



Author/Lead Officer of Report: Carl Mullooly

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Report of: *Laraine Manley*

Report to: *Cabinet*

Date of Decision: *18/04/2018*

Subject: *Permission to provide Furnished goods under contract to Rotherham MBC.*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Neighbourhoods and Community Safety</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>261</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

The purpose of the report is to obtain permission for Sheffield City Council (SCC) to enter into contract with Rotherham Metropolitan Borough Council (MBC) to provide them with furnished goods for their service requirement.

The goods will be supplied via the Framework Agreement SCC currently have in place with a number of suppliers nationally.

This will generate income for SCC from the suppliers based on annual volumes purchased.

SCC is currently supplying Rotherham MBC with goods on a temporary basis.

Recommendations:

To approve the Council entering into a contract for the supply of furnished goods to RMBC, as outlined and detailed within this report.

To delegate an authority to the Director of Finance and Commercial Services in consultation with the Director of Housing and Neighbourhoods to take such other necessary steps not covered by existing delegations to achieve the outcomes outlined in this report.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

1 Invitation to Tender document and goods specification (3 documents)

2 Contract award offer

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Karen Jones
		Legal Henry Watmough - Cownie
		Equalities: Louise Nunn
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Lorraine Manley</i>
3	Cabinet Member consulted:	<i>Jayne Dunn</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Carl Mullooly</i>	Job Title: <i>Service Manager</i>
	Date: <i>09/04/2018</i>	

1. PROPOSAL

- 1.1 SCC Furnished Accommodation service to provide, under a contractual agreement, goods for the Furnished Service of Rotherham MBC. The contract will potentially last for 2 years. SCC has been supplying RMBC on a temporary basis since June 2017.

Rotherham MBC will be invoiced monthly for payment of goods provided. The range of specific goods provided will replicate those supplied by SCC to its Furnished customers enabling us to increase our buying power with suppliers going forward.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 There are a number of benefits to the undertaking of this contract by SCC and these are summarised below:

1. Generates income for SCC. Given the estimated annual spend in the tender document and the amount Rotherham MBC have spent to date with us in the temporary period we estimate this income to be around £55,000. Supports the planned corporate target of business expansion for the organisation.
2. Increases SCC buying power when negotiating prices with suppliers due to increased economies of scale.
3. Supports a number of small local family run businesses and creates employment.
4. Lower purchase prices increases the amount of awards that can be granted by the Local Assistance Scheme as they also use our service for supply of goods benefitting more vulnerable, impoverished people in the city.
5. Gives SCC scope for further business from other Local Authorities in a collaborative approach going forward.

3. HAS THERE BEEN ANY CONSULTATION?

(Refer to the Consultation Principles and Involvement Guide. Indicate whether the Council is required to consult on the proposal, and provide details of any consultation activities undertaken and their outcomes.)

- 3.1 *Sheffield City Council is not required to consult on this decision.*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

- 4.1 Equality of Opportunity Implications

- 4.1.1 EIA ref no 261 on SharePoint

4.2 Financial and Commercial Implications

- 4.2.1 The anticipated amount we expect Rotherham MBC to spend with us each year is £730,000. We will charge a 5% administration fee to Rotherham MBC for all goods purchased and as part of the Contracted Framework agreement we have with suppliers we will receive a 5% rebate across all goods ordered. The rebate received on goods purchased on behalf of Rotherham MBC will be split 50/50 between SCC and Rotherham MBC which will generate further income
- 4.2.2 On the above assumptions we would generate income of around ££55,000 which would offset the costs of providing the service

4.3 Legal Implications

- 4.3.1 Section 1 of The Localism Act 2011 provides the Council with a 'general power of competence' which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited.
- 4.3.2 The supply of furnished goods to Rotherham MBC is at cost, it is not for profit and therefore classed as a 'charging' activity (rather than 'trading').
- 4.3.3 Legal Services have reviewed the proposed Terms and Conditions; these appear to be fairly typical of a Local Authority Services contract. It should be noted however that it is not stated how many years the contract is for, the contract is still in draft form and no date is specified, although 2 years has been suggested, Rotherham MBC can extend the contract annually. Finally, in terms of termination, Rotherham MBC can terminate the contract, with a simple written notification; such termination would have immediate effect.

4.4 Other Implications

- 4.4.1 None

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 N/A

6. REASONS FOR RECOMMENDATIONS

- 6.1 The reasons for recommending this business are highlighted above in the summary of benefits at section 2.1.

The undertaking and successful delivery of this contract could be a catalyst to further external 3rd party works. This is good for SCC from a reputational perspective and will contribute to minimising the impact of budget constraints given it creates an income.