

Notice of Meeting

Cabinet Member for Corporate Support Decisions



Date & time
Tuesday, 22
January 2019 at
1.30 pm

Place
Members' Conference
Room, County Hall,
Penrhyn Road,
Kingston Upon
Thames, KT1 2DN

Contact
Ben Cullimore
020 8213 2782
Room 122, County Hall,
Penrhyn Road Kingston
upon Thames KT1 2DN

Chief Executive
Joanna Killian

ben.cullimore@surreycc.gov.uk

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email ben.cullimore@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Ben Cullimore on 020 8213 2782.

Cabinet Member

Ms Charlotte Morley (Cabinet Member for Corporate Support)

AGENDA

1 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- i. Any disclosable pecuniary interests and / or
- ii. Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

2 PROCEDURAL MATTERS

a Members' Questions

The deadline for Members' questions is 12pm four working days before the meeting (16/01/2019).

b Public Questions

The deadline for public questions is seven days before the meeting (15/01/2019).

c Petitions

The deadline for petitions was 14 days before the meeting, and no petitions have been received.

3 AWARD OF CONTRACT FOR THE SUPPLY AND INSTALLATION OF COMMERCIAL CATERING EQUIPMENT

(Pages 5
- 16)

Surrey County Council have a current contract in place with Commercial Services for the supply and installation of commercial catering equipment used in the provision of meals to Surrey schools.

Catering equipment covers items such as prime cooking equipment, warewashing machines, refrigeration equipment, heated and ambient display equipment, and large food prep equipment.

The current contract expires on the 1 April 2019 and there are no further extensions that can be used.

The contract supports the Council's Commercial Services contractual obligations to provide school meals across Surrey. It helps the schools to comply with their legal duty, including the Children's and Families Act

2014, for all state-funded schools, including academies and free schools, to offer a free school lunch to all pupils in Reception, Year 1 and Year 2.

This report sets out recommendations arising from work on options for the provision of the supply and installation of commercial catering equipment to commence the service from 2 April 2019 for use in the production of school meals, and outlines a competitive tender which was carried out in order to select suppliers to deliver the service.

The procurement process is at the stage where Cabinet approval is required in order to award the contract to a number of suppliers across seven sub-lots as listed below.

Because of the commercial sensitivity the details of assessment results have been circulated as a confidential Part 2 of this report.

4 EXCLUSION OF THE PUBLIC

Recommendation: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

PART TWO – IN PRIVATE

5 AWARD OF CONTRACT FOR THE SUPPLY AND INSTALLATION OF COMMERCIAL CATERING EQUIPMENT (Pages 17 - 22)

This is Part 2 report related to item 3. The report contains information which is exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

Confidential: Not for publication under Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Joanna Killian
Chief Executive
Published: 14 January 2019

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings with the Chairman's consent. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that the Chairman can grant permission and those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

SURREY COUNTY COUNCIL**CABINET MEMBER****DATE: 22 JANUARY 2019****REPORT OF: MS CHARLOTTE MORLEY, CABINET MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: SARAH ATKINSON, INTERIM HEAD OF COMMERCIAL SERVICES****SUBJECT: AWARD OF CONTRACT FOR THE SUPPLY AND INSTALLATION OF COMMERCIAL CATERING EQUIPMENT****Summary of Issue:**

SCC have a current contract in place with Commercial Services for the supply and installation of commercial catering equipment used in the provision of meals to surrey schools.

Catering equipment covers items such as, prime cooking equipment, warewashing machines, refrigeration equipment, heated & ambient display equipment and large food prep equipment.

The current contract expires on the 1st April 2019 and there are no further extensions that can be used.

The contract supports the Council's Commercial Services contractual obligations to provide school meals across Surrey. It helps the schools to comply with their legal duty, including The Children's and Families Act 2014, for all state-funded schools, including academies and free schools, to offer a free school lunch to all pupils in reception, year 1 and year 2.

This report sets out recommendations arising from work on options for the provision of the Supply and Installation of Commercial Catering Equipment to commence the service from 02 April 2019 for use in the production of school meals, and outlines a competitive tender which was carried out in order to select suppliers to deliver the service.

The procurement process is at the stage where Cabinet approval is required in order to award the contract to; a number of suppliers across seven sub-lots as listed below.

Because of the commercial sensitivity the details of assessment results have been circulated as a confidential Part 2 of this report.

Recommendations:

It is recommended that:

1. Cabinet approves the award of contract for the Supply and Installation of Commercial Catering Equipment to;

Sub-lot 1- Falcon Ovens – Whitco Catering & Bakery Equipment Ltd
Sub-lot 1 – Blue Seal Ovens - Bunzl UK Ltd t/a Lockhart Catering Equipment
Sub-lot 1 - Rational Ovens - Stephens Catering Equipment Co. Ltd
Sub-lot 2 - Warewashing - Whitco Catering & Bakery Equipment Ltd
Sub-lot 3 - Refrigeration - The Acme Facilities Group LTD
Sub-lot 4 - Heated & Ambient Display - Court Catering Equipment Limited
Sub-lot 7 –Food Preparation - Whitco Catering & Bakery Equipment Ltd

Reason for Recommendations:

The existing contract will expire on 01 April 2019. A mini-competition process in compliance with the requirements of Public Contract Regulations and Procurement Standing Orders has been completed. The recommended suppliers offered overall best value for money in the procurement process which has been undertaken.

The award of these contracts will enable uninterrupted provision of the service, and will benefit Surrey's children by ensuring the continued provision of school meals. Detailed assessment of the offers received is circulated in Annex 1 Procurement process and in confidential Part 2 of the report.

<u>Details:</u>

Business Case

1. The contract gives the Council access to a reliable service for the supply and installation of commercial catering equipment used in the provision of meals supplied by Commercial Services.
2. The contract supports the Council's Commercial Services contractual obligations to provide school meals across Surrey. It helps the schools to comply with their legal duty, including The Children's and Families Act 2014, for all state-funded schools, including academies and free schools, to offer a free school lunch to all pupils in reception, year 1 and year 2.
3. Commercial Services is an income generating service that sells to Surrey schools via contracts set up each year.
4. Commercial Services provides Catering Services to School in Surrey and as part of this service provision there is a need to procure commercial catering equipment for the school kitchens. The expenditure is off-set by revenue generated from sale of meals. In the 2018/19 budget the cost of these goods was included within the total cost of goods sold including food.
5. The equipment may be required as part of a planned timetable of refurbishment, upgrade of a kitchen, or in the event that equipment is deemed unrepairable.
6. The objective of this call off contract is to provide a compliant route to market for the purchase and installation of commercial catering equipment for schools, without the need for individual quotations, mini-competitions, or further tender activities.

-
7. The contract will provide fixed prices for first 12 months of the contract which have been obtained via a competitive call off competition.
 8. Commercial Services will provide ongoing contract management for the service throughout the life of the contract.
 9. In scope for this Call Off will be the supply and installation (where required) of;
 - Prime cooking equipment
 - Warewashing machines
 - Refrigeration equipment
 - Heated & ambient display equipment
 - Large food prep equipment

Not in scope under this contract is the supply of light catering equipment, repair and maintenance of equipment, or purchase of food supplies. These are covered by separate contracting arrangements.

10. The benefits of this contract will be a compliant route to market for the purchase and installation of commercial catering equipment for schools without the need for individual Request for Quotations (RFQ), mini competitions or tender activities. This will ensure a reliable service and a good quality meal service, providing best value to the Council. All purchases are made by Commercial Services.

Options Considered

11. Option 1 - Retender on Eastern Shires Procurement Organisation Framework 98 (ESPO).
Option 2 - Full OJEU Tender.
Option 3 - Do nothing.
Option 4 - Use framework agreement from another provider.

Preferred option and reasons

12. Use of the ESPO purchasing framework which is dedicated to the supply and installation of commercial equipment.
 13. Although SCC have a large spend in this area it is not significant in the market. There are a large number of suppliers in the market with some of the UKs leading manufacturers and suppliers awarded to the ESPO framework. This allowed for evaluation of the best value for money across the lots being utilised.
 14. The benefits of utilising the framework include:
 - I. Compliance with UK/EU procurement legislation – ESPO have done the work, so there's no need to run a full EU procurement process and advertise to wider market.
 - II. Suppliers listed on the framework were assessed during the procurement process for their financial stability, track record, experience and technical & professional ability, before being awarded a place on the framework. ESPO also continue to monitor the suppliers, their financial standing and we have regular meetings with them too to make sure they continue to meet the criteria set within the framework.
-

- III. SCC also benefit by using the pre-agreed terms & conditions of the ESPO framework. Discounts available from a number of suppliers, each specialising in market leading brands. These discounts vary by each supplier and they generally apply to certain brands or pieces of equipment.

Procurement Strategy

15. There is currently no common procurement strategy in place across the Orbis Partnership. Both East Sussex County Council and Brighton & Hove City Council have differing strategies and contracts in place. Going forward there may be opportunities to procure as a partnership.
16. Although no savings were forecasted, the overall total price for goods required across the lots has decreased by 1.42% against the current contract. The contract price is fixed for the initial year of the contract, and will be subject to annual reviews where price will depend on CPI index. No price increase will be given without the express permission from the contract managers.

Social Value Benefits

17. Social Value was subsequently not evaluated as the majority of the bidders did not provide a completed charter. After talking to those bidder it became clear that they did not understand what Social Value is and what they were able to claim. More work with these bidders will be beneficial for future tenders, using this framework, however in the interim the social value market place will be used with the winning suppliers.
18. Detailed assessment of the offers received is circulated in confidential Part 2 of the report.

The detailed information about the procurement process is contained within background paper Annex 1

Consultation:

19. Key internal stakeholders have been consulted at all stages of the commissioning and procurement process including Procurement, Legal Services, Commercial Services and Finance.

Risk Management and Implications

20. The contract includes various 'Termination Clauses', including Termination without Cause. This will allow the Council to terminate the contract with 12 months written notice.
21. All suppliers listed on the ESPO framework were assessed during the procurement process for their financial stability, track record, experience and technical & professional ability, before being awarded a place on the framework. ESPO also continue to monitor the suppliers, their financial standing and the contract manager has regular meetings with all suppliers to ensure they continue to meet the criteria set out within the framework.
22. The following key risks associated with the contract have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
----------	------------------	---------------------

Financial	Cost increases	Prices will be fixed for the first 12 months of the contract.
Performance	Delays in supply	Suppliers on the ESPO contract have a proven record for reliability
Performance	Poor quality of installation	Suppliers assessed by ESPO for technical and professional ability. In addition, suppliers were required to submit details of accreditations and training of engineers as part of the tendering process.
Performance	Unreliable equipment	Suppliers provide warranties on all equipment. Equipment used has a proven track record for reliability within Surrey Commercial Services.

Financial and Value for Money

23. The estimated value of the contract over three years is £900,000.
24. The new contract will mean a decrease in the cost of the contract by an overall value of 1.42%. This equates to £12,780 over the course of the 3 years.
25. Benchmarking information is based on both supply and install, where we have the historical data to make a comparison, of services required under the contract.

Section 151 Officer Commentary

26. This section is for the commentary from the Section 151 Officer (Chief Finance Officer) clarifying that all material, financial and business issues and risks have been considered/addressed.

Legal Implications – Monitoring Officer

27. The procurement was done using the ESPO framework 98_18 Commercial Catering Equipment Lot 2 which is compliant with UK/EU procurement regulations.
28. All suppliers on the lot, within the geographical region, had the opportunity to bid. Legal is satisfied that the procurement was done properly and fully compliant with the law.

Equalities and Diversity

29. An equalities and Diversity assessments were carried out by the framework owner at the tender stage and such legislation is included within the call off terms and conditions.

Other Implications:

30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Set out below.
Safeguarding responsibilities for vulnerable children and adults	Set out below.
Environmental sustainability	No significant implications arising from this report.
Public Health	No significant implications arising from this report

Equalities and Diversity

31. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Set out below.
Safeguarding responsibilities for vulnerable children and adults	Set out below.
Environmental sustainability	No significant implications arising from this report.
Public Health	No significant implications arising from this report

Corporate Parenting/Looked After Children implications

32. The tender helps to ensure that the Council meets its obligations under The Children and Families Act.

Safeguarding responsibilities for vulnerable children and adults implications

33. The supplier will comply with the Council's safeguarding and staffing policies, and will undertake Disclosure and Barring Service checks.

Environmental sustainability implications

34. AS part of the framework tender, Pass/Fail selection criteria, which all bidders needed to complete, were included. These were centred on environmental management and breach of environmental obligations. This applied also to supplier who are using sub-contractors.

35. Within the specification the requirement for compliance with the following standards (or equivalent/updated) throughout the Framework Term:

- I. CE Marking to ensure Equipment supplied under this Framework meet EU safety, health and environmental requirements
- II. The Environmental Protection Act 1990. The additional clauses within the specification included:
 - i. The Supplier shall where reasonably practicable ensure that all packaging is as environmentally friendly as possible and is capable of being recycled. This shall include the use of recyclable materials and biodegradable plastics
 - ii. The Supplier may be required to supply Equipment and/or Services in accordance with the Customer's environmental policy, details will be provided by the Customer to the Supplier prior to the Order being placed.

36. The framework includes the following Sustainability Key Performance Indicator:

- I. The Supplier shall provide an annual report (or URL if applicable) to provide details of performance and improvements regarding their sustainability activities and targets.

Public Health implications

37. No significant implications arising from this report

What Happens Next:

38. The timetable for implementation is as follows:

Action	Date
SGB Award	15 January 2019

Cabinet decision to award	22 January 2019
Cabinet Call in (5 working days)	29 January 2019
'Alcatel' 10 calendar days Standstill Period ends	8 February 2019
Contract Signature	22 February 2019
Contract Commencement Date	2 April 2019

39. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

- Next steps – if this decision is part of a wider process or issue, set out the timescales for following steps (e.g. consultation>decision>review)
- Any future decisions – will a further decision be required at a future point? If so, consider incorporating delegation to an officer/Cabinet Member as part of your recommendations
- How the issue/outcomes will be communicated.

Contact Officer:

Andrew Clarke, Procurement Specialist, 0208 541 7144.

Consulted:

Rachel Mehdoubi, Business Services Administrator - Commercial Services, 01737 737590

Mike Pattrick, Contracts and Procurement Lawyer – Orbis Public Law, 0208 541 9136|

Annexes:

Confidential Part 2 Annex

Sources/background papers:

All background papers used in the writing of the report should be listed, as required by the Local Government (Access to Information) Act 1985.

- Annex 1 – Procurement process

Annex A – Procurement Process

Summary of procurement process in respect of the contract for **Supply and Installation of Commercial Catering Equipment**.

1. The existing contract for the **Supply and Installation of Commercial Catering Equipment** will expire on 1 April 2019. A mini-competition process compliant with the Public Contracts Regulations 2015 and Procurement Standing Orders has been carried out, following the approval of the Sourcing Plan by the Sourcing Governance Board (SGB) on 14 August 2018, via the Eastern Shires Procurement Organisation (ESPO) Framework 98.

2. The SGB considered the following options.

a. Option 1 – Mini-Competition on ESPO Framework 98.

This framework has been retendered and expires 31 March 2020 with the option to extend by a further two years.

This option has been chosen for the large diverse number of suppliers on the OJEU compliant framework.

Due to the very large number of equipment available through the framework ESPO cannot provide a catalogue of prices. To determine value for money we can compare new price submissions against our previous price paid.

b. Option 2 – Full OJEU Tender

This option has been discounted. The potential supplier base would be similar if not the same as that of the framework.

The length of time and the amount of work required to complete a full OJEU tender are far greater than that of a further competition on a framework that has already been awarded.

It cost on average £45,200, according to a report compiled by the CEBR (Centre for Economics and Business Research), a leading UK economics consultancy, to complete a fully compliant OJEU tender. A mini-competition off a framework could be anywhere up to half that cost, as much of the work has been carried out by the awarding entity.

c. Option 3 – Do Nothing

This is not an option as the Council are required to provide catering equipment to our schools network for the foreseeable future.

d. Use of various other existing framework agreements

Investigations into various other framework providers:

London University Procurement Consortium: Surrey not currently a member. Cost to become member high (£7,200 + vat) for number of times using the frameworks.

Procurement for Housing: Single provider framework. Unlikely, from past experience, to fulfil all requirements and no opportunity for competition.

Procurement Hub: Limited to three providers, who, from past experience, will not be able to provide certain oven and refrigeration requirements.

2. In order to implement Option 1, a call off mini-competition procedure was chosen. Suppliers listed on the framework were assessed during the procurement process for their financial stability, track record, experience, and technical and professional ability before being awarded a place on the framework. ESPO also continue to monitor the suppliers and their financial standing, and we have regular meetings with them too to make sure they continue to meet the criteria set within the framework.
3. The ESPO framework has four lots dependent on equipment or services to be supplied. We are to call off from Lot 2 which is sub-divided into a further 11 sub-lots of which we will call off from five.
4. The number of suppliers will depend on combination of requirements and pricing tendered. However, we will award one supplier to each sub-lot.
5. All bidders were contacted beforehand to ensure they were aware of the up-coming competition. Those bidders not already registered on the SE Shared Service Portal were given time to do so. The mini-competition was published to the portal on 10 September 2018.
6. By the deadline of 10 October 2018 the Project Team received responses from 16 companies across the seven sub-lots we accessed:
 - Sub-lot 1 - Falcon Ovens = 10
 - Sub-lot 1 – Blue Seal Ovens = 11
 - Sub-lot 1 – Rational Ovens = 11
 - Sub-lot 2 – Warewashing = 10
 - Sub-lot 3 – Refrigeration = 9
 - Sub-lot 4 – Heated & Ambient Display = 11
 - Sub-lot 5 – Food Transport **(Not Used)**
 - Sub-lot 6 – Potato Ovens **(Not Used)**
 - Sub-lot 7 – Food Preparation = 10
 - Sub-lot 8 – Beverage Equipment **(Not Used)**
 - Sub-lot 9 – General Fabrication, Shelving and Storage **(Not Used)**
 - Sub-lot 10 – Extraction and Ventilation **(Not Used)**
 - Sub-lot 11 – Food Waste **(Not Used)**.
7. The tender returns were evaluated using the award criteria which comprised 30% of Technical Score and 70% of Commercial Score.
8. Each response to technical questions was assessed by two evaluators independently. The evaluators met to discuss and moderate their scores in the presence of an experienced moderator.

9. The Evaluating Panel recommends that tenderers who were ranked top in each sub-lot are appointed to the contract.
10. Performance of contracts will be monitored through a series of Key Performance Indicators / Contract Performance Indicators. The top performance indicators and targets for each are as follows:

Key Performance Indicators (KPI)	Target
<p>Timely and appropriate delivery and installation schedules.</p> <p>All deliveries and installations to be done within pre-agreed timelines.</p>	<p>96%</p>
<p>Quality of Installation</p> <p>All items installed as per manufacturer’s guidelines and in line with legislative requirements. Commissioning undertaken and certification issued. All relevant instruction booklets / sheets left on site. All relevant training to be arranged and undertaken on pre-agreed date and at pre-agreed time.</p>	<p>100%</p>
<p>Customer care and complaints handling</p> <p>All complaints to be dealt with and resolved within agreed timelines (to be agreed at start of contract). Complaints log to be in operation and reports produced monthly for Commercial Services (CS) with statistics (details to be agreed at start of contract).</p>	<p>100%</p>
<p>Continuous Improvement / innovation / value for money to be identified and agreed and reviewed annually.</p>	<p>To be agreed between the Contractor & CS at the commencement of the contract.</p>

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank