

Report of: Head of Catering and Cleaning

Report to: Chief Officer – Civic Enterprise Leeds

Date: 14 February 2018

Subject: Report to award contract extension for supply of fresh bread and baked goods to Leeds City Council for period of 12 months from 25 April 2018

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 award a contract extension for the supply of fresh bread and baked goods to Leeds City Council.
2. The contract extension is due to start on 25 April 2018 for a period of 12 months.
3. The current contract has run successfully since 25 April 2016
4. The contract extension for fresh bread is to be awarded to FP Processing Ltd. The contract extension for fresh baked goods is to be awarded to Haigh's (Guiseley) Ltd.
5. Benchmarking has been undertaken with YPO.
6. Not to extend the contracts will mean the Council will incur non contract spend.
7. The value of the contracts extensions are estimated at £85,000 for FP Processing Ltd and £40,000 for Haigh's (Guiseley) Ltd.

Recommendations

The Chief Officer, Civic Enterprise Leeds is recommended to approve the award of contract extensions for the supply of fresh bread and baked goods. The contract extensions will start 25 April 2018 for a period of 12 months.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award contract extensions for the supply of fresh bread and fresh baked goods. This report details the reasons why contracts should be awarded to FP Processing Ltd for fresh bread, and Haigh's (Guiseley) Ltd for baked goods. The contract extensions will be for 12 months from 25 April 2018.

2 Background information

- 2.1 The current contract for fresh bread and morning goods is due to end on 24 April 2018.
- 2.2 This contract has run successfully since 25 April 2016, when the two lots were awarded to FP Processing Ltd and Haigh's (Guiseley) Ltd. This procurement exercise was been undertaken with advice from PPPU.
- 2.3 Both FP Processing Ltd and Haigh's (Guiseley) Ltd have indicated they are willing to extend the contract.
- 2.4 Benchmarking was undertaken using YPO. The results were inconclusive as only our incumbent suppliers responded to YPO. This may be that the value of the contract is not an incentive for other potential suppliers in the market.
- 2.5 Both incumbent suppliers have indicated small price increases for the extension, or changing their own supplier to maintain prices.
- 2.6 By extending the contract this expenditure will remain on contract.

3. Main issues

- 3.1 The current contracts for fresh bread and baked goods has worked well over the last twenty four months. This current contract ends on 24 April 2018 with a 12 month extension available.
- 3.2 There continues to be a demand for fresh bread and baked goods. This seems to be growing for baked goods as Parks and Countryside and Leeds Museums and Town Hall take more of these items. This seems to be as a result of these units now using an approved contract for the supply of these goods.
- 3.3 Benchmarking was undertaken through YPO and their food framework, YPO only received returns from our current suppliers through their food framework. The prices were the same as what is being proposed for the extension period.
- 3.4 FP Processing Ltd have indicated some price increases, but will change their own supplier to maintain prices without affecting quality.
- 3.5 Haigh's (Guiseley) Ltd have also expressed a willingness to extend the contract with some small price increases.
- 3.6 Fresh bread and baked goods prices are dependent on the prices of raw ingredients which are determined by global wheat prices. These are generally fairly

stable at the moment. One other major influence on price is energy costs, which is currently under pressure to move upwards.

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.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An Equality, Diversity, Cohesion and Integration report was undertaken for the original procurement for this category.

4.2.2 The positive effect of school meals is borne out by the Governments continued support for the Universal Free School Meal, as an attempt to improve standards of attainment within schools. Fresh bread remains an integral part of these requirements.

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 extension for the supply of fresh bread and baked goods has been procured in line with Leeds City Councils, PPPU's policy and procedures.

4.4 Resources and value for money

4.4.1 Any contract extension entered into as a result of the procurement exercise will be used for the purchase of fresh bread and baked goods. This forms an important element in delivering meal services across Leeds City Council services.

4.4.2 The contract extensions entered into as a result of this award will be regularly reviewed by monitoring market conditions and trading indices to ensure continuing value for money.

4.4.3 There are no additional resource implications.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Chief Officer is authorised to make this decision to extend the contracts for the supply of fresh bread and baked goods.

4.5.2 Advice regarding the extensions has been obtained from the Projects Programmes & Procurement Unit to ensure council governance is met.

4.5.3 The maximum value of spend on the contract extensions is estimated at £85,000 for FP Processing Ltd and £40,000 for Haigh's (Guiseley) Ltd. The decision to extend is a significant operating decision and not subject to call in.

4.6 Risk Management

4.6.1 There is no particular risk in approving the extensions to the contract.

5 Conclusions

5.1 The current contract has run successfully since 25 April 2016, and is due to end on 24 April 2018.

5.2 There is one twelve month extension available.

5.3 Not to extend the contracts will mean non-contract spend will be incurred to meet this provision required by services.

5.4 LCC will continue to monitor suppliers to ensure good value is obtained for these contracts.

6 Recommendations

The Chief Officer, Civic Enterprise Leeds is recommended to approve the award of contract extensions for the supply of fresh bread and baked goods. The contract extensions will start 25 April 2018 for a period of 12 months.

7 Background documents

7.1 Confidential – Appendix 7.1 Pricing Information including YPO benchmarking