

# Authority to Procure a new contract for the supply of groceries

Date: 11/11/2022

Report of: Chief Officer Civic Enterprise Leeds

Report to: Director of Resources

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

- A new contract for the supply of groceries is required to meet the requirements for catering operations across the city
- Having a compliant contract will demonstrate the market has been tested and any new contract offers very good value for money
- Provision of groceries helps ensures healthy options are available to service users
- This contract will support front line council in delivering their services.

## Recommendations

- a) The Director of Resources is recommended to give the authority to procure a new contract for the supply of groceries. The new contract is due to commence on 1<sup>st</sup> April 2023 for a period of 16 months, with 1 x 12 month option to extend.
- b) The estimated value of the new contract is £1,800,000 per year; £4.2 million including extension.

## **What is this report about?**

- 1 The current contract 57645 supply of groceries is due to end on 31 March 2023, with no further option to extend.
- 2 The current contract was for 7 months, from 1 August 2022 to 31 March 2023, with no option to extend. This contract was estimated to have a value of £700,000.
- 3 Leeds City Council require compliant contracts to ensure they can continue to provide groceries as a healthy and nutritious part of catering services that are provided across the city.
- 4 Not to approve this request to give authority to procure a new contract risks non-compliant spend, higher prices, and potential affect continuity of supply.
- 5 Catering Leeds, with advice from Procurement and Commercial Services (PACS), will determine the best way to procure a new contract, The process may be by accessing a compliant framework, or by competitive tender using the YorTender portal. Any tender will also be advertised through Contracts Finder as advised by PACS.

## **What impact will this proposal have?**

- 6 Approving the authority to procure a new contract will ensure the council will continue to have a supply of groceries.
- 7 Having a compliant contract in place will ensure the council can continue to access quality groceries for a variety of council departments to meet their front-line service requirements. This includes the provision of school meals, including free school meals
- 8 If a new contract is not in place, the Council will be subject to non-compliant spend and potentially significantly higher prices.
- 9 Either accessing a framework or a tender opportunity will allow the Council to test the market with the view to maintain costs in this area.
- 10 Discussions have taken place with colleagues in PACS to review the specification in the following areas; promote electric vehicles for delivery, looking at lowering the grade of products and the associated effect on price to explore where efficiencies can be sought with little effect, but acceptable results on quality. The successful supplier to work with the Council through contract management meetings to identify and promote better ways of working to produce efficiencies.
- 11 The Council will work with the successful bidder to identify costs savings by: stipulating a pre-defined mark up for non-contract lines; supplier to procure lowest priced options; a “price” cap on produce where there is price volatility; price fixed for defined periods and variations only allowed where documentary evidence supports such changes; all costs charged to the Council must include all supplier operating costs; faster payments offered to suppliers to attract additional discount; the supplier to agree to open book accounting regarding products; the successful bidder will be encouraged to promote to the council additional innovative produce which offer the council either financial or other benefits (reduced food miles, seasonal, local).
- 12 The Council will work with the successful bidder to mitigate any impacts of food inflation, by offering suitable alternatives, and amending menus to utilise products when prices are lower. The council will work with the successful bidder to look for further efficiencies and added social value.
- 13 Catering Leeds holds a bronze level, “food for life served here” accreditation. Frozen foods can help in maintaining this accreditation.

## How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 14 i) The new contract will ensure catering services can continue to offer healthy meal choices to all citizens of Leeds.
- ii) The council will work with the successful bidder to reduce environmental impact of the contract. This will, where possible, using greener vehicle, sourcing produce close to Leeds and making fewer deliveries.

## What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 15 Catering Leeds have been consulted as to their continuing requirements. Parks and Countryside, and Museums will be invited to be part of the tender process.

## What are the resource implications?

- 16 Leeds Catering and PACS have resources available to procure a new contract for the supply of groceries.

## What are the key risks and how are they being managed?

- 17 i) A key risk is to ensure that a compliant contract is successfully procured. PACS will guide catering services to ensure risks are minimised in this procurement.
- ii) Not to procure a contract risks the council having to incur non-compliant spend with higher costs. PACS and catering services will ensure a compliant contract is in place by 01 April 2023

## What are the legal implications?

- 18 PACS have advised there are no legal implications to procure a new contract for the supply of groceries.
- 19 Due to the value, the authority to procure a new contract is a key decision, and is subject to call in.

## Options, timescales and measuring success

### What other options were considered?

- 20 When approval is given PACS and catering services will check to see if any existing external frameworks will meet the requirements for the council.

### How will success be measured?

- 21 Success will be measured by procuring a compliant contract that meet the requirements of the council for the supply of groceries, whilst offering good value for money

### What is the timetable and who will be responsible for implementation?

- 22 The new contract needs to be in place for 1 April 2023.

23 The Head of Catering and Fleet services will be responsible for implementation

### **Appendices**

- Appendix A – EDCI Screening Form
- Appendix B – DPIA groceries

### **Background papers**

- None