

EAST RENFREWSHIRE COUNCILCABINET9 SEPTEMBER 2021Report by Director of EnvironmentKITCHEN SUPPLY CONTRACT – PROPOSED VARIATION**PURPOSE OF REPORT**

1. The purpose of this report is to seek Cabinet approval to apply a variation to the current kitchen supply contract to include installation as permitted under contract.

**RECOMMENDATIONS**

2. It is recommended that the Cabinet, in accordance with the Contract Standing Order 14:
- approve a variation of £895,950 to be applied to the existing kitchen supply contract with City Building (Glasgow) LLP (RSBi)

**BACKGROUND AND REPORT**

3. East Renfrewshire Council previously procured a contract for the Survey and Supply of Kitchens under Scottish Government Framework - Commodities Reserved for Supported Businesses - Contract Reference – SP-18-11- Lot 1. This was awarded to City Building (Glasgow) LLP (RSBi) on 2 November 2020 and is valid until 2 November 2025.

4. It should be noted that the current contract with City Building (Glasgow) LLP (RSBi) is to manufacture and supply kitchens only and although installation is included in the remit of the Scottish Government Framework this was not included in final contract award as this was historically carried out internally by the Housing Maintenance Team.

5. Unfortunately due to the backlog of works caused by COVID-19, it is now considered more efficient to include installation in the current contract which ensures contractor ownership for supply and install services and allows Housing Services to concentrate on the delivery of other key work packages. There remains ample work for the current workforce to undertake and as such this proposal poses no concerns for the long-term future of the current workforce.

6. A review of the option to vary the existing supply contract to include the install as permitted under the Framework has been undertaken, and both Procurement and Technical Services regard this as the best option.

7. There is no risk of procurement challenge from varying this contract, as City Building (Glasgow) LLP (RSBi) is the only supplier on the Framework that can supply and install kitchens.

8. A rate to install the kitchens has been directly negotiated and this is a cost effective solution that delivers best value. Based on historic cost, from both in-house maintenance team and a recent quick quote on kitchen installations; the average cost of kitchen installation is about £3,300. Following direct negotiation of rates and requirements for kitchen installation with the supplier – City Building (Glasgow) LLP (RSBi), the average indicative cost per kitchen installation will be £2,715 under this new contract and this will provide savings of approximately £585 per kitchen on average.

9. In addition to cost savings, the following are justification for this route rather than tendering a separate contract:

- Every contract comes with preliminary costs which are directly related to running of the project. This cost is a percentage of the contract cost and for this type of contract, the prelims cost could be in the region of 10 to 15% of the installation cost. This means going out to tender for a separate contract will result in increased spend due to two suppliers having separate prelims and associated risk.
- There is a risk that there would be disputes between the company surveying property and those installing the kitchens, and the difficulty to resolve these could likely lead to the Council picking up costs; dealing with disruption to tenants and increased resource required to manage these internally.
- Any delay in supply would affect installation programmes and this could potentially lead to claims for cost. Currently the market is experiencing high levels of supply disruption making this highly likely.
- Varying the contract to have one contractor for both supply and install will provide a single point of contact for tenants, which provides better customer services.
- Allows us to deliver better community benefits

10. It is also important to note that the current provider is a supported business and the increased spend would support this business with its work to integrate disabled or disadvantaged people socially and professionally.

11. All of the above have been reviewed by the procurement team and there is no risk of procurement challenge from varying this contract. To ensure compliance with the Public Contract Scotland Regulation, a modified award notice will be published.

## **FINANCE AND EFFICIENCY**

12. Significant work has been undertaken to ensure this delivers an effective solution that provides best value.

13. The effect of this variation will allow Housing Services to accelerate their work in bringing homes up to a good standard of repair in respect of the capital programme that has been delayed due to Covid-19.

## **CONSULTATION**

14. Procurement and Technical Services have been consulted on this report.

15. Legal services were consulted on the use of Contract Standing Order 14 for this contract.

## **PARTNERSHIP WORKING**

16. In order to ensure the capital programme is efficient and delivers value for money, a partnership approach is in place with colleagues from Procurement and Property & Technical Services.

## **IMPLICATIONS OF THE PROPOSALS**

17. This proposal will create opportunity for cost savings which will be used to see additional homes added to the programme.

18. The continued use of the provider means there is one contractor for both supply and install. This will provide a single point of contact for tenants, which provides better customer services.

19. There are no legal, equalities or IT implications.

## **CONCLUSIONS**

20. The variation being sought to the current supply contract has been identified and selected to ensure that Housing Services are able to meet their proposed kitchen installation target that has been delayed for over 15 months. Also, continued investment will be welcomed by Council tenants who will see the quality of their homes continue to be improved.

## **RECOMMENDATIONS**

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- approve a variation of £895,950 to be applied to the existing kitchen supply contract with City Building (Glasgow) LLP (RSBI)

Director of Environment

Further details can be obtained from Phil Daws Head of Environment (Strategic Services) on 0141 577 3186.

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