

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 10/02/2016

Subject:	Supply of ready-made sandwiches and rolls contract to Schools and Commercial catering outlets		
Corporate Director(s)/ Director(s):	Dave Halstead, Director of Neighbourhood Services		
Portfolio Holder(s):	Councillor Nicola Heaton, Portfolio Holder of Community Services		
Report author and contact details:	Jacquie Blake, Commercial operations Manager, Catering		
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision		<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £150,000			
Wards affected: All		Date of consultation with Portfolio Holder(s): 12.1.2016	
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input checked="" type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>The quantity of sandwiches and rolls required to deliver the service to numerous catering sites across the City requires the procurement of a quality and value for money supplier, who can produce the same quality products, at a better price than they can be made in- house. This will ensure competitive pricing on these products and consistent quality control across all sites, for all our customers.</p>			
Exempt information:			
NONE			
Recommendation(s):			
<p>1 To approve expenditure of £100,000 for the supply of Fresh sandwiches and rolls Contract for School and Commercial Catering for 2 years from 1 April 2016, with an option to extend for a further 1 years, at a total cost of £150,000.</p>			
<p>2 To delegate authority to the Strategic Director of Neighbourhood Services to select and award the contracts to the most advantageous tender.</p>			

1 **REASONS FOR RECOMMENDATIONS**

- 1.1 The current supplier was engaged prior to the creation of the Commercial Catering Dept. which has now increased the number of business units, the amounts of sandwiches and rolls purchased has therefore increased significantly, requiring the contract to go out to tender.
- 1.2 This will ensure best value for money, a costing exercise has shown that for the Dept. to make the products themselves would be more costly as a sandwich company will operate as a factory and through high volumes will be able to deliver the products at a price that the Dept. could not match.

2 **BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The development of the Commercial catering dept. has seen an increase in 3 business units, with a further 4 in the next financial year planned. This will see a significant increase in the volume of these products being purchased. All surveys returned confirm that quality and where possible local sourcing are important to our customers.

3 **OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 The current contract needs to go out to tender and the supply of fresh sandwiches and rolls are key to the delivery of the catering service in schools and commercial catering facilities. Not undertaking a formal procurement process will mean that the Council will not be securing best value for supply of a significant amount of revenue spend and in addition would not be adhering to Public contracts and regulations which would make this unlawful This option is therefore not recommended.
- 3.2 To make the sandwiches and rolls in the current Catering establishments. This option would cost more over the life of the contract as the infrastructure is not in place to deliver this volume at this price. Contractors delivering this type of product operate a factory style of production which the Catering Dept. does not have the capacity to deliver. This may be a consideration for the future when the required volumes reach a level to make this a worthwhile investment. Therefore this option is not recommended.

4 **FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 Catering services provide ready-made sandwiches and rolls as part of the service offer to customers at schools and non-school sites. The annual expenditure in this area is circa £50,000 per annum, this cost is recovered through charges to customers to cover the cost of purchase and contribute to other associated costs.
- 4.2 The procurement of ready-made sandwiches and rolls rather than in-house provision represents value for money as greater economies of scale can be achieved by the supplier. An analysis by the catering service identified that in-house unit costs for food alone (therefore excluding staff and overheads) are approximately the same as the all-inclusive price (inclusive of food, staff and overheads) that procuring the service from an external provider will achieve.
- 4.3 A base budget for the annual cost for this activity already exists within schools and commercial catering budgets. Any increase in unit volumes and therefore costs will

be met by income generated from business growth. Catering services have a proposed of an additional income target of £0.657m included within the Council Medium Term Financial Plan (MTFP) that is currently out for public consultation.

The procurement of this service will contribute towards the achievement of this target.

- 4.4 The contract should adhere to financial regulations and be reviewed after the 2 years to ensure prices remain competitive and that it is still fit for purpose for the service.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The Procurement Team supports the recommendations of this report and will assist with the tendering exercise to make sure that a fully compliant value for money contract is entered into.
- 5.2 The proposal raises no significant legal concerns. A proper procurement exercise will be undertaken in accordance with procurement rules and the council's CPR.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

- 6.1 None.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The spend has been broken down into smaller lots in order to make the framework agreement more attractive to local suppliers and keep the money spent in the city if possible.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 By ensuring the quality of the produce procured through this retendering process, the meals produced will be of a high standard, thus ensuring the health of those citizens served is maintained to expected levels.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

This decision relating to a formal tender process and subsequent award does not have any significant equality impact on citizens and service users. The procurement process is organised in lots, to provide an opportunity for small and local businesses to tender for this work, with suitable weighting in the scoring.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT
INFORMATION)**

10.1 N/A

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 N/A

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 Paul Ritchie has been consulted and suggested to go out to tender for fresh sandwiches and rolls contracts for 2 year plus 1 year option to extend.