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| <b>Committee:</b>  | <b>Date:</b>                |
| Finance  | 25 <sup>th</sup> March 2014 |
| <b>Subject:</b><br>Corporate clothing, uniforms and safety apparel (e-catalogue) | <b>Public</b>               |
| <b>Report of:</b><br>Chamberlain   | <b>For Decision</b>         |

### Summary

The Corporate Clothing, Uniforms and Safety Apparel contract covers a proportion of the items which we purchase for various staff. The current contracts for Corporate Clothing, Uniforms and Safety Apparel with Denny's Uniforms Ltd (formerly Wood Harris Ltd) and PCL Corporatewear Ltd. These were let with effect from 1<sup>st</sup> April 2009 for 3 years with an option to extend for a further two years. The extension was taken and the contract expires at the end of March 2014.

The annual spend for the two contracts (Jan 2013 – Jan 2014) is as follows:

| Provider  | Contract Value<br>£ |
|---|---------------------|
| Denny's Uniforms Ltd [Formerly Wood Harris Ltd] | 99,140              |
| PCL Corporatewear Ltd                           | 95,800              |
| <b>Grand Total</b>                              | <b>194,940</b>      |

There is not enough time to carry out a full procurement exercise. However we propose to negotiate a short term contract extension before the expiry of the current contract. Such an extension is usually for a period of 12 months to allow for a full procurement exercise to be carried out and new contracts put in place. It is considered that the proposed negotiation for the extension complies with Regulations 14 and 17 of the Public Contracts Regulations 2006.

This requires a waiver of Regulation 16.1 of the Corporation's Procurement Regulations and must be referred to your Committee for approval.

### Recommendations

Members are asked to:

- Approve the waiver of Regulation 16.1 of the Corporation's Procurement Regulations subject to a full procurement exercise being undertaken; and
- Approve the extension to these contracts for a period of 12 months from 1<sup>st</sup> April 2014

## Main Report

### Background

1. The contract for corporate clothing was awarded to Denny's Uniforms Ltd (formerly Wood Harris Ltd) and PCL Corporatewear Ltd on 1<sup>st</sup> April 2009 after an OJEU Tender process. The contract duration was for a period 3 years with an option to extend for an additional 2 years. This extension was taken as approved by Establishment Committee on 20<sup>th</sup> July 2012.

### Current Position

2. The contract will expire on 31<sup>st</sup> March 2014 and there is insufficient time to conduct a compliant OJEU tender. Not having a Corporate Contract leaves the City exposed to:
  - Inability to secure a supply of items previously available under the contract;
  - un-regulated price increases that would previously have been controlled under the contract ; and
  - maverick spend of stakeholders to purchase items from any supplier without a corporate contract to comply with.
3. The items purchased under this contract are external wear (fleeces, hi-visibility jackets and safety footwear) and suits for security personnel
4. The annual value for the combined contract is approximately £195,000 per annum as set out in the table below

| Provider  | Contract Value<br>£ |
|---|---------------------|
| Denny's Uniforms Ltd [Formerly Wood Harris Ltd] | 99,140              |
| PCL Corporatewear Ltd                           | 95,800              |
| <b>Grand Total</b>                              | <b>194,940</b>      |

### Options

5. The following are proposed options for consideration:
  - a. Extend the contract indefinitely. This is contrary to the EU Procurement Regulations Best Value principles.
  - b. Revert to devolved procurement i.e. allow departments to buy items on an ad hoc basis. This would negate the City's ability to ensure Best Value across the organisation.

- c. Extend the existing contract to allow a corporate retender, by negotiation for a short period 12 months. This will ensure continuity of supply and allow a fair and transparent OJEU procurement process to be conducted. The current suppliers have indicated that they are willing to agree to this contract variation.

6. Option c is the preferred option.

### **Consultation**

7. The Comptroller and City Solicitor has been consulted and concur with the recommendation and will arrange the relevant deed of variation subject to the approval of the recommendation to this Committee.
8. The HR Category Board have been consulted and are also in support of option c

### **Recommendation**

9. It is recommended that a waiver of Regulation 16.1 is agreed in order that a short term extension is made to the existing contract to allow time for a full procurement exercise to be carried out.

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### **Background Papers:**

Establishment Committee Report on 20<sup>th</sup> July 2012