

Report of Mandy Snaith - Head of Catering Leeds**Report to Director of Resources and Housing****Date: 15 June 2017****Subject: Report to support the award of a one year contract extension for frozen foods to Blakemore Foods from 5 January 2018**

Are specific electoral wards affected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):	
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, access to information Procedure Rule number:10.4(3)	
Appendix 1 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.	

Summary of main issues

1. Blakemore were awarded a contract for the supply of frozen foods from 5 January 2015 for a period of three years with a one year extension.
2. A benchmarking exercise has been undertaken, which suggests that Blakemore continue to offer the most competitive pricing.
3. Blakemore were the preferred bidder during the original tender exercise.
4. The estimated value of the one year extension is £1.8m.
5. Extending the existing contract suggests savings against other suppliers of at least £55k.

Recommendations

1. The Director of Resources and Housing is recommended to award a one year contract extension to Blakemore for a further one year, from 5 January 2018 to 4 January 2019.

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 of frozen foods by Blakemore.
- 1.2 The extension to the contracts will commence on 05 January 2018 until 04 January 2019. This is the only contract extension available.
- 1.3 The annual contract value for the next twelve months is estimated to be in the region of £1.8m. Therefore the contract extension represents a Key Decision under the Council's constitution.

2. Background information

- 2.1 Frozen foods continue to be an essential ingredient in many schools and adult social care units. Over the past year sales have maintained a consistent level. Meal numbers have increased across the primary school portfolio over the past year.
- 2.2 Following the tender exercise, overseen by the Projects Programmes & Procurement Unit, contracts were awarded to Blakemore for a period of three years, with the option of a one year contract extension. This contract commenced on 5 January 2015.
- 2.3 This contract is the first occasion that Blakemore have been used by Leeds City Council.
- 2.4.1 The contract is split into 2 lots. Lot 1 is regular frozen food 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 February/ March 2017 for Lot 1. YPO were asked to compare a basket of high spend items compared to providers on their food framework for frozen foods.
- 2.6 The benchmarking has indicated that Blakemore continue to offer value for money.

3 Main issues

- 3.1 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 Blakemore for three years commencing 05 January 2015 with 1 x 12 month options to extend.
- 3.2 This report is to support the reasons for taking up the option for the 12 month extension.
- 3.3 Benchmarking was undertaken with YPO who have a food framework containing a lot for frozen food. The benchmarking took place in February/March 2017. A basket of goods was submitted to YPO, who invited suppliers on the framework to submit

prices. The evaluated pricing indicated Blakemore would continue to offer best value. This being a saving against the next best supplier of £55k.

- 3.4 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.
- 3.5 The question was asked about the impact of Brexit. There has been evidence that currency fluctuation has impacted on some prices of frozen commodities whose raw materials are traded in dollars, or euros. At the time of preparing this report it seems that prices have settled. Any market pressures will apply to all suppliers.
- 3.6 The market is fairly well developed and there have been no apparent changes since the contract award.
- 3.7 Benchmarking has taken place with the basket equating to approximately 85% of the value of the current spend, including all the major products. This would have been over 90% percentage, but the suppliers offering benchmarking prices did not supply prices for 19 items.
- 3.8 Demand for school meals continues to remain high, with school intake continuing to increase.
- 3.9 The original contract estimated an annual spend of £1.8m. The continued success for uptake of school meals as a result of UiFSM, has led to continued high usage of frozen foods, and the spend has remained approximately the same as the original annual contract spend. The annual spend being over £250k makes it a key decision.

4 Corporate considerations

4.1 Consultation and engagement

- 4.11 Advice on the extension to the contract for the supply of frozen foods has been sought from the PPPU. They have agreed this extension is allowed for this contract.
- 4.12 Adult Social Care have also responded favourably to the performance of the contract with Blakemore.

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 best council plan

- 4.3.1 The provision of frozen foods as elements of meals provided 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 Blakemore, it is concluded that extending the current contract for a period of twelve months will continue to provide good savings compared with the current market.

4.4.2 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 PPPU has advised that extending 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 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 frozen produce, generally currency fluctuations affecting raw materials and the weather.

5 Conclusions

5.1 Blakemore has 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 Blakemore 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 Blakemore for the supply of frozen foods.

6 Recommendations

6.1 The Director of Resources and Housing is recommended to award a one year contract extension to Blakemore for a further one year from 5 January 2018 to 4 January 2019.

7 Background documents¹

Appendix 1: Benchmarking Summary Report June 2017 (confidential).

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.