

**Report of Chief Officer Shared Services
Report to Director Resources and Housing**

Date: 21st February 2019

Subject: Award a 12 month contract extension for the provision of Workwear to Arco Ltd.

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The council awarded a contract for the provision of workwear and uniforms to Arco Ltd with effect from 11th April 2016 for a period of 3 years with the provision for an extension of a further 12 months beyond the 3 year term.
2. As the current contract term is due to end on 10th April 2019 then approval is hereby sought to take up the provision to extend the contract for a further 12 months until 10th April 2020.

Recommendations

It is recommended that the Director of Resources and Housing approve the take up of the provision to extend the contract for the provision of workwear and uniforms to Arco Ltd for an additional 12 month until 10th April 2020.

1. Purpose of this report

- 1.1 The purpose of this report is to provide the Director of Resources and Housing with the relevant information and to seek their approval to activate the extension provision on the existing contract agreement with Arco for the provision of workwear and uniforms for a further 12 months until 10th April 2020.

2. Background information

- 2.1 The council entered in to a 3 year contractual agreement with Arco Ltd to supply the Council's workwear and uniforms effective from 11th April 2016.
- 2.2 The initial 3 year term of the contract is due to come to an end on 10th April 2019.
- 2.3 The contract contained a provision to extend the term for a further 12 months to 10th April 2020 and this report seeks the approval of the Director of Resources and Housing to implement this extension.

3. Main issues

- 3.1 Since the introduction of the single supplier contract with Arco the council has sought to rationalise the way it procures workwear. With the management of the contract and much of the purchasing being centralised in to the Shared Services Purchasing Hub situated in the Business Support Centre.
- 3.2 The range of products available was reviewed at the initiation of the contract with each service area that purchases workwear or provides staff with uniforms and a catalogue developed alongside an online order process on the Council's intranet site.
- 3.3 A corporate purchasing card has been lodged with the supplier to ensure payment is made promptly and to take out the need to raise orders in FMS or to process invoices related to the payments.
- 3.4 For those services areas that need to order through the Council's financial management system a similar catalogue is made available within FMS.
- 3.5 Where a service area needs to place an order for items that are not on the current contract then arrangements are made for these items to be ordered via the purchase hub.
- 3.6 The annual spend on the contract is approximately £220k each year since the contract was implemented.
- 3.7 The contract supports greater compliance with the Council's CPRs as the spend on workwear items is now managed through an approved contracted supplier.
- 3.8 Over the term of the contract the contractor has shown a willingness to develop the offering and play an integral role in developing the products available to make them a better fit across a wider range of sizes and more suitable for the purposes of the different user groups.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Over the current term of the contract the purchasing hub staff have regularly reviewed the products on the contract with service users to ensure they remain suitable and are fit for purpose.
- 4.1.2 The purchasing hub have engaged with the “Women’s Voice” working group to help address concerns and review the clothing offering for this group of staff.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality Impact Screening assessment has been undertaken on the proposal to extend the contract and this identified there was no impact on equality, a copy is attached.

4.3 Council policies and best council plan

- 4.3.1 The Council supports the purchase of workwear to meet the corporate style across a number of its service areas including Parks and Countryside, Facilities Management, Leeds Building Services and Civic Flavour amongst others. It is seen as important to the professional image of the Council that staff in these front facing services are appropriately attired with clothing that is suitable for the purpose of the role they are carrying out.

4.4 Resources and value for money

- 4.4.1 The annual spend on workwear and uniforms has been approximately £220k per year over the last 3 years.
- 4.4.2 The centralised approach to purchasing workwear and uniforms has brought about a better understanding of the total spend on workwear related products across the whole of the Council and ensured that the spend is with a contracted supplier.
- 4.4.3 By pulling all the council spend together on to a single contract we have ensured that we are able to gain the full benefit of any price reduction due the volumes being purchased.
- 4.4.4 By moving ordering to the intranet catalogues and much of the payment to purchase cards this has removed the cost of processing invoices for payment and ensured that the council benefits from the purchase card rebate that these payments attract.
- 4.4.5 The contract has also ensured that any price increase is managed and restricted to only an annual increase to CPI.
- 4.4.6 The overall approach has brought about processes to positively influence procurement of such items and to challenge where purchases are being made that do not appear to fit in to the agreed corporate style.

4.5 Legal implications, access to information, and call-in

- 4.5.1 As the estimated spend on the contract is approximately £250k the decision to extend the contract is considered a key decision and subject to call in.
- 4.5.2 The intention to take the decision to extend current contract with Arco by activating the option to extend the contract was placed on the ‘list of forthcoming decisions’ on 11th January 2019.

4.6 Risk management

- 4.6.1 If the extension is not taken up then the Council will need to enter into a procurement process to seek a new provider. In the meantime there would be no contractual provision for services to use and in order to bridge the gap then orders would need to be placed off contract and may ultimately be more expensive or not fit for purpose.

5. Conclusions

- 5.1 Extending the existing contractual arrangements in accordance with the provision made in the last contract for 12 months is seen as the best approach to ensure the continuity of supply of key workwear products.

6. Recommendations

- 6.1 It is recommended that the Director of Resources and Housing approve the take up of the provision to extend the contract for the provision of workwear and uniforms to Arco Ltd for an additional 12 month until 10th April 2020.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.