

CABINET

22 January 2013

Title: Contract for the Provision of Personal Protective Equipment (PPE) and Uniform	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
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Accountable Divisional Director: Robin Payne, Divisional Director of Environment	
Accountable Director: Darren Henaghan, Corporate Director of Housing and Environment	
Summary: This report asks the Cabinet for approval to enter into a procurement exercise for the award of a new Term Contract for PPE and Uniform for a term of three years from 1 May 2013 to 30 April 2016, with the possibility of a one year extension subject to satisfactory performance of the appointed contractor to 30 April 2017. This contract is to provide PPE and Uniform to the Council's staff to meet its obligations under the Health and Safety Act (1974) and to satisfy the Council's own due diligence to ensure the well being of its staff. The key benefits of the contract will be: <ul style="list-style-type: none">• Provide good quality and cost effective PPE• Provide good quality and cost effective Uniform• Cost efficiencies through economies of scale• Amalgamation of the current seven suppliers to a maximum of three.• Cross Council collaboration	
Recommendation(s) The Cabinet is recommended to: <ul style="list-style-type: none">(i) Agree the procurement of the three-year term contract for supply of PPE and Uniform commencing 1 May 2013, with the possibility of a one year extension to 30 April 2017 subject to satisfactory performance of the appointed contractor, on the terms detailed in the report; and(ii) Indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement and the award of the contract, or whether it is content for the commissioning Chief Officer, in consultation with the Head of Legal and Democratic Services, to award the contract.	

Reason(s)

To ensure the Council fulfils its obligations under the Health and Safety at Work Act (1974) and the Councils 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). There are currently no contracted suppliers for the provision of PPE and Uniform. However the service can be accessed through the Cleaning materials and consumables contract via Greenhams, but this is not deemed to be the most cost beneficial route due to the goods being classed as non-core within the contract.
- 1.2 The current annual spend for PPE and Uniform is £109,000 per annum for the Council (£328,000 based on a three year contract and £437,000 for the full four year term which includes the one year extension). The spend has been calculated from management information provided by suppliers for the 2011/12 financial year.
- 1.3 The London Borough of Newham's spend is circa £184,000 per annum (£552,000 based on a three year contract and £736,000 for the full four year term which includes the one year extension).
- 1.4 On 31 March 2013 the current Housing repairs and Maintenance contract will expire with the service being transferred in-house from Enterprise (as agreed by Cabinet on 23 August 2011). The service will require PPE and Uniform, and it is envisaged that this will be covered by the proposed corporate contract. An indicative annual spend of £40,000 has been assumed for the purposes of this report.

2. Proposal and Issues

- 2.1 To mitigate the Council's commercial and financial risk it is recommended that a new Term Contract is awarded for the provision of PPE and Uniform. This will provide the Council with a cost effective and high quality service for the provision of PPE and Uniform, through leveraging economies of scale by reviewing the range of products purchased and with a view to reduce the number of suppliers used. A collaborative procurement with neighbouring ELS members will also increase the volumes and spend available to approach the market.
- 2.2 Tenders will be sought through an open ITT Procedure following an advertisement in the Official Journal of the European Union (OJEU) with the Council being the lead authority (LB Newham has agreed to procure under our process). The proposal is to use a lot approach (Lot 1 – Footwear, Lot 2 – Uniform, Lot 3 – Clothing and Equipment). The maximum suppliers awarded per lot will be one (bidders can apply for one or all lots).
- 2.3 The contract will be awarded through a scoring matrix on the basis of 40% price and 60% quality. The process will include full quality testing of the proposed goods and an e-auction to ensure competitive pricing is achieved.

- 2.4 It is proposed that this contract will be let as a London Borough of Barking and Dagenham Term Contract, which is appropriate for use by employees who have a requirement for PPE and/or uniform.
- 2.5 It is anticipated that the new contract will commence on 1 May 2013 for a period of three years with the possibility of a one year extensions at an estimated value of approximately £328,000 over the initial three year period to £437,000 for the full four year period (including the possible one year extensions) for LBBB alone (ELS Council's spend will be in addition to this.)
- 2.6 The estimated contract value comprises a combination of PPE and Uniform across the Council. The precise contract value will be dependent upon client budgets and the number of ELS councils who choose to utilise the contract. This will give the Council the benefits of economies of scale and will enable the council to standardise equipment and uniform used.
- 2.7 The contract will work on a "call off" basis for a number of departments within the Council, including but not limited to; Parks, Building Cleaning, Building Services, Security, Facilities Officers, Castle Green, Landlord Services, Repairs and Maintenance Housing, Culture and Sport Services and Adult Social Care. The "call off" arrangements will not commit the Council to guaranteed payments to the contractor by way of any stand-by arrangements, but will ensure continued supply of important goods during the contract term.
- 2.8 The applicants will be assessed on their economic and financial standing, health and safety standards, technical capability, prices and references, as well as a qualitative assessment of performance targets and method statements on a range of criteria relevant to the contract. All goods should meet the standard EU health and safety levels required.
- 2.9 Applicants who have policies and methods in place to measure quality and performance and are able to provide this information to the Council will be considered as suitable tenderers.
- 2.10 The successful contractor will be expected to maintain a full electronic set of Management Information of the goods provided to the Council and this data must be accessible to LBBB officers in the form of Management Information when requested.

3. Options Appraisal

- 3.1 **Option 1** - Tender a three year term contract, with the possibility of a one year extension with the preferred service provider(s). This is the preferred option as it gives the benefits listed in Section 2 of this report.
- 3.2 **Option 2** - Access an open framework/collaboration

An EU compliant route to market would be to utilise an open framework or an accessible collaboration contract which is available to us.

Organisation	Framework/Contract Available
GPS (Government Procurement Service)	No
ESPO (Eastern Shires Purchasing Organisation)	Yes, Contract 144 - this expires May 2013 but has option to extend for two years.
LCSG (London Contracts and Supplies Group)	No

At the time of submitting this paper, there was one active open framework available to LBBB to enter; this framework will expire within the next 12 months, unless extended. We are awaiting confirmation if this will be extended with a view to benchmarking the Council's requirements. This route ensures a back up process can be conducted to enable a compliant procurement.

- 3.4 **Option 3** - Do nothing – This option was considered but due to the levels of annual spend on the goods; to do nothing would be direct non compliance with the Council's and EU Procurement rules. This option has therefore been discounted.

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 The total expenditure on protective clothes and equipment has been in the region of £109,000, in last financial year, and is assumed to reflect the demand for an average year. Given that the amount is substantial and ongoing, it is in accordance with council procurement rules to tender a contract for this service, as there is no current explicit contract in place.
- 5.2 Any saving to the Council will be subject to 'gainshare' under the contract arrangement with the joint venture. The amount of which will be based on the new supply cost versus the average cost with current suppliers.
- 5.3 Participating in the ESPO Framework instead, will give benefits in terms of savings on tender costs, but however, it will limit the number of suppliers available. Hence may not be the most beneficial option in terms of value for money.

6. Legal Implications

Implications completed by: Wendy Wingad, Procurement Lawyer

- 6.1 Due to the value of the proposed contract and subject matter the Public Procurement Regulations 2006 will apply and a number of requirements/rules in relation to the procurement process will need to be complied with. Legal Services have consulted with procurement on this proposal and it has confirmed that the

proposed procurement and contracts should be compliant provided the rules are followed.

7. Other Implications

7.1 Risk Management

Current Risks

1. Disaggregation of spend could leave the Council open to challenge through Freedom of Information (FOI) requests or internal audit.
2. Non standardisation of quality could lead to complaints by staff, union representatives as the goods may be deemed as not fit for purpose and the Council has a duty of care under the Health and Safety at Work Act (1974).
3. The procurement process needs to commence to ensure the goods and services can be supplied to the DLO, which is due to commence on the 1 May 2013. In the event of delays, fragmented and non contractual spend will occur leaving the Council open to challenge.
4. Divisional budgetary overspend due to non contracted activity (costs can increase without prior agreement), which may result in cheaper goods being purchased (possibly not fit for purpose).

How these risks are managed

1. The contract will be managed in accordance with the Councils requirements and maintaining our obligations under the Health and Safety at Work Act (1974).
2. The use of the proposed contract will enable the Council to accurately manage and forecast all of the associated costs in providing PPE and Uniform to its staff. Full auditable data will be produced to enable Divisions to keep an eye on their budgetary positions.
3. Standardisation of products will be more manageable and will give a collaborative view of our services by residents and visiting public.
4. Stringent performance monitoring will ensure all goods are delivered on time, at the right quality and correct cost. This will also negate the issue of non approved price increases.
5. Contractual terms will be set for the operation of this service to ensure all parties adhere to their obligations.

7.2 Contractual Issues - The contractual implications are detailed within this report.

7.3 Health Issues - The Council has an obligation to its staff under the Health and Safety at Work Act (1974) to provide fit for purpose equipment in order for their role to be carried out safely. The Council has a duty of care to its staff.

Background Papers Used in the Preparation of the Report: None

List of appendices: None