

Report of: Head of Catering Services

Report to: Director of Resources and Housing

Date: 04 December 2017

Subject: Report requesting authority to procure a contract for the supply of fresh and freshly pre-prepared fruit and vegetables to Leeds City Council

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| 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 seek approval to commence a new procurement exercise in order to award a new contract for the supply of fresh and freshly pre-prepared fruit and vegetables for Leeds City Councils.
2. The introduction of Universal Free School Meals (UFSM) in September 2014 resulted in a 25% increase on meal uptake. This resulted in an increased demand for fresh produce required to provide these meals. Central Government is funding the UFSM.
3. Increased amounts of fresh produce is required to meet the requirements of the bronze cater-mark standard which is currently applied at 96 sites.
4. Procuring a new contract will secure the produce required at the best possible price. It will also ensure that suppliers are fully aware of any new delivery requirements due to the increased demand, and also allow produce specification to be refined.
5. 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.
6. The value of the current contract is estimated at £1,300,000 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 fresh and freshly pre-prepared fruit and vegetables. The contract is due to commence 1 July 2018 for a period of 3 years, with the option to extend by a further 12 months.

1 Purpose of this report

- 1.1 This report details the reasons why a new contract for the supply of fresh and fresh pre-prepared fruit and vegetables is required. 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 1 July 2018, with the option of a 12 month extension.

2 Background information

- 2.1 The current contract which was awarded via a Yortender procurement exercise is due to expire on 30 June 2018.
- 2.2 A contract for the supply of fresh and freshly pre-prepared fruit and vegetables is required to provide the needs of children's services and adult social care. 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 Many items of fruit and vegetables are sold as individual units, either each or "by head". Typically items like head of cauliflower, each orange. This can result in large variations in size, though this is not always reflected in the price. This can also impact on ordering, especially when size of produce can vary greatly over a short period of time. This can lead to both, shortage of usable produce, or occasionally a surplus of produce.
- 2.4 Variation in size of produce, also leads to difficulties when benchmarking. It is difficult to know the size of items, such as cauliflowers, when they are priced. We have worked closely with our current supplier to minimize the change in size of produce currently supplied.
- 2.5 From the work done with our current supplier, we have revised produce specifications for any new contract documentation. This will mean any comparison in the market can be done, in the safe knowledge that comparisons are being made on like-for-like produce.

This will mean that for items purchased under a new contract, kitchen staff can be confident in receiving correct size of produce to meet their needs. The revised specifications will guarantee a minimum number of portions for such items of produce, and therefore lead to more efficient ordering.

- 2.6 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 procurement unit to ensure all processes and procedures comply.

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

3. Main issues

- 3.1 The contract for fresh fruit and vegetables has now operated for nearly eight years and is used to provide fresh fruit and vegetables mainly to schools and adult social care sites.
- 3.2 The contract has been continuously monitored by Catering Leeds throughout the four years it has been operating. The level of customer service is deemed to be high, with very few reported complaints, either around produce or deliveries.
- 3.3 Fresh fruit and vegetable prices naturally fluctuate due to both seasonality and availability. One of the major contributors to pricing is the weather. Adverse weather conditions locally, nationally and internationally impact on the price of fresh fruit and vegetables.

Catering Leeds is looking to reduce future impacts in adverse pricing by better using seasonal fruit and vegetables to deliver quality meals.

The supplier will work closely with LCC to provide details of seasonal and availability trends. This will include access to produce, when pricing may be good, due to seasonality and availability. Where produce price is trending upwards the supplier will be asked to provide details of suitable alternatives.

- 3.4 Current contract benchmarking has been problematic due to variation in size of produce. Many fresh fruit and vegetables are sold as "each" or "head". This makes it difficult to do a meaningful comparison. Items such as cauliflowers, cabbages can vary greatly in size and weight. It is difficult to judge whether a price gives good value for money, when the size is so variable.
- 3.5 This variation in size causes difficulties for kitchen staff when ordering. Size of produce can change dramatically in a very short space of time. Kitchen staff can become used to the size of produce, only for it to change suddenly. This may result in either too little, or occasionally too much produce being delivered.

Working with our current supplier, produce specifications have been clarified. This means items such as cauliflower have now been defined with minimum sizes / weights. This will allow kitchen staff to order with confidence in the knowledge that they will receive enough produce to meet their requirements.

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.

4.3 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 and freshly pre-prepared fruit and vegetables will be procured in line with Leeds City Councils Procurement Units policy 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 fresh and freshly pre-prepared fruit and vegetables as 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 the Procurement Unit to ensure council governance is met.
- 4.5.2 The value of spend on the contract (three years plus 1 x 12 month extensions) is estimated at £5.2m. This makes it a Key Decision, so the decision to commence the procurement is 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 fresh fruit and vegetables 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 fresh fruit and vegetables to Leeds City Council.
- 5.2 Not to commence a procurement exercise to award a contract for the supply of fresh and freshly pre-prepared fruit and vegetables, will mean either the service cannot be provided, or purchases to provide the service will be non contract

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 fresh and freshly pre-prepared fruit and vegetables. The contract is due to commence 1 July 2018 for a period of 3 years, with the option to extend by a further 12 months.

7 Background documents

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