

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

**Report to: Chief Officer – Civic Enterprise Leeds**

**Date: 19 November 2015**

**Subject: Report requesting authority to commence a procurement exercise for the supply of fresh filled sandwiches and wraps 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?	No
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 seek approval to commence a new procurement exercise for the supply of fresh filled sandwiches and wraps to Leeds City Council obtaining the best possible pricing..
2. The current contract is due to end on 31 July 2016. All possible contract extensions have been used.
3. The current contract is seeing a decreasing demand for fresh filled sandwiches and wraps as units close or leave Catering Leeds. There remains a strong demand for "Meals at Home".
4. If a new procurement exercise is not undertaken, then either the service required by end users cannot be provided, or revenue spend will be incurred off contract.
5. The value of the new contract is estimated to be a maximum of £60k per annum.

**Recommendations**

The Chief Officer Civic Enterprise Leeds is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of fresh filled sandwiches and wraps. The contract will start 1 August 2016 for a period of 3 years, with 1 x 12 month option to extend.

## **1 Purpose of this report**

- 1.1 This report details the reasons why a contract for the supply of fresh filled sandwiches and wraps is required. This report is to seek approval to commence a procurement exercise, which will see the award of a contract for the supply of fresh filled sandwiches for a period of 3 years, commencing 1 August 2016, with the option of 1 x 12 month extensions.

## **2 Background information**

- 2.1 The current contract for fresh filled sandwiches has operated successfully since 1 August 2012. The contract is due to come to an end on 31 July 2016. No further contract extensions are available.
- 2.2 There have been very few issues raised during the contract, either relating to products or deliveries.
- 2.3 A contract for the supply of fresh filled sandwiches and wraps is required to continue to provide for the needs of "Meals at Home", a few high schools and an emergency meal provision. 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 spend on fresh sandwiches has declined as high schools have left service provided by Catering Leeds. Meals at Home service remains stable, and is experiencing good growth in demand for these products. Emergency requirements are required on an ad hoc basis.
- 2.5 The current provider has supplied LCC for over 10 years. In this time there have been no increases in price. They have however indicated that there is almost certain to be a price increase from themselves during the next tender.
- 2.6 This tender will be split into two lots. Meals at Home require a separate lot, as they need a minimum calorific value for sandwich items. They also have a defined list of sandwich items that are offered to clients.

## **3. Main issues**

- 3.1 The current contract for fresh sandwiches has worked well over the last 3 years. The current supplier having serviced Leeds City Council sites for over 10 years. However, this contract ends on 31 July 2016. There continues to be a demand for fresh sandwiches from the existing sites.
- 3.2 There is a declining demand within the current customer base, due to sites closing/leaving. This is likely to have further decline in High School usage in the next two years. "Meals at Home" is currently seeing an increase in uptake.
- 3.3 There is no Internal Service Provider. Regulations regarding the transportation and sale of high risk food items such as fresh sandwiches makes in-house provision unattainable.

- 3.4 Sandwiches for “Meals at Home” need to have a minimum calorific value to meet nutritional requirements to help prevent mal-nutrition amongst clients.
- 3.5 Fresh filled sandwiches and wraps are generally price stable. This has been demonstrated by price stability from the current provider for the last ten years. However, prices are likely to be under pressure for a small upward movement as a result of this tender. Thereafter, it would be hoped they would be price stable for the duration of the contract. However, external conditions could see further pressure on prices.
- 3.6 The main objective of this tender is to obtain quality products at a cost effective price.

#### **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.

Consultation will take place with the end users and children’s services at the time they require to use the contract for the purchase of fresh bread and morning goods..

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

- 4.2.1 An Equality, Diversity, Cohesion and Integration report will be undertaken for this category.
- 4.2.2 The provision of a nutritionally complaint product for clients at risk of malnutrition meets requirements for older clients.

##### **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 filled sandwiches and wraps will be procured in line with Leeds City Councils Procurement Units policy and procedures.

Evidence of added social value will be considered and this may be developed as part of the tender process.

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

- 4.4.1 Any contract entered into as a result of the procurement exercise will be used for the purchase of fresh filled sandwiches and wraps. Sandwiches will include bread rolls and specialty breads This forms an important element in delivering meal services across Leeds City Council services.
- 4.4.2 Any contract entered into 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 Resources are available from both CEL and PPPU to meet the requirements of a tender exercise in order to award a contract for the supply of fresh filled sandwiches and wraps.

4.4.4 There are no additional resource implications once contract(s) for the supply of fresh filled sandwiches and wraps are awarded.

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

4.5.1 The Chief Officer is authorised to make this decision to commence the procurement process.

4.5.2 Advice regarding any procurement exercise, including terms and conditions of contract/arrangement, will be obtained from the Procurement Unit to ensure council governance is met, and fair competition is observed.

4.5.2 The maximum value of spend on the contract (3 years plus 1 x 12 month extensions) is estimated at £180k (increased to £240k if the extension is taken up). This is a significant operating decision, and is not subject to call in.

#### **4.6 Risk Management**

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

4.6.2 There is a risk that any new contract may be more costly than the existing arrangements. But not to progress with procurement exercise

### **5 Conclusions**

5.1 The current contract has been used for the purchase of fresh filled sandwiches and wraps. This has run successfully for over 3 years.

5.2 The current contract is due to end on 31 July 2016. There are no further contract extensions available..

5.3 Not to commence a procurement exercise to award a contract for the supply of fresh filled sandwiches and wraps will mean either the service cannot be provided, or purchases to provide the service will be made off contract. A tendered goods and service contract would put the requirement on a firm contractual footing.

### **6 Recommendations**

The Chief Officer Civic Enterprise Leeds is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of fresh filled sandwiches and wraps. The contract will start 1 August 2016 for a period of 3 years, with 1 x 12 month option to extend.

**7 Background documents**                      None