

RECORD OF EXECUTIVE DECISION

Tuesday, 15 November 2016

Decision No: (OD 16/17 18109)

DECISION-MAKER:	OFFICER DECISION MAKING: HEAD OF CAPITAL ASSETS
PORTFOLIO AREA:	HOUSING AND ADULT CARE
SUBJECT:	MATERIALS SUPPLY CHAIN CONTRACT
AUTHOR:	Mark Mullen

THE DECISION

Approved the direct award of a bespoke two year and an optional one year extension Call-off managed service supplier contract with Travis Perkins via Lot 5 of the Cirrus Framework Agreement and for this supplier to be co-located within Southampton City Council's Housing Operations Nursling warehouse and offices.

REASONS FOR THE DECISION

1. Will enable Southampton City Council to drive greater efficiencies by increasing the optimisation of its operations through the co-location with its material supplier and achieve essential cost savings. These are set out in Option 5 page 38 of Appendix 1 to this report.
2. Southampton City Council would receive the latest Market Prices and Value for Money (VfM).
3. Operationally – SLA and stringent KPI's which the successful supplier will be accountable to perform to.
4. Help mitigate existing inefficiencies and potential risks which exist in current arrangements. Solutions include: van optimisation; reduction in manual invoicing and administration activities; increase in operative productivity; dedicated material storage facility improving stock availability; etc (See Savings Stream document contained within the attached Appendix 2 and risk map on page 40 of Appendix 1)
5. Provide greater consistent service standards and specification. This includes, by virtue of better availability and access to commonly required materials: increasing the number of jobs completed on the first visit; reducing the number of appointments with tenants/customers; fewer delays in sourcing materials to complete repair jobs, etc.
6. A best value for money solution to SCC through a more streamlined processing and enhanced economy of scale by the award to a single provider.
7. This Framework will comply with SCC Legal requirements.

8. Cirrus will produce an annual report outlining the result of a benchmarking activity, making sure that Travis Perkins prices maintain their current competitive edge in the wider market.
9. Improve management information via coordinated KPI's built into the framework agreement; Improve management information via usage reporting for all Materials ordered via the framework.
10. Travis Perkins' IT system integrates with Total and so there should not be any extra costs for integrating with SCC's Total Repair ordering system.
11. Travis Perkins was rigorously and competitively assessed by Cirrus during the OJEU procurement process for their financial stability, competitiveness, track record, experience and technical & professional ability, and awarded first ranking position in the Cirrus framework.
12. The Framework offers comprehensive range of products with the added managed services operation (LOT 5) which fully meets Housing Operations requirement.
13. The charge by Travis Perkins under the governance of the Cirrus Agreement for the cost of managing the material process is inclusive of any delivery charges to the Managed Store, fully transparent and without any hidden extras.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. These are set out in detail in Appendix 1 pages 35 -37 and are set out in the following paragraphs.
2. Extend current (now past) contract with Wolseley: Wolseley was the previous incumbent supplier. However, this possibility has long since expired.
3. Full OJEU Tender process:
Full procurement process utilising either the Open Procedure, Restricted Procedure or Competitive Dialogue would have taken time to complete and in any event may not have been appropriate. The timings involved in delivering this option would not have allowed Housing Operations to meet the deadline of the end of July to relocate from its Shirley Depot to its new current depot at Nursling.
4. Mini competition via a pre competed Crown Commercial Service Framework Agreement RM3747:
One stop shop material supply arrangement together with a co-location of the material supplier within the same premises as the Council. However, the time involved in carrying out a mini-competition would delay the Council in achieving any potential savings and did not guarantee that we could make the level of savings needed.
5. Bespoke call off contract through Pretium Framework Agreement:
The same one stop shop supply arrangement but through the Pretium Framework with a five year contract period and two year extension facility. However, we were unable to proceed with this option because the framework could not obtain the characteristics necessary for OJEU compliance.
6. In-house delivery model:
The cost savings are not as evident as those available through the Travis Perkins Call-off contract under the Cirrus framework. Particularly as this includes an additional upfront cost of £345k for set-up of the material storage area of the warehouse and the extra offices.

7. Bespoke 5 year + 2 year extension option call off contract through the Cirrus Framework Agreement:
 This option potentially generates the greatest amount of savings. However, the five year commitment may restrict the flexibility of this interfacing with the Council's future corporate plans.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

Following the publication of the report concerns were raised by a member of staff and Unison that due consideration of an in house operation had not been carried out.

These concerns were properly considered and found not to warrant changing the decision set out in the report as there had had been robust challenges to the nature of the decision on a number of occasions that indicated that this option was the most suited to Council requirements.

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 15 November 2016

Decision Maker: Head of Capital Assets

Proper Officer:
 Ed Grimshaw

SCRUTINY

Note: This decision will come in to force at the expiry of 5 clear days (as set out in the Constitution) from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by <i>(if applicable)</i>
Results of Call-in <i>(if applicable)</i>