

REPORT TO: Cabinet Member – Environmental
Cabinet

DATE: 20 October 2010
28 October 2010

SUBJECT: Contract for the Supply of Frozen Prepared Meals for the Community
Meals Service

WARDS AFFECTED: All Wards

REPORT OF: Jim Black
Operational Services Director

CONTACT OFFICER: Colin Upton
School Meals & Catering Services Manager
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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To seek approval for the acceptance of a Tender for the supply of frozen prepared meals for the Community Meals Service.

REASON WHY DECISION REQUIRED:

A contract with a value greater than £500,000 requires Cabinet approval.

RECOMMENDATION(S):

1. Cabinet Member - Environmental is recommended to refer the report to Cabinet.
2. Cabinet is recommended to award the contract to the following supplier for the period from 1st November 2010 to 31st October 2013, with two further option periods of one year –
Tender No. 1

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE: Following expiry of the call in period.

ALTERNATIVE OPTIONS:

A number of alternative suppliers were considered as part of the tender process, however, the proposed tenderer offers the best value to the Council.

IMPLICATIONS:

Budget/Policy Framework: The proposals are fully in line with the Council's Procurement Strategy and the National Procurement Strategy for Local Government.

Financial:

<u>CAPITAL EXPENDITURE</u>	2010 2011 £	2011 2012 £	2012 2013 £	2013 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure	£3,080	£7,620	£7,850	£8,080
Funded by:				
Sefton funded Resources				
Funded from External Resources	£3,080	£7,620	£7,850	£8,080
Does the External Funding have an expiry date? No	When?			
How will the service be funded post expiry?				

Legal: None

Risk Assessment: In achieving the most financially advantageous contract for the Council, Officers have also taken steps to ensure that risks have been minimised.

Asset Management: Not appropriate

CONSULTATION UNDERTAKEN/VIEWS

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Tender No.1 supplied the following documents:

- Grade A Food Safety Certification
- Company Profile
- Environmental Policy
- ISO 14001 Certificate of Registration in relation to operation of an Environmental Management System
- Health & Safety Policy
- Sustainable Procurement Policy - Sourcing
- A 2010 report on the company's progress on sustainability issues
- Product Brochure
- Risk Assessment clarification
- Integrating Equality and Diversity into Procurement & Commissioning Activity: Guidance for Suppliers & Contractors

Background

1. The School Meals & Catering Services Section currently provides the meals for the Community Meals Service via a Service Level Agreement (SLA) with Sefton New Directions.
2. The current contract for the supply of prepared frozen meals is due to expire on 31st October 2010.

Tender Process

3. Following a collaborative pattern of work already established within the Merseyside Group of Authorities, Sefton's Central Purchasing Unit took the lead role on the renewal of this contract working with officers at St Helens Council.
4. An OJEU compliant procurement process was undertaken. This was advertised and managed via The Chest North West opportunities portal.
5. It has proved difficult in previous years to encourage competition for the supply of this product, as the incumbent provider is dominant in the market. In the run up to this current tender exercise, a number of potential suppliers were identified and encouraged to access the tender documentation via The Chest.
6. This pre-tender work initially appeared successful, as some seventeen suppliers accessed the documents. However, only three tender bids were received.
7. On closer inspection, two of the three bids were found to be non-compliant, leaving one remaining bid. That bid is of the incumbent supplier, and reflects an increase in annual spend of 4.36% (£7,400).
8. On a positive note, the incumbent supplier's product quality is of a high standard and therefore the level of satisfaction within the service users of the Community Meals Service should be maintained.

Financial Impact

9. Whilst this financial increase is not welcome in the current climate, it was not unexpected. Although Officers attempted to create a competitive arena within the exercise, to maximise the financial benefit to the Council, the successful bidder's continued dominance of the market has dictated a percentage on-cost outcome.
10. There will be no financial impact on the Council due to this increase as Officers from the School Meals Section anticipated such an increase and made provision for it when costing the SLA with Sefton New Directions for 2010/11.