

Cabinet Report

Date of Meeting: 11th September 2018

Report Title: Re-Procurement of Food Contracts for Fresh Produce and Multi-temperature Food (i.e. Frozen and Grocery Products)

Portfolio Holder: Cllr Jos Saunders, Children and Families

Senior Officer: Mark Palethorpe, Acting Executive Director of People

1. Report Summary

- 1.1. Cheshire East Catering is a successful service provider delivering a high quality catering service to Cheshire East Schools; around 100 schools in total. The two contracts concerned relate to the purchasing of food items which are used primarily in the preparation of school meals.
- 1.2. The Catering service currently holds a Gold, Soil Association accreditation for the food served within schools. To maintain this standard, the produce must be sourced from the NW region where possible providing Seasonal, Organic, Sustainable, Free Range, Traceable and Healthy foods in line with the Councils' priority of supporting children and their families to live long, healthy and successful lives.
- 1.3. This report is concerned with the contract for "Fresh Produce" i.e. fruit, vegetables, milk and bread, and additionally the contract for "Multi-temperature food" i.e. frozen and grocery items.
- 1.4. Currently the provision for Fresh Produce is contracted to one organisation - Ron Chalker (The Potato Man) Ltd. The current provision for Multi-temperature food is contracted to a single company - A.F. Blakemore trading as Blakemore Foodservice.
- 1.5. The Fresh Produce contract commenced on 1 March 2014 and has a maximum term, including extensions, to 28 February 2019. The Multi temperature contract commenced on 1 October 2014 and has a maximum term to 30 September 2019.
- 1.6. The desire from the Service is to draw upon other successful contractual models and to split the delivery region into "Lots", to enable smaller suitably qualified businesses (SMEs) to tender for these provisions and therefore to support the local economy.

- 1.7. The new Fresh Produce contract term is proposed to run from February 2019 for an initial two or three year period with options to extend for further periods each of 12 months. The current annual spend on this contract is £785k making a total new contract value over the six year term of £4.71m, as such this is classed as a Key Decision.
- 1.8. The new Multi-temperature contract term is proposed to run from September 2018 for an initial three years with options to extend for a further three periods each of 12 months. The current annual spend on this contract is approximately £1.2m, making a total new contract value over the proposed full term of £7.2m, as such this is classed as a Key Decision.
- 1.9. The Corporate Procurement Unit has researched the procurement options currently available and advises the Council to run its own EU-compliant tender processes (as two separate procedures).
- 1.10 As requested by CLT when the single contract for Fresh Produce was tabled, this report has now been considered through the Procurement & Commissioning Board.

2. Recommendations

- 2.1 It is recommended that Cabinet approve the request to progress the re-tendering processes in line with EU compliant procedures.
- 2.2 It is recommended that Cabinet delegate authority to the Director of People in consultation with the Portfolio Holder for Children & Families, to award contracts to the highest scoring bidders by lot following evaluations.

3. Reasons for Recommendations

- 3.1. Financial regulations as set out within the revised constitution and Finance and Contract Procedure Rules require Cabinet to approve decisions involving expenditure of over £1m.
- 3.2 To ensure that the Council obtains maximum value for money and to ensure robust, compliant contract(s) are awarded for fresh produce and frozen/grocery items.

4. Other Options Considered

- 4.1. An alternative would be to extend the existing contracts but this would not provide the opportunity to negotiate prices, current prices are inhibiting the financial position of the service.

- 4.2. Procurements via framework agreements have been considered however, this would mean separate contracts for each type of product.

5. Background

- 5.1 These contracts relates to the to the supply and delivery of items of: fresh fruit, vegetables, salad ingredients, prepared vegetables, milk and bread products and frozen ; as required for use in Primary Schools and High Schools and other Catering Establishments in the preparation of meals / catering requirements within the Cheshire East region.
- 5.2 The service wish to encourage smaller locally based providers to supply Fresh Produce and Multi-temperature food items, this is in line with the Governments School Food Plan and Cheshire East Council's corporate plan goals, for this reason the procurements have been divided into regional lots.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The existing contracts allow for extensions and these have been agreed and ratified in accordance with the Council's Contract Procedure Rules.
- 6.1.2. The value of the contracts requires that re-procurements be in accordance with the Public Contracts Regulations 2015 and the Council's own Contract Procedure Rules.

6.2. Finance Implications

- 6.2.1. The value of the existing fresh produce contract running from 1st March 2014 – 28th February 2019 will be approximately £3,925,000.
- 6.2.2. The fresh produce contract has been fully extended to February 2019 and cannot be extended any further.
- 6.2.3. The new fresh produce contract value is potentially £4.71m over six years from February 2019.
- 6.2.4. Multi-temperature spend is currently £1.2m per annum making a new contract value of potentially £7.2m from September 2018 over six years.
- 6.2.5. The budget for these contracts is generated by school meals income which is managed by Cheshire East Catering. If the service cannot generate sufficient income to cover costs then there is a pressure on the Council's base budget. The outturn position in recent years has

highlighted an issue with covering costs as a result of increases in costs and limitations on increasing income from pupils.

6.3. Equality Implications

- 6.3.1. Procurement arrangements will ensure that a fair and equitable process has been undertaken to re-tender this contract.

6.4. Human Resources Implications

- 6.4.1. There is additional work being undertaken to progress this re-tendering as soon as possible to both ensure a long term contract is in place and that this delivers high quality and is more cost effective.

6.5. Risk Management Implications

- 6.5.1. That the current retendering process does not yield a new supplier to the standard required.

6.6. Rural Communities Implications

- 6.6.1. There are no direct implications for rural communities although sources local suppliers may well provide benefits for small business operating on rural communities.

6.7. Implications for Children & Young People

- 6.7.1. There are no direct implications for children and young people other than our desire to maintain the highest Food Standard and ensure children receive the most nutritious and healthy lunch options every day.

6.8. Public Health Implications

Much work has been undertaken by the service to work alongside Health colleagues to promote healthy lifestyles both at school and in the local communities.

7. Ward Members Affected

All.

8. Consultation & Engagement

- 8.1. In terms of receiving feedback from parents when new provider(s) are appointed this will be done via the 'Fresh' bulletins, website entries and supported by CE communications team.

9. Access to Information

- 9.1. Additional information on this service area can be found via the 'Fresh' website, see the link below:

<http://freshcateringservices.co.uk/>

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

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