

ABERDEEN CITY COUNCIL

COMMITTEE	Communities Housing & Infrastructure
DATE	25 August 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Request for approval of expenditure for Plumbing & Heating supplies through the submission of a Mini Bid on Scotland Excel – Supply and Delivery of Plumbing and Heating Materials
REPORT NUMBER:	CHI/16/176
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report advises Committee of the intention to issue a Mini Tender for the provision of plumbing/heating supplies, which in the main will be used for Housing Response Maintenance Work.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- (a) in accordance with regulation 4.1.1.4 of the Council's Procurement Regulations, approve the estimated expenditure of up to **£6.90**million under the framework agreement over a 4 year period for plumbing/heating supplies for Housing Response Maintenance Work and Capital Programme for Central Heating Installations; and
- (b) Instruct the Head of Commercial and Procurement, under regulation 4.2.2 of the Procurement Regulations to designate the required Delegated Procurer(s) within the service in order to set in place and utilise the sole award agreement applicable to each Lot that will result from the Mini Bid exercise which will be conducted on Scotland Excel – Supply and Delivery of Plumbing and Heating Materials

3. FINANCIAL IMPLICATIONS

The 3 Year Housing Revenue and Capital budgets approved by Council on 3 December 2015 included provision for:

Repairs & Maintenance

2016/17 - £24.746 million
2017/18 - £25.323 million
2018/19 - £25.914 million

Capital Works (Net programme)
2016/17 - £43.473 million
2017/18 - £42.792 million
2018/19 - £26.835 million

The recommendation is to create procurement agreements from delegated powers to ensure a robust assessment framework is in place for the awarding of contracts which will ultimately be funded from these budget headings, and that Best Value is achieved in the use of Council tenants' funds.

4. OTHER IMPLICATIONS

Equalities

The supply provision covered by this report is for Plumbing and Heating materials. There are no direct or indirect implications regarding EHRIA on any outcome to this report.

Health and Safety

The contracts implementation will follow appropriate Health and Safety Regulations and Policy.

Privacy Impact Assessment

Not Applicable

5. BACKGROUND/MAIN ISSUES

Building Services procure numerous supplies, services and works contracts for the repair, maintenance and upkeep of the Councils housing stock. In addition, Building Services procure materials for works undertaken on Council property, for in-house contracts through Land & Property Assets and for external organisations when successful in tendering exercises.

The anticipated volume of spend, taking into account previous spend experienced, for the 4 year period from 1st April 2016 to 31st March 2020 is forecast at £6.90million. In order to ensure the contracts / frameworks that are available are fit for purpose, an additional 10% uplift will be included in the Contract Notice bringing the maximum spend through this agreement to £6.9 million.

STOCK MATERIAL	Supplies Financial Years				4Yr Total	Plus 10%
	16/17	17/18	18/19	19/20		
Response Materials	£1,500,000	£1,537,500	£1,575,938	£1,615,336	£6,228,774	£6,851,651

Scotland Excel Framework Agreement – Supply and Delivery of Plumbing & Heating Materials

It should be noted by committee that the 10% uplift is being applied on the 4 year total in the table to accommodate value of unscheduled projects. This basis is deemed realistic to accommodate as the majority of spend will be through Scotland Excel Framework agreements with which there is no guarantee of spend.

Proposed Route to Market

Sanitary ware, central heating and plumbing stock materials are currently procured through Scotland Excel Framework Agreements either by direct call off or through mini competition and it is our intention to continue using this route.

The Suppliers who were awarded onto the Scotland Excel Supply and Delivery of Plumbing and Heating Materials have local outlets to provide for any plumbing/heating materials supply to Aberdeen City Council.

6. IMPACT

Improving Customer Experience –

Internal customers: Architects, Asset Management, Facility Management, Housing, Roads, Grounds, Bon Accord Care and External customers: Tenants, Owners, Aberdeen University. – This procurement will allow Response times to be met/ maintained due to the availability of materials in a short turn-around from compliant frameworks which are immediately available to our service. It will also allow us to react quickly to emergency situations which may arise. Cost transparency information will be built into the tenders.

Improving Staff Experience –

Internal staff (Contract Managers, Operational Teams, and Stores) will be provided with compliant frameworks for selecting Suppliers/ Materials to meet their construction requirements.

Improving our use of Resources –

Cost transparency and estimating will be improved as a result of this framework. Aim is for sole supplier to be awarded to allow clear streams of money transfer to be viewed. This will aid Oxygen in offering improved payment terms for large scale spends to realise potential rebates.

Corporate -

Within “Aberdeen – the Smarter City”, the Council’s policy document for 2012-2017, the following policy targets are set out:

Smarter Living (Quality of Life):

We will provide quality services to our council tenants to enable them to have a dry, warm home in a safe and enjoyable environment.

The recommendation meets the National Outcome Measure 15

- Our public services are high quality, continually improving, efficient and responsive to local people's needs

Public –

This paper is relating to procuring a new contract within:

Existing approved expenditure

Utilising the current Scotland Excel awarded framework for Plumbing and Heating materials

ACC Building Services carry out approx. 110,000 response repair jobs per annum with an overall annual value of around £14.5m.

In Fin Yr. 15/16:

Plumbing jobs: 24,933Nr account for 22.67% of the above works.

Value £2.4m or 16.5% of total income

Heating jobs: 1,874Nr account for 1.70% of the above works.

Value £2.375m or 16.38% of total income

Combined value accounts for almost a third of overall income.

Plumbing/Heating materials are worth approx. £1.5m spend per annum.

Proposal is to carry out a Mini Bid for Plumbing and Heating Materials through Scotland Excel's Supply and Delivery of Plumbing and Heating Materials framework.

Aims for Aberdeen City Council:

- Attain a sole/main supplier for Plumbing and Heating materials
- Reduce Admin costs for Purchase Orders / Invoices.
- Increase stores efficiencies
- Create ability for Oxygen to seek additional rebates in line with annual expenditure and agreed payment terms.
- Possible reduction in material costs
- Possible reduction in charge tenant costs for rechargeable items /work.
- Apply further strategy if Capital Programme dictates additional plumbing/heating projects. (Please note SHQS complete for bathroom upgrades – warmer homes still a requirement)
- Achieve Best Value for plumbing and heating materials

Additional strategy can be considered e.g. bulk buying if market trends dictate - copper prices can be volatile.

The Suppliers who were awarded onto the Scotland Excel Supply and Delivery of Plumbing and Heating Materials have local outlets to provide for any plumbing/heating materials supply to Aberdeen City Council.

The supply provision covered by this report is for Plumbing and Heating materials. There are no direct or indirect implications regarding EHRIA on any outcome to this report.

7. MANAGEMENT OF RISK

By seeking approval in this manner we are meeting the Council's internal requirements and reducing risk of breach of the Procurement Regulations. We are also ensuring a transparent and open process of instructing works by using a framework and mini tender process that will help demonstrate best value in the use of public funds. These actions reduce the likelihood of challenge to an award or criticism from internal audit or external oversight bodies.

Orders will be provided to suppliers in line with the processes employed through Building Services QMS ISO9001:2008.

Oxygen will be informed of award to allow an invitation to be made to successful supplier(s) inviting their participation with the Supplier Incentive Scheme. The Scheme has payment plans which allow for additional rebates to be agreed in relation to Aberdeen City Council spend.

8. BACKGROUND PAPERS

N/A

9. REPORT AUTHOR DETAILS

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