

Report of the Strategic Director of Corporate Resources to the meeting of the Executive Committee to be held on 6th December 2022.

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Subject:

Procurement of contracts with a total value in excess of £24 million (based on 3 years +1 +1) to meet the requirements of service users for Facilities Management, Catering and Cleaning services including:

- Bread and Morning Goods
- Combined Tender: Frozen Foods, Chilled Foods & Grocery/Ambient Foods
- Cleaning Consumables
- Fresh & Frozen Halal Meat & Poultry
- Fresh & Frozen Meat & Poultry
- Fresh Fruit & Vegetables

Summary statement:

This report sets out the details of the contracts that Facilities Management Catering & Cleaning Services propose to tender and the timelines to ensure compliance with the Council's Contract Standing Orders, Financial Regulations and UK procurement legislation.

EQUALITY & DIVERSITY:

This report concludes there are no equality and diversity implications which negates the need for an Equality Impact Assessment.

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**Portfolio: Regeneration, Planning &
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Overview & Scrutiny Area:
Corporate Resources

1. SUMMARY

The in-house catering and building cleaning department for the Council, Facilities Management Catering and Cleaning Services has a requirement to put procurement contracts in place for the supply and delivery of a range of food & cleaning products with a total value in excess of £24 million (based on 3 years +1 +1) to meet the requirements of service users and to ensure that the Council remains compliant with Contract Standing Orders, Financial regulations and UK legislation.

There is a high priority to take immediate action in respect of the withdrawal by YPO from the Grocery/Ambient goods supply chain. The service wishes to immediately progress market testing via a YPO DPS (Dynamic Purchasing System) to secure a suitable supplier for a combined contract encompassing Ambient, Chilled and Frozen goods as a way to mitigate the withdrawal of YPO, to mitigate food price inflation and to reduce the level of deliveries and associated carbon footprint.

2. BACKGROUND

There is an on-going requirement for Facilities Management Catering & Cleaning Services (FM Catering) to procure a wide range of goods:

- Food products to provide the Council's catering services requirements, including school meal provision, civic and hospitality catering.
- Cleaning consumables and materials to provide cleaning services for the Council's estate, including public buildings and office buildings.

3. OTHER CONSIDERATIONS

- There is a requirement for food and cleaning contracts to be tendered to ensure that the Councils' food for catering services & cleaning products are purchased at competitive prices and Best Value (Local Government Act 1999) is achieved.
- There is a requirement to ensure there is continuity of supply of food to the Council's school meal provision and other catering requirements.
- There is a requirement to revise the contract specifications for the supply of food products in line with latest Regulations that place new requirements on catering organisations providing food.
- Legislative requirements in respect of Allergen Controls has re-inforced the need for suppliers to provide timely and accurate Allergen information for all commodities and food items, it means that the service must have a consolidated supply chain with a single supplier delivering to all 120+ schools and ensuring only approved items/commodities are delivered/received so that the service can maintain effective Allergen controls through the supply chain to the point of service.
- The service in re-tendering current contracts will be taking full advantage of e-ordering systems and consolidation of invoicing/payment arrangements to minimise the cost of administration.
- There is current high volatility in the supply chain which has seen on-going high levels of inflation on food commodities and cleaning consumables.

- There is current high volatility in the logistical side of the supply chain which is contributing to high levels of inflation and disruption to deliveries.
- Logistical efficiencies and carbon reduction opportunities may be available in consolidating some food contracts (Frozen, Chilled & Ambient) so that food deliveries can be made in multi-temperature controlled delivery vehicles. This would also support clean air near schools across the district with one delivery instead of three.
- YPO have in June 2022 notified Local Authorities of their proposed planned exit (March 2023) as the supplier of Grocery/Ambient foods to multiple Local Authorities across Yorkshire & Lancashire as their food distribution service is making significant losses. The anticipated impact is significant:
 - YPO are the dominant supplier across Yorkshire & Lancashire for Local Authority In-House caterers for Grocery/Ambient foods delivered direct to schools. This will leave a £12m per annum gap in the food supply chain in the Yorkshire & Lancashire region that some private sector suppliers will potentially not have the capacity to meet in terms of logistical infrastructure of storage, vehicle and driver capacity. (Typically a specialist bespoke temperature controlled vehicle takes over 12 months to procure)
 - Most Local Authorities are anticipating a significant price increase in replacing YPO as the supplier of Grocery/Ambient foods.
 - Uniquely across the Local Authorities, Bradford has some potential, short term advantages in the current situation:
 - The frozen food contract is due to be let
 - The chilled food contract is due to be let
 - A small number of suppliers on YPO's Dynamic Purchasing System (DPS) have the infrastructure to deliver Frozen, Chilled & Ambient goods in a single multi-temperature vehicle
 - Bradford has bigger schools in a relatively compact geographical area than some other Local Authorities so is more attractive to suppliers with finite resources such as multi-temperature vehicles, however to secure that finite resource Bradford need to move early in market testing and contract award.
- In discussions, and having taken advice from Corporate Procurement, the service, Corporate Procurement and YPO, concur that Bradford's best option as a route to market is to let a consolidating food contract for Frozen, Chilled & Ambient asap via the YPO's Dynamic Purchasing System (DPS) further market testing is the best way forward to a) secure continuity of supply and b) secure the best possible price via a multi-drop arrangement.
- The timeline is tight on the tendering process for the consolidated contract, as mobilisation is done following a school holiday. The Christmas/New Year 2022/23 holiday brings logistical problems; Easter 2023 is too late as all the other Local Authorities will probably be looking to switch at the same time. The intention is for the service to commence the contract/procurement tendering process as soon as possible.

4. FINANCIAL & RESOURCE APPRAISAL

- There are 6 contracts for food & cleaning consumables that have an estimated total value of £24 million on the 3+1+1 contract length, these are as follows:

Procurement Project Title	Value Per Annum	Proposed Contract Length + Options to Extend	Estimated Whole Life Contract Value (£)
2022-23			
Bread & Morning Goods	£850,000	3 Years +1+1	£4,250,000
Combined - Frozen Food	£950,000	3 Years +1+1	£4,750,000
Combined - Chilled Foods	£225,000	3 Years +1+1	£1,125,000
Combined - Grocery/Ambient (YPO Market Exit)	£1,200,000	3 Years +1+1	£6,000,000
Combined Value			£11,875,000
Cleaning Consumables	£450,000	3 Years +1+1	£2,250,000
2023-24			
Fresh & Frozen Halal Meat	£350,000	3 Years +1+1	£1,750,000
Fresh & Frozen Meat	£350,000	3 Years +1+1	£1,750,000
Fruit & Veg	£850,000	3 Years +1+1	£4,250,000

- The current contracts are all due to be re-tendered and there are no options to extend the existing contractual arrangements.
- A schedule of the planned timelines compliant to procurement requirements to complete the tender process for each contract is attached.
- These tenders cover ongoing existing operational expenditure, including the establishing of alternative arrangements for the level of spend currently placed direct with YPO.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

No risks have been identified as a result of Facilities Management Catering & Cleaning implementing the proposed recommendation to re-tender the 6 contracts for food and cleaning commodities.

However, there are significant risks if Facilities Management Catering & Cleaning where not to re-tender these contracts as recommended:

- There will be no contractual/frameworks in place for food and cleaning commodities.
- No-compliance with Council Standing Orders, National and EU legislation for the supply of goods and services.
- Risk of failing to ensure continuity of food and cleaning supplied and services to Council's service users and contract obligations.
- Loss of fixed prices received from suppliers, resulting in higher prices paid by the Council and increased exposure to price inflation.
- Risk of disruption to Allergen controls by not securing continuity of supply.

- Lost opportunity in not securing potentially lower prices and lower carbon footprint by not consolidating/combining the Frozen, Chilled and Ambient into a single contract and market testing early.
- Risk of higher prices and service disruption as YPO exit the food supply chain.

6. LEGAL APPRAISAL

There is a requirement to advertise and re-tender contracts under the Council's Standing Orders and to comply with Public Contracts Regulations 2015 due to the value of the individual contracts

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

Through tendering the procurement contracts for food and cleaning products FM Catering & Cleaning will seek suppliers that are able to demonstrate how they would support the Council on its sustainability policy through the supply of local and regionally sourced, seasonal, high welfare, sustainable produce assured/certified to relevant assurance schemes or other equivalent standards and the use and supply of environmentally friendly products, whilst also minimising single use plastics and reducing and recycling packaging.

7.2 GREENHOUSE GAS EMISSIONS IMPACTS

The procurement of catering/cleaning goods has an impact on the Council's and wider District's carbon footprint through product distribution, refrigerated vehicle use, production methods etc. By undertaking a tendering exercise FM Catering will seek to minimise future impact, through selection and contract management of suppliers who propose locally sourced, sustainable and environmentally friendly products (as appropriate), alternative fuel efficient vehicles etc. delivery of food items in multi temperature vehicles to minimise deliveries and road miles and that manage their work activities to minimise environmental impact through energy/resource conservation, efficient route planning etc.

7.3 COMMUNITY SAFETY IMPLICATIONS

There are no Community Safety implications.

7.4 HUMAN RIGHTS ACT

There are no Human Rights Act implications.

7.5 TRADE UNION

There are no Trade Union implications.

7.6 WARD IMPLICATIONS

There are no Ward or area implications.

7.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

If these contracts are not procured there is a risk of school meals not being provided.

7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

N/A

8. NOT FOR PUBLICATION DOCUMENTS

N/A

9. OPTIONS

(i) Continued use of current contracts, but all the agreements have or are due to expire, and no further extensions are available. This option is not permissible as the values of the contracts exceeds the Public Contracts Regulations procurement thresholds and there is a requirement to ensure compliance with Council Standing Orders and Public Contracts Regulations.

- (ii) The use of collaborative frameworks, managed by CCS, ESPO, YPO (Crown Commercial Services, Eastern Shire Purchase Organisations and Yorkshire Purchasing Organisation), however none of the collaborative agreements meet the requirements of FM Catering and Cleaning.

(iii) To re-tender the contracts for food & cleaning consumables as set out in this report.

10. RECOMMENDATIONS

Executive is recommended to:

- (i) Approve the re-tendering of the contracts for food & cleaning consumables as set out in this report.
- (ii) Authority to be given to the Strategic Director Corporate Resources in consultation with the Leader and Portfolio Holder to award the contracts to the successful tenderers.

11. APPENDICES

Facilities Management Catering and Cleaning Forward Tender Schedule for 2022-23.

12. BACKGROUND DOCUMENTS

Letter/Email from Simon Hill, Managing Director of YPO giving notice of the withdrawal of YPO from the distribution of grocery/ambient food commodities.