

CABINET

22 October 2013

Title: Award of Contract for the Provision of Personal Protective Equipment and Uniform	
Report of the Cabinet Member for Finance	
Open report, with exempt appendices	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Euan Beales, Procurement Category Manager, Elevate East London	Contact Details: Tel: 020 8227 5226 E-mail: euan.beales@lbbd.gov.uk
Accountable Divisional Director: Robin Payne, Divisional Director of Environment	
Accountable Director: Darren Henaghan, Corporate Director of Housing and Environment	
Summary: <p>At its meeting on 22 January 2013 (Minute 86), the Cabinet approved proposals for the procurement of a new Term Contract for Personal Protective Equipment (PPE) and Uniform for a term of three years from 1 May 2013, with the possibility of a one year extension subject to satisfactory performance. Cabinet also asked that a report be presented on the outcome of the procurement exercise as it wished to award the contract.</p> <p>This report advises on the results of the procurement and recommends the appointment of the contractor who achieved the highest score against the tender evaluation criteria, Rexel UK Limited (trading as Parker Merchanting).</p> <p>The new Term Contract will provide the Council with a cost effective and high quality service for the provision of PPE and Uniform and will ensure contract coverage and compliance in line with European and Council procurement rules.</p>	
Recommendation(s) The Cabinet is recommended to:	
i) Award a three-year Term Contract for the Provision of Personal Protective Equipment and Uniform (Lots, 1, 2 and 3) to Rexel UK Limited (trading as Parker Merchanting) with effect from 1 August 2013, with the option of a one-year extension subject to satisfactory performance, on the terms set out in the report; and	
ii) Authorise the Head of Legal and Democratic Services to enter into and execute the contract with Rexel UK Limited.	

Reason(s)

To ensure the Council fulfils its obligations under the Health and Safety at Work Act (1974) and its own due diligence in maintaining the wellbeing of its staff.

1. Introduction and Background

- 1.1 The Council has a statutory responsibility to comply with the Health and Safety at Work Act (1974) which includes providing appropriate staff with PPE and Uniform.
- 1.2 Up until now, these materials have been purchased through ad-hoc arrangements or via alternative materials and consumables contracts. These were not deemed to be the cost-effective.
- 1.3 To mitigate the Council's commercial and financial risk, the Cabinet agreed proposals for a new Term Contract for the provision of PPE and Uniform at its meeting on 22 January 2013 (Minute 86 refers). LBBB acted as the lead authority on behalf of neighbouring East London Solutions (ELS) members although at the time of the procurement only Newham Council actively participated.

2. Proposal and Issues

- 2.1 Tenders were sought through an open ITT Procedure following an advertisement in the Official Journal of the European Union (OJEU), with LBBB named as the lead authority.
- 2.2 Tenderers were invited to bid for one or more of the following four "lots":
 - Lot 1 – LBBB Safety Footwear;
 - Lot 2 – LBBB Clothing;
 - Lot 3 – LBBB Equipment and Accessories;
 - Lot 4 – LB Newham Clothing and Equipment.
- 2.3 At the time of the previous report to Cabinet, the annual spend by LBBB on PPE and Uniform was estimated at £109,000. A further £40,000 per annum was project for the in-house Housing Repairs and Maintenance DLO (which transferred back to the Council on 1 May 2013, taking the total projected spend at that time to £150,000 per annum.
- 2.4 Since that report however, further areas of spend were identified across the Council and other services identified new requirements to be included in the contract. Therefore, at the time of tendering the revised forecast for the annual spend was approximately £236,000 per annum, which equates to almost £1m for the full term of the contract (three years plus possible one year extension).
- 2.5 The increase in forecasted spend will be covered by the original OJEU Notice (2013/S 033-052088), as the drafting allowed for a variance in spend levels due to assimilation of the DLO and additional requirements being detailed by the Service Divisions.

- 2.6 The OJEU Notice yielded 79 expressions of interest, with 11 bidders submitting written responses by the deadline of 4 April 2013.
- 2.7 The tender evaluation criteria was based on a scoring matrix of 40% price (commercial element) and 60% quality (technical element). The technical element consisted of nine scored questions in addition to the standard response requirements of the Council. The commercial element required tenderers to submit pre e-auction prices for each item within the Lot(s) they were bidding for, proving a bulk price (made up from pre defined volumes over a number of product lines).
- 2.8 As part of the technical assessment, the 11 bidders were requested to provide sample products to ensure the proposed products met or exceeded the Council's requirements in terms of quality and suitability.
- 2.9 An evaluation panel convened on 11 April 2013 to evaluate and mediate the responses.
- 2.10 The commercial element was completed by utilising an e-auction tool hosted on the Council's e-procurement platform (Bravo Solutions). The e-auction was held on 17 April 2013 between 10:00 and 15:23 hours.
- 2.11 **Appendix 1** gives a summary of the results for both the commercial and technical elements for each of the tenderers. This appendix is in the confidential section of the agenda as it contains commercially sensitive information provided by the tenderers, which is exempt from publication under the provisions of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.
- 2.12 Rexel UK Limited, trading as Parker Merchanting, are the preferred bidder for all four lots as they were ranked first in each category based on the 40:60 price:quality criteria.
- 2.13 Based on the revised projected spend of £236,000 (see paragraph 2.4 above), the comparative spend under the new contract would be approximately £128,000, representing a saving of almost £108,000 (if the same volumes were procured in a 12 month period).
- 2.14 Under the new term contract, the prices are fixed for the initial three year period and also the 1 year extension period, if taken. The precise contract value will be dependent upon client budgets and staff numbers who require the PPE and Uniform.
- 2.15 It is proposed that the Council enters into a three year term contract with Rexel for Lots, 1, 2 and 3 effective from 1 August 2013, with the possibility of a one year extension subject to satisfactory performance.
- 2.16 Lot 4 is to be awarded and contracted directly by the London Borough of Newham.
- 2.17 The contract will work on a "call off" basis for a number of service areas within the Council, including but not limited to: Parks, Building Cleaning, Building Services, Security, Facilities Officers, Castle Green, Landlord Services, Repairs and Maintenance DLO, other Housing Services and Adult and Community Services.

For Members' information, the depot that would be used by Rexel in the servicing of this contract is located within the Borough in close proximity to the DLO.

- 2.18 The "call off" arrangements will not commit the Council to guaranteed payments or volumes to Rexel, but will ensure continued and standardised supply of goods during the contract term. As Service Departments are communicated to, further product requirements may be identified and moved into the contract to ensure continuity and compliance, with each additional price negotiated.

3. Options Appraisal

- 3.1 The report to the January meeting set out the procurement options and Members supported the route that has been taken.

- 3.2 Having completed that process, the options are as follows:

Option 1 - Award the provision of PPE and Uniform to Rexel following a robust procurement process.

This is the preferred option as the Contractor offers value for money and the required quality of product to ensure the Council's financial and operational needs are met.

Option 2 - Do nothing

The Council would be non-compliant with EU and its own procurement rules.

4. Consultation

- 4.1 The proposals within this report have been the subject of detailed consultation throughout the Council and with colleagues at the London Borough of Newham.

5. Financial Implications

Implications completed by: Jahangir Mannan, Group Accountant

- 5.1 A report was brought to Cabinet on January 2013, identifying spend of approximately £0.109m on protective clothes and equipment. Given the size of the spend it was recommended that the Council tender a contract for this service as per the Council's procurement rules.
- 5.2 Since the January Cabinet, further spend in other areas of the Council have been identified to take the collective projected spend up to £0.236m.
- 5.3 From the returned tenders, the company that achieved the best scoring was that of Rexel.
- 5.4 The savings from this contract will be subject to the 80:20 'gainshare' arrangement between the Council and Elevate. The exact 'gainshare' amount will be calculated against like for like volumes, so that any payments owing to Elevate are purely from price differentials.

6. Legal Implications

Implications completed by: Bimpe Onafuwa, Contracts and Procurement Solicitor

6.1 This report is seeking the approval of Cabinet:

- (i) For the award of the Contract for the Provision of Personal Protective Equipment (PPE) and Uniform to Rexel; and
- (ii) For the Legal Practice to execute the contract between the Council and Rexel.

6.2 Following Cabinet approval in January 2013 to conduct a procurement exercise in respect of the above contract, this report confirms above that the procurement has been undertaken in accordance with the initial report and EU legislative requirements.

6.3 Upon conclusion of the procurement exercise Rexel was the resultant winning bidder.

6.4 The contract to be entered into with the winning bidder is based on the Council's standard terms and conditions which was issued with the Invitation to Tender (ITT) documents.

6.5 The Legal Practice confirms that there are no legal reasons preventing Cabinet from approving the recommendations of this report.

7. Other Implications

7.1 **Risk Management** - The previous report to Cabinet outlined the risks to the Council operating outside of formal contracted arrangements and how these would be managed via the proposed contract.

7.2 **Contractual Issues** - The contract would be let in accordance with EU procurement legislation and the Council's Contract Rules.

7.3 **Customer Impact** - The contract will provide Council staff with new equipment and clothing that meets all health and safety requirements and will also mean that there is far more consistency in the appearance of Council staff when carrying out their duties.

7.4 **Health Issues** - The Council has an obligation to its staff under the Health and Safety Act 1974 to provide fit for purpose equipment in order for their role to be carried out safely.

Background Papers Used in the Preparation of the Report:

- Cabinet report and minutes of 22 January 2013 entitled "Contract for the Provision of Personal Protective Equipment (PPE) and Uniform"

List of appendices:

- **Appendix 1** - Summary of Tender Evaluation (exempt information)
- **Appendix 2** - Clarification Report (exempt information)