



CABINET

Tuesday 2 February 2021

BUILDING MATERIALS SUPPLY CONTRACT

EXECUTIVE SUMMARY

1. East Suffolk Council has retained social housing stock of around 4,500 properties for rent, generating around £20m per annum income to the Housing Revenue Account (HRA). The HRA is ringfenced and can only be used for the provision of housing, new developments, maintenance and other services on behalf of tenants.
2. East Suffolk Council has various workstreams in place to undertake a wide range of maintenance, refurbishment and improvement programmes to its social housing stock. Many of these workstreams are undertaken by the Council's retained in-house workforce, keeping homes in good condition for its tenants.
3. In order to undertake necessary and ongoing repair and maintenance activities, there is clearly a need to purchase a wide range of building materials. The current building material supplies contract will expire in 2021.
4. This report seeks permission to re-procure a new contract for the supply of general building materials, in accordance with contract procedure rules and procurement legislation. The value of such a contract will be above the key decision threshold of £250k and therefore requires Cabinet approval.

Is the report Open or Exempt?	Open
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Wards Affected:	All
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Cabinet Member:	Councillor Richard Kerry Cabinet Member with responsibility for Housing
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Supporting Officer:	John Brown Housing Maintenance Manager Tel. 01502 523592/ 07748 146760 John.brown@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 East Suffolk Council has a retained social housing stock of circa 4,500 units of accommodation. Rental income generates approximately £20m per annum. This income is ringfenced to finance all HRA activities for the management, maintenance and provision of housing. Annual budgets are provided for the ongoing maintenance, improvement and refurbishment of the housing stock in the region of £7.5m per annum.
- 1.2 Within the latter, various workstreams are funded through budgets provided, such as statutory compliance (for example, electrical safety checks), responsive maintenance, void property refurbishments and planned programmes such as kitchen and bathroom replacements, re-roofing, replacement paths, reconversion projects etc.
- 1.3 All works undertaken require the ability to purchase a wide range of building material products including, but not limited to, timber, plaster, plasterboard, cement, bricks, blocks, roof tiles, drainage items etc.

2 BACKGROUND

- 2.1 The existing building material supplies contract, currently held by the local branch of the UK subsidiary of a multinational building supplies company, is due to expire in 2021. There remains the critical need to continue obtaining general building materials in order to be able to efficiently maintain the HRA properties in future, ensuring homes remain in good condition and are suitably modernised in line with current living requirements. As such, a new contract will need to be procured in line with relevant legislation.
- 2.2 The historic spend on the purchase of building materials through this contract is recorded as £252k per annum, based on spending over the last three years.
- 2.3 Noting the ongoing requirement in future years to maintain our housing stock, a 3 +1+1 year contract period would seem appropriate. As such, a potential spend in the region of £1,260m can be expected over the next 5 year period.
- 2.4 The Council's Standing Orders identify a spend level of £250k (or greater) to be a key decision, therefore requiring prior Cabinet approval.
- 2.5 This report seeks permission to undertake a compliant tendering process, or find an existing compliant procurement framework agreement, to enable the HRA housing stock to continue to be repaired and maintained to a high standard.

3 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?

GROWING OUR ECONOMY

- 3.1 The repair and maintenance of the HRA stock results in an annual spend of some £7.5m, of which some £252k is spent annually on the local purchase of routine building supplies. The repair and maintenance of the housing stock is undertaken by a workforce of some 90 building trades and further management and support staff. The operation as a whole, and the financial flow it generates, results in significant financial benefit to the local economy.

ENABLING OUR COMMUNITIES

- 3.2 The Council retains a stock of some 4,500 properties for rent. These properties contribute to meeting a substantial and growing demand for affordable homes and support a

corresponding number of households, many on very low incomes. In so doing, the Council's housing service makes a vital contribution to the diversity and strength of local communities.

REMAINING FINANCIALLY SUSTAINABLE

- 3.3 The HRA is a ringfenced account funded by the rent paid by HRA tenants. Ensuring that HRA properties are repaired promptly and maintained in good condition reduces the time properties need to be kept vacant in which state they result in a cost through, for example, lost rent and increased costs of deterioration.

DELIVERING DIGITAL TRANSFORMATION

- 3.4 The delivery of the HRA repair and maintenance activity is currently the subject of a transformation project to introduce digital technology and remove the previous, largely paper-based, works orders process. This is currently a work in progress, but it is already transforming the way the service operates.

CARING FOR OUR ENVIRONMENT

- 3.5 The building supplies contract provides a further opportunity to further the Council's commitment to put the environment at the heart of everything it does. In the procurement of this contract, the Council will seek to contract with a supplier with like-minded aspirations and subsequently will apply this principle, wherever possible, in the purchase of materials that are sustainable (for example, sustainable timber).

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 Any expenditure greater than £250k is a key decision requiring prior Cabinet approval. Expenditure for works to the housing stock is funded through the HRA. Appropriate budgets for delivery are in place and planned for future years to allow the Council to fulfil its obligations under the Landlord and Tenant Act 1985. Maintaining homes in good order is an essential part of the Council's legal duty under the Landlord and Tenant Act 1985.

5 OTHER KEY ISSUES

- 5.1 This report has been prepared on the understanding that an Equality Impact Assessment is not necessary. The report seeks to replace an existing supply contract that will help deliver a range of works for all tenants based upon need. Individual programmes of work will consider EIAs before delivery.
- 5.2 Tenant safety is of paramount importance to the Council. It is therefore essential that we can undertake necessary works to maintain homes in good and safe condition.

6 CONSULTATION

- 6.1 Not appropriate. The contract will support delivery of work programmes where appropriate consultations are undertaken.

7 OTHER OPTIONS CONSIDERED

- 7.1 All works necessary will require some degree of material purchases. As such no other alternative options are available.

8 REASON FOR RECOMMENDATION

- 8.1 To allow the continued repair, maintenance, improvement, and refurbishment programmes to our retained housing stock, ensuring it remains in good order and that the Council can comply with its legal duty under the Landlord and Tenant Act 1985.

RECOMMENDATIONS

That the procurement of a new contract for the supply of general building supplies be approved and delegated authority be given to the Strategic Director, in consultation with the Cabinet Member with responsibility for Housing, the Head of Legal and Democratic Services and the Section 151 Officer, to award a three year contract with an option to extend (1 year, plus 1 year) with an estimated contract value of £1,260m, in line with the Council's Contract Procedure Rules (inclusive of EU procurement legislation) and subject to terms that both protect the Council's interests and support the delivery of its Strategic Plan.

APPENDICES – None

BACKGROUND PAPERS – None