of the overall annual contract spend is currently forecast, again depending upon the level and nature of the Council's spend.
- 6.5 The costs associated with procuring this framework are estimated to be between £20,000 and £35,000.

7. Stakeholder/Community Impact

- 7.1 Robust KPIs have been included within this contract which will help ensure strong contract management throughout the duration of this contract, providing protection to the Council and ensuring the continuity of service. Contract management training has been arranged for officers to ensure best practice for the Council.
- 7.2 The preferred tenderer has also committed to providing the following Community Benefits and environmental initiatives:
- 20 weeks of work experience placements per annum with a commitment to work with the Council's approved work initiative provider to provide work placements to the long term unemployed into and then move individuals onto suitable full-time employment within the group;
 - Two apprenticeships per annum;
 - A Community Legacy Fund, which will see 1% of annual turnover from this contract reinvested in local community initiatives (estimated at £80,000 per annum);
 - Planting an estimated 430 trees per year in the Edinburgh area to offset the carbon footprint that is created by the store's operation; and
 - Vehicles involved in the delivery of services to all be electric vehicles by the end of year two.
- 7.3 Travis Perkins Trading Co. Ltd have committed to paying the Real Living Wage to all employees on the contract and will not utilise zero-hour contracts.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Trade Materials and Commodities	
Contract period (including any extensions)	10 years	
Estimated Contract Value (including extensions)	£80,000,000 - £100,000,000	
Procurement Route Chosen	Open Procedure	
Tenders Returned	2	
Name of Recommended Supplier(s)	Travis Perkins Trading Co. Ltd	
Price / Quality Split	Price 40%	Quality 60%
Evaluation criteria and weightings and reasons for this approach	Price	40%
	Core Materials	55%
	Core Volatile Materials	15%
	Non-Core Materials	20%
	Delivery Charges	2.5%
	Rebate	7.5%
	Quality	60%
	Contract Delivery Team	10%
	Mobilisation of the Contract	10%
	Contract Delivery Solution	20%
	Information Technology	10%
	Maximising Efficiencies and Value Engineering	5%
	Presentation	10%
	Invoicing and Supply Chain Payments	5%
	Dispute Resolution and Complaints Procedure	5%
	Fair Work Practices	5%
	Community Benefits	5%
	Business Continuity and Resilience	10%
	Approach to Environmental Requirements	5%

Evaluation Team	Evaluated by technical officers from Housing Property and Digital Services
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