

Report of Gillian Banks

Report to Chief Officer – Civic Enterprise Leeds

Date: 24 October 2014

Subject: Request to approve Authority to Procure a Council Wide Fresh Milk and Dairy Products Contract

Are specific electoral Wards affected? If relevant, 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 type="checkbox"/> Yes	<input checked="" 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 current milk contract with Fresh Pastures is due to expire on 30 November 2014. The original contract was managed by Children’s services. Due to delegation of school budgets, children’s services will be advising schools to make their own purchasing arrangements for milk. CEL have been notified by PPPU & Procurement (PU) of the need for a new tender, which is to be managed by CEL.
- 2 Adult Social Care (ASC) has informed Children’s service’s and PPPU that their requirements for this supply will greatly diminish over the next 12 months and this will leave CEL-Catering as being the major user of fresh milk and dairy products.
- 3 The residual value of the contract is expected to be under £150k per annum, reducing further as ASC’s requirements diminish.

Recommendations

The Chief Officer, CEL is recommended to give the authority to commence a procurement exercise for a milk contract.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to commence a procurement exercise to secure a contract for fresh milk.

2 Background information

- 2.1 The current fresh milk contract with Fresh Pastures ends on 30 November 2014. This contract had an estimated annual value of nearly £1m. This contract has been in place since 2010. The contract was initially procured by the Procurement Unit with support from former Education Leeds department.
- 2.2 Children's Services have stated that because schools now have delegated budgets, they will be advising schools, at the end of the existing contract, to purchase their milk requirements by using their own procurement arrangements. Further there are central government arrangements, being proposed, which will change the ways schools are able to procure milk for the nursery milk scheme.
- 2.3 This will leave a residual value on the contract in the region of £150k per annum. Adult Social Care (ASC) have indicated that their own requirements will greatly diminish over the next year. This is likely to leave a residual annual value of under £100k.
- 2.4 Civic Enterprise Leeds Catering Services are likely to be the largest user with an estimated annual value in the region of £55K.
- 2.5 A timetable for this procurement exercise includes a commencement date of 10 April 2015. The period between the end of the current contract, 30 November 2014 and the commencement of a new contract on 10 April 2015, will be covered by utilising a Pro5 contract. A report requesting to utilise this framework will be submitted for approval.
- 2.6 The current authority provision for the supply of milk and related products expires 30 November 2014.
- 2.7 The requirement for milk sits across a number of category plans, however the contract is included in the procurement calendar for the Transport and Facilities Management Category Plan.

3 Main issues

- 3.1 The current fresh milk contract with fresh pastures ends on 30 November 2014.
- 3.2 Annual authority-wide spend on milk and dairy products is in the region of £1m, of which £840k can be attributed to school purchasing. ASC, Central & Corporate and some residual Children's Services usage, make up the majority of the remaining £150k spend.
- 3.3 As schools manage their own budgets they will be advised by Children's Services to procure their own supplier of fresh milk, and as such, will not be included in this procurement exercise.

- 3.4 The remaining balance of £150K, would ordinarily leave Adult Social Care (ASC) as the major user. They have however indicated to Children's Services and PPPU& PU that their own usage will also decline greatly over the next 12-18 months.
- 3.5 This leaves CEL as the major user with the expected annual value of the contract to be move to under £100K per year.
- 3.6 Central & Corporate procurement team have advised that as CEL will be the major user, they are able to act as lead department for commencing the procurement process.
- 3.7 A milk contract is required to provide the services within CEL - Catering Leeds, and other Directorates.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The project team in Central & Corporate have and will continue to advise CEL – Catering Leeds, with regards the necessary process. The project team is made up of officers from Central & Corporate and PPPU&PU.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 If approved this will be covered during the procurement process..

4.3 Council policies and City Priorities

- 4.3.1 It is paramount that any procurement within the council is undertaken with a view to ensure openness, transparency and fairness. As such the contract for the supply of fresh milk is procured in line with the council's policies and procedures. The Council is striving to ensure that a similarly fair and transparent process is undertaken to replace this contract..

4.4 Resources and value for money

PPPU & PU have already identified a potential route to securing access to a viable ESPO contract which will offer value for money.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This is an administrative decision as defined under Article 13 of the Council's constitution. It does not require publication and is not subject to call-in under the Scrutiny Board Procedure Rules.
- 4.5.2 Should a procurement exercise be approved, it is advised that any award decision notices be followed by a 10 day standstill period, voluntarily issued following call-off from a framework in the interest of transparency and equal treatment.

4.6 Risk Management

- 4.6.1 The project team at PPP&PU will advise how best to procure a fresh milk contract to mitigate any risk.

5 Conclusions

- 5.1 The current authority provision for the supply of milk and related products expires 30 November 2014.
- 5.2 Children's Services will advise schools to do their own procurement for the supply of fresh milk. This is because schools hold the budget for this provision, and Government are looking at providing a separate contract for the provision of the Nursery Milk.
- 5.3 There continues to be an ongoing requirement for the provision of fresh milk to the other Leeds City Council establishments in order to provide required services.

6 Recommendations

The Chief Officer, CEL is recommended to give the authority to commence a procurement exercise for a milk contract.

7 Background documents¹

Appendix 1 - Business Case for the Procurement of Fresh Milk.

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.