



Report of: Head of Catering and Cleaning Service

Report to: Chief Commercial Services Officer

Date: 12 October 2016

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:10.4(3) Appendix number: 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The current contract with GT Produce Ltd. commenced on 01 July 2014. This report is in support of awarding the second and final 12 month extension with GT Produce Ltd, which continues to demonstrate good value for money. The contract is in 2 lots.
2. Fresh fruit and vegetables are an essential requirement for a number of units, including schools 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. Uptake of fresh fruit and vegetables continues to remain high due to 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 estimated at £760k.
7. Extending the contract with GT Produce for a period of 12 months suggests a saving of £27k for the year compared with the benchmarked supplier

Recommendations

The Chief Commercial Services Officer is recommended to approve a 12 month extension to the contracts to GT Produce Ltd for the supply of fresh fruit and vegetables from 01 July 2017 to 30 June 2018.

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.
- 1.2 The extension to the contracts will commence on 01 July 2017 until 30 June 2018. This is the final contract extension available. The contract value has increased due to the uptake of meals as a result of UFSM and increased requirement for fresh fruit and vegetables in general.
- 1.3 The annual contract value for the next twelve months is estimated to be in the region of £760k. 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 continued growth in purchasing as more primary school sites have moved across to using fresh vegetables. The increase in meals numbers due to the UFSM continues to maintain the usage of fresh fruit and vegetables.
- 2.2 Following the tender exercise, overseen by the Projects Programmes & Procurement Unit, contracts were awarded to GT Produce Ltd for a period of two years. This contract has already been extended for a period of 12 months to 30 June 2017.
- 2.3 GT Produce Ltd has operated this contract since at least 2011.
- 2.4.1 The contract is split into two lots. Lot 1 is regular fruit and vegetable items, as required for schools, children centres and adult social care. This Lot has been benchmarked.
- 2.4.2 Lot 2 is for more specialist items that were deemed to be required for specialist functions for Civic Flavour. Due to the limited specialist items for this lot, no benchmarking has been done. No purchases have been identified as being within the original specification of this lot.
- 2.5 A benchmarking exercise was undertaken in May 2016 for Lot 1: YPO were asked to compare a basket of high spend items compared to local providers on the National ESPO framework.
- 2.6 The benchmarking has indicated that GT Produce Ltd continue to offer 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 Official Journal of the

European Union. Contracts were awarded to GT Produce Ltd for two years commencing 01 July 2014 with 2 x 12 month options to extend.

- 3.1.2 The first 12 month option to extend has already been taken.
- 3.1.3 This report is to support the reasons for taking up the option for the final 12 month extension.
- 3.1.4 The impact of UFSM cannot be understated, in conjunction with additional schools using more fresh ingredients..
- 3.1.5 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.
- 3.1.6 With the increased usage, it is estimated that savings from the benchmark supplier are likely to be in the region of £27k for the 12 month contract extension for the sample basket.
- 3.1.7 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.
- 3.1.8 In recent discussions with GT Produce Ltd, they see no reason for prices to be increased beyond any seasonal variations given the current market conditions.
- 3.1.9 The question was asked about the impact of Brexit. The response was that, poor weather affecting growing conditions would have a greater impact on pricing, rather than currency and other related issues.
- 3.1.10 This market is fairly well developed and there have been no apparent changes since the contract award.
- 3.1.11 Demand for school meals continues to remain high, with school intake continuing to increase. This increased usage is reinforced by more schools able to use more fresh fruit and vegetables.
- 3.1.12 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 £760k per annum. The annual spend being over £250k 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 PPPU. They have agreed an additional extension is allowed for this contract.

4.1.2 Adult Social Care have also responded favourably to the performance of the contract with GT Produce Ltd.

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 Ltd., 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 Ltd 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 remain stable in the next 12 months. This will allow GT Produce Ltd 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 Ltd 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 contracts to GT Produce Ltd for the supply of fresh fruit and vegetables from 01 July 2017 to 30 June 2018.

7 Background documents

Appendix 1: Benchmarking Summary Report June 2016 (confidential)

