

Report of: Head of Catering and Cleaning

Report to: Chief Officer – Civic Enterprise Leeds

Date: 03 March 2014

Subject: Procurement proposal for the supply of frozen foods to Leeds City Council

Are specific electoral Wards affected?	No
If relevant, name(s) of Ward(s):	
Are there implications for equality and diversity and cohesion and integration?	No
Is the decision eligible for Call-In?	Yes
Does the report contain confidential or exempt information?	No
If relevant, Access to Information Procedure Rule number: Appendix number:	

Summary of main issues

1. The purpose of this report is to recommend the commencement of a new procurement exercise in order to award a new contract for the supply of frozen foods to Leeds City Councils.
2. The current contract commenced on 06 June 2011. This is due to expire on 05 June 2014. An additional 12 month extension was available, but due to a significant change for the school meals service, only a two month extension was awarded to 05 August 2014.
3. The introduction of the Universal Free School Meal (UFSM) from September 2014 will lead to a significant uptake in school meals. This in turn will lead to an increase in frozen foods required to provide these meals. Current projections suggest meal numbers may increase by up to 20% above current meal uptake.
4. Procuring a new contract will secure the frozen foods required at the best possible price. It will also ensure that suppliers are fully aware of any new delivery requirements due to the increased demand, and also allow frozen food specifications to be refined.
5. If a new procurement exercise is not undertaken, then either the service required by end users cannot be provided, or significant revenue spend will be incurred off contract.
6. Central Government is funding the UFSM.

7. The value of the current contract is estimated at £ 1,800,000 per annum. It is anticipated that after the implementation of the UFSM, this value may rise to £2,000,000 per annum.

Recommendations

The Chief Commercial Services Officer is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of frozen foods. The contract is due to commence 06 August 2014 for a period of 3 years, with 1 x 12 month options to extend.

1 Purpose of this report

- 1.1 This report details the reasons why a new contract for the supply of frozen foods is required. The purpose of this report is to seek approval to commence a procurement exercise, which will see the award of a contract for this supply. The contract will be for 3 years commencing 06 August 2014, with the option of 1 x 12 month extensions.

2 Background information

- 2.1 The current contract is due to expire on 06 June 2014. Due to the reasons listed below, it was decided to award an extension for 2 months, ending on 05 August 2014.
- 2.2 A contract for the supply of frozen foods is required to provide for the needs of children's services and adult social care. Not to have a contract in place will mean either the services required cannot be provided, or significant expenditure will be incurred off contract.
- 2.4 The Government announced that from September a Universal Free School Meal (UFSM) will be available to all pupils in state schools in Key Stage 1. Central Government will fund the provision of the UFSM.
- 2.5 Initial projections suggest that introduction of the UFSM may lead to a 20% increase in uptake of primary school meals.

This projected rise in meal numbers is significant and means it is the right time to secure a new contract for the provision of frozen foods. Due consideration can be given to both, the change in frequency of deliveries and, the increase in demand for frozen items.

- 2.6 The current menus are changing to use more fresh produce. However, there are a number of items which are best obtained as frozen produce. By correctly specifying our frozen food requirements we can obtain the best possible prices in the market place.
- 2.7 The procurement exercise, if approved, will be advertised on the councils' electronic tendering portal "YORtender" and in the Official Journal of the European Union (OJEU). Any procurement exercise will be conducted using EU open procedures.

The whole process will be overseen by the procurement unit to ensure all processes and procedures comply.

All documents for the proposed tender exercise will be issued through YORtender.

3. Main issues

- 3.1 The contract for frozen foods has now operated for nearly three years and is used to provide frozen foods mainly to schools and adult social care sites.
- 3.2 The contract has been continuously monitored by Catering Leeds throughout the three years it has been operating. The level of customer service is deemed to be acceptable though has improved due to a high level of contract management..
- 3.3 The implementation of the UFSM from September 2014 is likely to have a significant impact on volumes of frozen foods required, as well as potentially increasing the number of deliveries. To meet these new requirements, it is necessary to procure a new contract. A new procurement exercise will allow suppliers to adjust to these new requirements, and deliver the service and products required.
- 3.4 Frozen food prices tend to be quite stable, as products are frozen in season in order to last throughout the year. One of the major contributors to pricing is the weather, as seen during the wet summer of 2012 into 2013, where adverse weather conditions locally, nationally and internationally impact on the price of certain frozen products.

Catering Leeds is looking to continue to reduce future impacts in adverse pricing by better working in close partnership with suppliers to use suitable alternatives when delivering quality meals.

- 3.5 Current contract benchmarking indicates that the market may be closing in on the current supplier. The current supplier has consistently demonstrated good prices. Any new supplier will be required to continue these discussions to provide Leeds the best value available in the market.
- 3.6 Catering services has clear product specifications and will not allow these standards to be compromised. However, we are always willing to review and consider new items that become available in the market. This will be more important as the additional UFSM numbers add pressures to freezer capacity within kitchens.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 It is not considered that the content of this report or the recommendation made will have a significant impact on any particular ward or community and as such no consultation has taken place.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An updated Equality, Diversity, Cohesion and Integration impact assessment screening has been carried out. This indicates that the provision of a full range of meals will have a positive impact within the schools.
- 4.2.2 This is further borne out by the Governments intention to implement the Universal Free School Meal from September 2014 as an attempt to improve standards of attainment within schools.

4.3 Council policies and City Priorities

- 4.3.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such the contract for the supply of fresh and freshly pre-prepared fruit and vegetables will be procured in line with Leeds City Councils Procurement Units policy and procedures.

4.4 Resources and value for money

- 4.4.1 Any contract awarded as a result of the procurement exercise will be used for the purchase of frozen foods which form an essential element of meals across Leeds City Council services.
- 4.4.2 Any contract awarded as a result of the procurement exercise will be regularly reviewed by monitoring market conditions and trading indices to ensure continuing value for money.
- 4.4.3 Any purchase made as a result of the award of contract from this procurement exercise will be transactional in order to provide the services required by both children's services and adult social care.
- 4.4.4 Resources are available from both CEL and Procurement Unit to meet the requirements of a tender exercise in order to award a contract.
- 4.4.5 There are no additional resource implications once a contract is awarded.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The Chief Officer is authorized to make this decision to commence the procurement process.
- 4.5.2 Advice regarding any procurement exercise, including terms and conditions of contract, will be obtained from the Procurement Unit to ensure council governance is met.
- 4.5.2 The value of spend on the contract (three years plus 1 x 12 month extensions) is estimated at £8m. This is above the threshold for a Significant Operational decision, so the decision to commence the procurement is subject to call in.

4.6 Risk Management

- 4.6.1 There is no particular risk in approving the commencement of a procurement exercise.

5 Conclusions

- 5.1 The current contract for frozen foods is coming to an end. To continue to provide a meals service for both children's services and adult social care it is necessary to commence a procurement exercise with the view of awarding a contract for the supply of frozen foods to Leeds City Council.
- 5.2 Not to commence a procurement exercise to award a contract for the supply of frozen foods, will mean either the service cannot be provided, or purchases to provide the service will be made off contract
- 5.3 The additional requirement of the UFSM for September 2014, mean it is an opportune time to re-assess the market. Product specifications, delivery schedules and volumes of products can be addressed in a new tender specification. This will mean the market will deliver the quality of products we need, at the time that we need it. Adjusting, as necessary, for seasonal availability and pricing.

6 Recommendations

- 6.1 The Chief Commercial Service Officer is recommending approval of a procurement exercise to secure a contract for the supply of frozen foods.

The procurement exercise will be undertaken by officers with knowledge of the requirements for the school meals service and adult social care, supported by the procurement unit.

This contract is due to commence on 06 August 2014 for an initial period of 3 years, with 1 x 12 month extension options.

7 Background documents

Equality, Diversity, Cohesion & Integration Impact Assessment (EDCI)

Risk register