

**SURREY COUNTY COUNCIL****CABINET****DATE: 17 DECEMBER 2019****REPORT OF: DR ZULLY GRANT-DUFF, CABINET MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR FOR RESOURCES****SUBJECT: SUPPLY OF FROZEN AND GROCERY PRODUCTS FOR THE DELIVERY OF TWELVE15 CATERING SERVICES****SUMMARY OF ISSUE:**

Twelve15 is a trading department of Surrey County Council providing catering services to schools including maintained, free schools and Academies within Surrey and beyond. Twelve15 provide catering services to schools against an agreed Service Level Agreement to both free and paying pupils and students. The provision of the service assists schools in compliance with their legal duty to deliver a school lunch to all pupils and students eligible to a free school meal and all pupils in Key Stage 1 entitled to a state-funded school meal under The Children's & Families Act 2014.

School Governors have a statutory requirement to provide school food. The Council has a legal duty through 'The Children's and Families Act 2014' to support schools by providing food and related services to schools across Surrey.

Local catering teams produce 45,000 school meals in 250 schools every day, during term time. In order to facilitate this service, there is a need to arrange a compliant frozen and grocery supply contract to enable the cooking and serving of a healthy school meal. The meal service offers a hot cooked meal from scratch by professional chefs and their assistants. To maximise the health and nutrition benefits of the school meal, our dedicated food development team create menus following extensive research and development. The menu is compliant with the requirements of the Government Standards for School Food in England and linked to The Requirements for School Food Regulations 2014.

<https://www.gov.uk/government/publications/standards-for-school-food-in-England>

All therapeutic and religious dietary requirements are accommodated. Carbohydrate and non-milk extrinsic sugar levels and identification of 14 key allergens are published throughout the menu offer. In support of an international campaign that encourages people not to eat meat on Mondays to improve their health and the health of the planet, Twelve15 endorse 'Meat Free Monday's' reducing the overall carbon footprint of the menu offer and promote ethical, local and organic fresh produce.

To ensure the catering service meets the legal requirement and delivers an exciting, nutritious and tasty meal to school children and young people, the food offer is developed to take account of customer feedback, current food trends and the use of seasonal, fresh produce.

In order to facilitate the delivery of this service a decision is required to re-procure the frozen and grocery supplies as a fundamental requirement of the activity.

**RECOMMENDATIONS:**

It is recommended that Cabinet gives Approval to Procure and agrees the proposed route to market of a full open competitive tender process that Procurement, Pelican (the appointed Food Buying Agent) and Twelve15 will effect to obtain the best value catering service for schools with an efficient supply and distribution of frozen and grocery supplies across the Twelve15 contract portfolio.

**REASON FOR RECOMMENDATIONS:**

The existing contract for the supply of frozen and grocery supplies to facilitate the service will expire in October 2020.

In order to ensure the provision of the catering service continues to evolve with the change of customer expectation and ever changing food trends, Twelve15 have undertaken an extensive supplier engagement process to fully engage with the market and ensure the future contract for the supply of frozen and grocery products fully reflects the need of the business. In July 2019, Twelve15, Pelican and Procurement undertook a supplier engagement exercise whereby 5 suppliers in the market were invited to present against a prescribed brief setting out 5 key priority areas:

1. Flexibility of supply chain
2. Carbon Footprint
3. Innovation in the Market
4. Sourcing
5. Engagement

The information gleaned from the supplier engagement exercise will be used to inform the tender specification to ensure the commissioning of a supplier is in line with the needs of Twelve15's business. The successful supplier will be expected to deliver food innovation and development concepts, support promotional and marketing activity to increase business uptake, promote and encourage healthy eating and to supply product that fully comply with food safety legislation and offer a value for money ethos.

**DETAILS:****Background**

1. The current contract for the existing arrangement for the supply of frozen and grocery products to enable the provision of catering services in schools is due to expire in October 2020.
2. To ensure the retention and growth of contracts to provide catering services in education settings, Twelve15, Procurement and Pelican Procurement Services have undertaken an extensive review of the market sector to establish the route to market that will facilitate the best possible outcomes for service delivery.

## Procurement Approach

3. The commissioning of a frozen and grocery supplier will be determined by 5 key priority areas for the business, as follows:

**Flexibility of Supply Chain** - To maximise agility in sourcing products to meet business need with particular interest in pack sizing, delivery models and sourcing to meet the requirements of several menu models.

**Carbon Footprint** - To ensure the product supply chain underpins Twelve15's vision to care for the planet and minimise the impact on the environment for the benefit of all who live and work in the areas served.

**Innovation in the Market** - To enable Twelve15 to maintain its position as a key provider of innovation in education food service.

**Sourcing** – Twelve15's vision is for the people we serve to have healthy bodies and minds. To support this we look to commission a supplier/s that share this vision and are able to demonstrate this through shared synergies, approach to supporting an ethical supply chain and the importance attached to the provenance of food sources.

**Engagement** - There are multiple stakeholders in the Twelve15 business including Head Teachers, School Business Managers, Parents, Governors, Pupils and Students with whom we actively seek to engage fully about the services provided. A suitable supply partner is sought to support Twelve15 in this extensive engagement strategy.

4. By procuring through a full open tender process, suppliers will be given the opportunity to advise how they would meet these key requirements. A series of 14 qualifying questions will be used to ensure capability to meet the minimum requirements of the contract. Thereafter 5 detailed method statements will enable tenderers to fully set out their responses to the 5 key business priorities shown above. In addition, a fully costed shopping basket of frozen and grocery items will be included to obtain the best value catering service to the education market and the requirement to meet a complex and detailed delivery schedule across multiple sites.
5. The arrangement is required for use not only by Twelve15, SCC but also by other named bodies including borough and district Councils within Surrey, Surrey Choices Ltd and Anchor Care Homes that formally transferred back to SCC on 1 April 2019.

### **CONSULTATION:**

6. Consultation has taken place with Procurement, Pelican Procurement Services and Twelve15.
7. An extensive supplier engagement process was undertaken in July 2019 in which 5 Suppliers in the market presented on food innovation, supply efficiency, response to climate change and business development initiatives.

### **RISK MANAGEMENT AND IMPLICATIONS:**

8. The supply and distribution of frozen and grocery products is fundamental to the service delivery requirement as such, Twelve15 will not function without the provision of food supplies to each kitchen.

### **Financial and Value for Money Implications**

9. Twelve15 generate income as a result of their trading activities. The funding arrangement to cover the cost of the proposed commissioning of grocery and frozen supplies will be generated from the sales of catering services to schools.
10. The overall [estimated] value of the contract over 4 years is £28m.

### **Section 151 Officer Commentary**

11. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain as it is heavily dependent on decisions made by Central Government. With no clarity on these beyond 2020/21, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
12. As such, the Section 151 Officer supports the proposed route to market of a full open competitive tender process to ensure we obtain the best value catering service for schools. The cost of the proposed commissioning of grocery and frozen supplies is recovered from the sale of catering services to schools and therefore there is not expected to be a net cost to the Council of this proposal.

### **Legal Implications – Monitoring Officer**

13. The provision of the catering services assists schools in compliance with their legal duty to deliver a school lunch to all pupils and students eligible to a free school meal and all pupils in KST1 entitled to a state-funded school meal under The Children's & Families Act 2014.

### **Equalities and Diversity**

14. Twelve15 delivers a catering service to schools that offers all pupils and students' access to a healthy, nutritionally balanced school meal including those entitled to a state funded Infant Free School Meal, eligible for a free school meal and to pupil and students who pay for their meal.
15. Twelve15 make provision, wherever possible, for religious, ethical and medical diets as required. A range of menus to meet the needs of special dietary requirements include gluten free, dairy free, egg free, vegan, allergy aware and soya free. Pupils and students receive the menu that best meets their dietary needs.
16. The needs of the supplies to accommodate the menu offer, including the special dietary menus are included in a detailed shopping basket exercise as part of the tender specification.

### **Environmental sustainability implications**

17. A complex supply chain to ensure that frozen and grocery supplies can be sourced, distributed and delivered to each site within a defined window of time forms part of this tender project.
18. As part of the tender exercise, tenderers will be required to respond to a method statement to describe how they will ensure environmental sustainability. In evaluating the tender responses, criteria such as: use of Euro vehicles, Telematics, vehicle size, use of multi temp vehicles and back hauling will be included to minimise food miles and carbon footprint.

### **Climate change/carbon emissions implications**

19. As above, the tender exercise will require tenderers to respond to a method statement to describe how they will ensure minimising carbon emissions and impact on climate change. In evaluating the tender responses, criteria such as: use of Euro vehicles, Telematics, vehicle size, use of multi temp vehicles and back hauling will be included to minimise food miles and carbon footprint

### **WHAT HAPPENS NEXT:**

<b>Action</b>	<b>Date</b>
Open Tender Published	January 2020
Tenders Submitted	March 2020
Tenders Evaluated	April/May 2020
Decision to award (including the end of 'call in' period)	May 2020
'Alcatel' 10 day Standstill Period ends	May/June 2020
Contract Signature	June 2020
Contract Commencement Date	October 2020

#### **Contact Officer:**

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#### **Consulted:**

Dr Zully Grant Duff, Cabinet Member Corporate Support,  
Pelican Procurement Services, food purchasing specialists  
Robert Gilmour, Strategic Procurement Manager

#### **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.

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