

Report of: Head of Catering and Cleaning

Report to: Director of Resources and Housing

Date: 12 February 2018

Subject: Procurement proposal for the supply of frozen foods 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?	Yes
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 recommend the commencement of a new procurement exercise in order to award a new contract for the supply of frozen foods to Leeds City Councils.
2. The current contract commenced on 05 January 2015. This is due to expire on 04 January 2019. A 12 month extension option has been taken with the current supplier, which takes the contract to the date above.
3. Procuring a new contract will secure the frozen foods required at the best possible price.
4. If a new procurement exercise is not undertaken, then either the service required by end users cannot be provided, or significant revenue spend will be incurred off contract.
5. The value of the current contract is estimated at £1,500,000 per annum.

Recommendations

The Director of Resources and Housing is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of frozen foods. The contract is due to commence 05 January 2019 for a period of 3 years, with 1 x 12 month option to extend.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to commence a procurement exercise, which will see the award of a contract for this supply. The contract will be for 3 years commencing 05 January 2019, with the option of 1 x 12 month

extensions. This report details the reasons why a new contract for the supply of frozen foods is required.

2 Background information

2.1 The current contract is due to expire on 04 January 2019. .

2.2 A contract for the supply of frozen foods is required to provide for the needs of children's services, adult social care and commercially orientated ventures, such as Civic Flavour and Parks and Countryside. Not to have a contract in place will mean either the services required cannot be provided, or significant expenditure will be incurred off contract.

2.3 Universal Infant Free School Meals scheme has seen a continuing rise in the uptake of school meals in Leeds.

2.4 The current menus are changing to use more fresh produce. However, there are a number of items which will remain as best procured as frozen produce. By correctly specifying our frozen food requirements we can obtain the best possible prices in the market place.

2.5 The procurement exercise, if approved, will be advertised on the councils' electronic tendering portal "YORtender" and in the Official Journal of the European Union (OJEU). Any procurement exercise will be conducted using EU open procedures. The whole process will be overseen by the Projects, Programmes and Procurement Unit (PPPU) to ensure all processes and procedures comply with legislation.

2.6 All documents for the proposed tender exercise will be issued through YORtender.

3. Main issues

3.1 The current contract for frozen foods has now operated for over three years and is used to provide frozen foods mainly to schools and adult social care sites. Though there is an element which is used by more commercially orientated units such as civic catering, cafes in parks, and leisure centres.

3.2 The contract has been continuously monitored by Catering Leeds throughout the three years it has been operating. The level of customer service has been acceptable throughout the duration of the contract.

3.3 Significant volumes of frozen foods continue to be required for school menus. Whilst there is commitment to utilising as much fresh produce as possible, certain elements can only be provided by using frozen ingredients.

3.4 Whilst frozen elements within school meals is declining, there is an increase in requirements of frozen items for commercially orientated outlets.

3.5 The new procurement exercise will allow suppliers to adjust to these new requirements, and deliver the service and products required.

3.6 Frozen food prices generally tend to be quite stable, as products are frozen in season in order to last throughout the year. One of the major contributors to pricing is the weather, as seen during the wet summer of 2012 into 2013, where adverse weather conditions locally, nationally and internationally impacted on the price of certain frozen products.

3.7 Brexit has also had an impact on pricing as produce is often either obtained from Europe, or raw materials are priced in US dollars. There have been some significant

price increases in the last 12-18 months. Provided the pound remains at its current level the number of price changes are starting to decline.

3.8 Catering Leeds is looking to continue to reduce future impacts in adverse pricing by better working in close partnership with suppliers to use suitable alternatives when delivering quality meals.

3.9 Catering Leeds has clear product specifications and will not allow these standards to be compromised. However, they are always willing to review and consider new items that become available in the market.

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 and as such no consultation has taken place.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An updated Equality, Diversity, Cohesion and Integration impact assessment screening has been carried out. This indicates that the provision of a full range of meals will have a positive impact within the schools.

4.2.2 The continuation of Government support for the Universal Free School Meal remains paramount to continue to improve standards of attainment within schools.

4.3 Council policies and City Priorities

4.3.1 It is essential 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 frozen foods will be procured in line with Leeds City Councils policies and procedures.

4.4 Resources and value for money

4.4.1 Any contract awarded as a result of the procurement exercise will be used for the purchase of frozen foods which form an essential element of meals across Leeds City Council services.

4.4.2 Any contract awarded 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 Any purchase made as a result of the award of contract from this procurement exercise will be transactional in order to provide the services required by both children's services and adult social care.

4.4.4 Resources are available from both CEL and Procurement Unit to meet the requirements of a tender exercise in order to award a contract.

4.4.5 There are no additional resource implications once a contract is awarded.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Director of Resources and Housing is authorized to make this decision to commence the procurement process.

4.5.2 Advice regarding any procurement exercise, including terms and conditions of contract, will be obtained from PPPU to ensure council governance is met.

4.5.3 The value of spend on the contract (three years plus 1 x 12 month extensions) is estimated at £6.0m. This is a key decision and subject to call in.

4.6 Risk Management

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

5 Conclusions

5.1 The current contract for frozen foods is coming to an end. To continue to provide a meals service for both children's services and adult social care it is necessary to commence a procurement exercise with the view of awarding a contract for the supply of frozen foods to Leeds City Council.

5.2 Not to commence a procurement exercise to award a contract for the supply of frozen foods, will mean either the service cannot be provided, or purchases to provide the service will be made off contract

5.3 Catering services within Leeds City Council continues to change. Product specifications, delivery schedules and volumes of products can be addressed in a new tender specification. This will mean the market will deliver the quality of products we need, at the time that we need it. Adjusting, as necessary, for seasonal availability and pricing.

6 Recommendations

The Director of Resources and Housing is recommended to approve the commencement of a procurement exercise in order to secure a contract for the supply of frozen foods. The contract is due to commence 05 January 2019 for a period of 3 years, with 1 x 12 month option to extend.

7 Background documents

Equality, Diversity, Cohesion & Integration Impact Assessment (EDCI)