

SURREY COUNTY COUNCIL**CABINET**

DATE: 25 NOVEMBER 2014

REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS AND LEARNING
MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES

LEAD OFFICER: BEVERLEY BAKER, HEAD OF COMMERCIAL SERVICES

SUBJECT: SUPPLY AND DISTRIBUTION OF FRESH PRODUCE FOR COMMERCIAL SERVICES

SUMMARY OF ISSUE:

This report seeks approval to award contracts for the Supply of Fresh Produce for the use within Schools and Civic catering facilities.

The detailed financial information which includes commercially sensitive information, is set out Part 2 of this report, and demonstrates why the recommended contracts offer best value for money.

RECOMMENDATIONS:

It is recommended a contract, for two years with an option to extend for one further year, be awarded to three suppliers; Cheesman Bros Ltd, AG Axtons and Bidvest 3663, subject to the agreement of the detailed financial information, as set out in the Part 2 of the agenda.

REASON FOR RECOMMENDATIONS:

The proposal supports Commercial Services ability to provide school and civic meals across Surrey and helps Commercial Services to comply with their legal duty, including The Children's and Families Act 2014, to offer all state-funded schools, including academies and free schools, a free school lunch to all pupils in reception, year 1 and year 2 from September 2014.

These three suppliers will provide a good mix between local small and medium sized enterprises (SME) and large scale national providers, all of which have demonstrated the ability to deliver the required produce through a competitive procurement process.

DETAILS:

Background and Procurement Strategy

1. The food requirements for 304 schools across the county were identified and assessed as part of the procurement process. There were 60 standard non-prepared products required e.g. 46,000 cucumbers and 19 prepared products required e.g. 250 kg of coleslaw which were assessed for across a range of criteria including but not limited to quality, delivery times and costs.
2. It was forecast that in order to meet the Council's obligations under The Children and Families Act 2014, that an extra 30% of fresh food would be needed to be purchased over and above the current volumes. These volumes were factored into the tender pricing.
3. In order to provide expert procurement services within the highly specialist food market, the Council engaged the services of Pelican Buying Company Limited (Pelican) to provide a food purchasing and other catering related supplies procurement service and on going contract management services throughout the life of the contract.
4. Following a tender process, Pelican were awarded the contract to provide specialist food buying services in 2012 and have provided expertise in a number of contracts to date.
5. The tender was run by Pelican using the Council e-Procurement systems and all documentation was validated by the Council prior to tendering in full compliance with Official Journal European Union (OJEU) procedures.
6. Other procurement options were considered but due to the specialist nature of food purchasing and the absolute need for the produce to be delivered on time, other available frameworks and contracting models were discounted.
7. It was considered important to award the tender to several suppliers and to encourage SMEs to take part in this tender; therefore the Surrey county region was divided into nine geographical lots all with the same approximate value of purchases.
8. The tender document stated that each supplier would be awarded a maximum of five lots from the nine available. The limit on the number of individual lots which could be awarded to any individual supplier encouraged the supply base, provides for a mixed source of supply, preventing service failure and ensuring that all Surrey schools have a continuity of supply should one supplier fail during the life of the contract.
9. Once awarded, the contracts will also be available for Surrey Boroughs and Districts to call off to meet their own individual requirements.

Key Implications

10. Appropriate contract management and monitoring of quality and deliveries will take place throughout the contract and reviewed at regular contract meetings, Pelican and Commercial Services will maintain a monitoring process to ensure quality of food and deliveries are monitored by way of service level agreements

and suggested increase in food costs are assessed in-line with market conditions.

CONSULTATION:

11. Key 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:

12. Significant risks were appropriately identified and mitigated. These included operational issues around delivery times, schedules and safeguarding, financial stability of the suppliers and viability, environmental impact of food miles and reputational risks around quality of food, failed deliveries and emergency response.

Section 151 Officer Commentary

13. The estimated annual cost of fresh produce under these contracts can be met from within Commercial Services food budget which currently stands at £7.7m in 2014/15. The structure of the contracts are flexible to accommodate menu changes and variations in demand enabling the service to manage its budget.

Legal Implications – Monitoring Officer

15. The Children and Families Act 2014 requires the Council to provide free school meals to 6 and 7 year olds in Surrey Schools.
16. The procurement process for the provision of these services was undertaken through an EU Procurement procedure undertaken by the Council's agent Pelican Buying Company Limited. The Council was involved in the process to ensure compliance.
17. Each contract will be between the Council, the successful supplier and Pelican Buying Company Limited. This will enable Pelican to contract manage the suppliers and it will ensure the Council is able to enforce their rights under the contract.
18. Furthermore, the contracts requires that the suppliers comply with the Council's safeguarding and staffing policies, undertake Disclosure and Baring Service checks (formerly CRB checks) and subscribe for various insurance cover as well as requiring the provider to indemnify the Council against all liabilities arising from any deliberate or negligent act, default, omission or breach of the agreement by the provider or any of its employees or sub-contractors (if any).

Equalities and Diversity

19. There is no requirement for an Equality Impact Assessment (EIA) as there are no implications for any public sector equalities duty due to the nature of the goods being procured.

Other Implications:

20. 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	The tender helps to ensure that the Council meets its obligations under The Children and Families Act.
Safeguarding responsibilities for vulnerable children and adults	Suppliers will comply with the Council's safeguarding and staffing policies, and will undertake Disclosure and Baring Service checks (formerly CRB checks)
Public Health	Quality of food and the ability to identify products and their source has also been a key measure within the award criteria.
Climate change	No significant implications arising from this report.
Carbon emissions	Where possible local suppliers will be used to reduce food miles and transportation miles from depots

21. Commercial Services, assisted by Pelican will be responsible for the delivery and contract management of the contract in accordance with the Council's contract and supplier management framework.

WHAT HAPPENS NEXT

22. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	25 November 2014
Cabinet call in period	27 November to 4 December 2014
'Alcatel' Standstill Period	4 December to 15 December 2014
Contract Signature	December 2014
Contract Commencement Date	December 2014

23. 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.

Contact Officer:

Keith Coleman, Category Manager, Tel: 020 8541 7601

Consulted:

Pelican Buying Company Limited
Surrey Commercial Services
Surrey Procurement and Commissioning
Surrey Legal and Finance Departments

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