



**Report of: Head of Catering and Cleaning Service**

**Report to: Chief Commercial Services Officer**

**Date: 30 June 2015**

**Subject: Report recommending 12 month extension to the corporate contract for the supply and delivery of fresh fruit and vegetables from GT Produce**

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 two year contract with GT Produce commenced on 01 July 2014 is due to expire on 30 June 2016. There are 2 x 12 month extensions available. To award a 12 month contract extension will mean this contract continues to offer good value for money.
2. Fresh fruit and vegetables are an essential requirement for a number of units, including school and adult social care.
3. Prices have remained steady during this contract. A benchmarking exercise suggests good value for money is still being obtained.
4. The demand for fresh fruit and vegetables has increased due the Universal Free School Meal (UFSM).
5. GT Produce Ltd was the preferred bidder during the original tender exercise
6. The value of this 12 month extension for LCC is now estimated at £750k.
7. Extending the contract with GT Produce for a period of 12 months suggests a saving of £70k for the year compared with the benchmarked supplier

### **Recommendations**

The Chief Commercial Services Officer is recommended to approve a 12 month extension to the contract to GT Produce Ltd for the supply of fresh fruit and vegetables from 01 July 2016 to 30 June 2017.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to award a 12 month contract extension for the supply and delivery of fresh fruit and vegetables by GT Produce Ltd.

The extension to the contract will commence on 01 July 2016 until 30 June 2017. There is one further contract extension available if required. The contract value has increased due to the uptake of meals as a result of UFSM.

- 1.2 The annual contract value for the next twelve months is estimated to be in the region of £750k. Therefore the contract extension represents a Key Decision under the Council's constitution.

## **2 Background Information**

- 2.1 Fresh fruit and vegetables are an essential ingredient in many schools and adult social care units. Over the past year there has been a significant increase as more primary school sites have moved across to using fresh vegetables. The increase in meals numbers due to the UFSM has also increased the usage of fresh fruit and vegetables.
- 2.2 Following the tender exercise, overseen by the procurement unit, a contract was awarded to GT Produce Ltd for a period of two years
- 2.3 GT Produce Ltd has operated this contract since at least 2011.
- 2.4 A benchmarking exercise was undertaken in June 2015: YPO were asked to compare a basket of high spend items compared to local providers on the National ESPO framework. GW Price are on this framework.
- 2.5 The benchmarking has indicated that GT Produce continue to offer good value for money.

## **3 Main issues**

- 3.1.1 The original tender details were published on the Council's tendering website (YorTender) and an EU advert was published in the European Journal. A contract was awarded to GT Produce Ltd for two years commencing 01 July 2015 with 2 x 12 month options to extend.
- 3.1.2 This report is to support the reasons for taking up the option for the first 12 month extension.
- 3.1.3 The impact of UFSM cannot be understated, in conjunction with additional schools using more fresh ingredients..
- 3.1.4 Benchmarking was undertaken with YPO who have access to a National ESPO framework for fresh fruit and vegetables. This benchmarking indicated that GT Produce Ltd, continue to provide best overall prices.

- 3.1.5 With the increased usage, it is estimated that savings from the benchmark supplier are likely to be in the region of £70k for the 12 month contract extension for the sample basket.
- 3.1.6 Regular supplier meetings are held but there are no real issues to resolve. The supplier discusses any issues with client sites as they arise, thereby minimising negative feelings building up and offering immediate solutions to the end user.
- 3.1.7 In recent discussions with GT Produce, they see no reason for prices to be increased beyond any seasonal variations given the current market conditions.
- 3.1.8 The market is fairly well developed and there have been no apparent changes since the contract award.
- 3.1.9 Benchmarking has taken place with the basket equating to approximately 48% of the value of the current spend, including all the major products. This would have been a larger percentage, but the bench marker did not submit prices for 5 items.
- 3.2 There has been a significant increase in meal numbers as a result of the Universal Free School. This has seen an increase in meal numbers of over 25%. This increased usage is reinforced by more schools able to use more fresh fruit and vegetables.
- 3.3 The original contract estimated an annual spend of £600k. Due to both UFSM, and an increased number of school sites taking fresh fruit and vegetables, this amount is now estimated at £750k per annum. This makes it a key decision.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Advice on the extension to the contract for the supply of fresh fruit and vegetables has been sought from the Procurement Unit. They have agreed an additional extension is allowed for this contract.
- 4.1.2 Adult Social Care have also responded favourably to the contract with GT Produce

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 A Procurement Equality Assurance screening assessment was carried out to ensure that the original tender specifications and evaluation met the needs of the service users and reflects the equality and diversity requirements of the Council.

### **4.3 Council policies and City Priorities**

- 4.3.1 The provision of fresh fruit and vegetables to young and older persons supports the Health and Wellbeing strategic outcome by offering safety and support to vulnerable persons through the provision of a quality controlled 7 day meals at home service.

#### **4.4 Resources and value for money**

- 4.4.1 Due to the stability of the service currently being received from GT Produce it is concluded that by extending the current contract for a period of twelve months will continue to provide good savings compared with the current market.

The recent bench marking exercise confirms this.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 This original tender opportunity was advertised on the council's preferred tender portal YorTender and The European Journal for European Union as required by the European Regulations.
- 4.5.2 Procurement Unit has advised that to extend the contract by a 12 month period is allowed within the existing contract.

#### **4.6 Risk Management**

- 4.6.1 The existing contract has run very well and there have been no problems. To award an extension to this contract would be a reasonably risk free option.
- 4.6.2 As always contract risks will continue to be monitored as part of the contract management process.
- 4.6.3 The main risk is any external factor that affects the price and or supply of fresh fruit and vegetables, generally the weather..

### **5 Conclusions**

- 5.1 GT Produce have demonstrated a cost effective service, requiring little contract management intervention. Clients are content with the existing supplier.
- 5.2 The required service in this area is likely to stable in the next 12 months. This will allow GT Produce to continue their excellent delivery service to supply Leeds City Council sites.
- 5.3 Benchmarking demonstrates that good value for money continues to be offered by GT Produce for the supply of fresh fruit and vegetables.

## **6 Recommendations**

- 6.1** The Chief Commercial Services Officer is recommended to approve a 12 month extension to the contract to GT Produce Ltd for the supply of fresh fruit and vegetables from 01 July 2016 to 30 June 2017.

## **7 Background documents**

Benchmarking Summary Report June 2015 (confidential)

