



## Notice of KEY Executive Decision

<b>Subject Heading:</b>	Award of a fresh meat framework contract on behalf of the London Contracts Supplies Group. The overall value of the framework is c. £12m of which LB Havering's spend is expected to be £2.4m over four years.
<b>Cabinet Member:</b>	Councillor Roger Ramsey
<b>CMT Lead:</b>	Andrew Blake Herbert – Deputy Chief Executive, Communities and Resources
<b>Report Author and contact details:</b>	Mark Batchelor Senior Procurement Advisor 01708 432212 <a href="mailto:mark.batchelor@onesource.gov.uk">mark.batchelor@onesource.gov.uk</a>
<b>Policy context:</b>	We will lead by example by running a low-cost Council that respects residents by using their money wisely. We will work with others to reduce costs; we will help people to do business with us at any time of the day or night, and we will hold ourselves to the high standards residents expect from us.
<b>Financial summary:</b>	There is no commitment by either Havering or any other participating bodies to use the framework contact. The combined total value of the contract over the four year term is expected to be £12m. Havering's spend is anticipated to be £2.4m over this period (£600k per annum), Costs will be met from the revenue budgets of services utilising the contract. The bulk of which is expected to be the catering service.

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<b>Reason decision is Key</b>	Indicate grounds for decision being Key: (a) Expenditure or saving (including anticipated income) of £500,000 or more
<b>Date notice given of intended decision:</b>	1 October 2015
<b>Relevant OSC:</b>	Overview and Scrutiny Board
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	No

**The subject matter of this report deals with the following Council Objectives**

- Havering will be clean and its environment will be cared for
- People will be safe, in their homes and in the community
- Residents will be proud to live in Havering

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Award of a framework contract for the supply of fresh meat as detailed in this report.

### AUTHORITY UNDER WHICH DECISION IS MADE

Part 3, section 2.1 Other Matters (p) – powers of Cabinet to award all contracts above a total contract value of £10,000,000

### STATEMENT OF THE REASONS FOR THE DECISION

This report seeks approval to award a framework contract to William White Meats Ltd for the supply of fresh meat to the London Borough of Havering and other members of the London Contracts Supplies Group (LCSG).

The contract will be for a period of four years commencing 1 January 2016.

A tender process was undertaken for the supply of fresh meat on behalf of the LCSG of which LB Havering is a member. The contract will be collaborative framework on behalf of the group; one aim of the LCSG is to work in partnership with other London boroughs to award joint consortia contracts to obtain the best value for the supply of various goods and services.

The contract within Havering will be used mainly by Havering catering services as part of the provision of school meals though will also be available as required across the wider Council.

Expressions of interest were received from four companies who were all sent the pre-qualifying questionnaire (PQQ), all four submitted PQQ's.

These were evaluated against a pre agreed weighted criteria by officers from the oneSource procurement team plus catering managers from Havering, Enfield, Barking and Dagenham, Haringey and Waltham Forest, one supplier was eliminated at this stage of the process.

It was agreed that as the operational requirements were known these would be built into the specification, as a result the tender could be evaluated on the basis of price only, the intended outcome of this approach is that best value would be achieved.

The intention was to hold e auction.

Tenders were issued to the three suppliers and it was expected that all three would participate in the tender process, it was therefore a surprise that only one, an

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incumbent supplier William White Meats, submitted a tender. This therefore removed the option of holding an e auction. It is understood that one company failed to respond (an incumbent) as they had made a strategic decision not to participate after the PQQ stage, the other has not indicated a reason.

Prices submitted in the tender were across the basket of goods 5.5% higher than existing costs which was expected as suppliers typically include a flexible margin in readiness for the e auction. As we could not hold the auction we entered into post tender discussions with the supplier regarding their prices and invited them to review them on the basis of a number of factors including but not limited to the financial challenges being faced by the public sector. As a result they have reduced the proposed price increase to an average 1.5%, whilst there remains an increase it should be considered that:-

- prices will be held until July 16 (typically a review would been held Jan 16)
- the supplier held their prices at the last price review
- market evidence shows that fresh meat prices are increasing 2-3% per annum

To offset the increase the catering managers group have agreed commence a project with the objective of developing consistent/similar menus, this should result in a significant reduction in the number products that the supplier is required to source. As a result it is expected that this will enable the supplier to improve their own supply channels and achieve better efficiencies and savings. All savings achieved by this project will be past back to the Councils in the form of reduced costs.

Haverling as lead/awarding body for this contract will not be responsible for the totality of the contract. All participating bodies will be required to sign an access agreement prior to using the contract, the signed access agreement gives the lead body indemnity to the associated risks of the totality of the contract.

Given the value of the contract, the European Procurement Process applied and an advert was placed in the EU journal on 4 May 2015 requesting expressions of interest from prospective suppliers.

As this is a framework contract-, there will be no commitment from any of the participating bodies to the value of spend.

Haverling, as the lead Borough will receive a 0.5% contract management contribution from all participating bodies this is based on their annual spend and paid yearly by each supplier. A 4% rebate will be paid directly to all participating bodies including Haverling.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

The risk of not awarding this contract for the supply of fresh meat is that future purchases may be made from suppliers outside the framework contract and therefore at significant risk of greater cost than the contracted prices. Placing a contract for the

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purchase of these items will mitigate this risk.

That the contract is not awarded and members of the LCSG purchase fresh meat via their own arrangements, as a result the collaborative opportunity will be lost, having a framework contract provides for fixed costs and agreed levels of service.

**PRE-DECISION CONSULTATION**

Consultation was held with members of the LCSG regarding developing the service specification, product core list and service/delivery requirements.

A pre tender executive decision was approved prior to the commencement of this ITT, this included comments from officer from HR, Legal, Finance and Equality & Diversity.

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: *MARK BATCHELOR*

Designation: *ONE SOURCE*

Signature: *M. Batchelor*

Date: *17 NOVEMBER 2015*

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

A standard form 'framework' contract will be concluded with each of the successful suppliers. Each LCSG member who wishes to purchase under the framework will then execute a pro-forma 'call-off' or access agreement with the relevant supplier.

Robin Bloom Senior Lawyer Procurement

### **FINANCIAL IMPLICATIONS AND RISKS**

There is no commitment by either Havering or any other participating bodies to use the framework contract. However, the combined total value of the contract over the four year term is expected to be £12m. Havering's spend is anticipated to be £2.4m over this period (£600k per annum).

Under the new contract prices are expected to increase by 2-3% per annum.

Costs will be met from the revenue budgets of services utilising the contract, which for Havering is predominantly the catering service. It will be the responsibility of the service procuring the goods via the framework to ensure that they have sufficient funding available. If cannot be contained within existing budgets mitigating action will need to be identified and authorised through the appropriate channels.

This contract will be managed by the oneSource Procurement team and funded from contributions received from participating organisations which will be based on 0.5% of their annual spend. The contribution will vary according to the level of contract spend, and is expected to be in the region of £15k per annum and the risk of a significant variation is assumed to be minimal.

Havering's 4% rebate will continue to be received. This is anticipated at £24k per annum.

Sam Gable, Strategic Finance Business Partner

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no HR issues impacting this decision.

Mark Porter – HR Manager

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**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

Proposal NOT agreed because

*Delete as applicable*

**Details of decision maker**

Signed



Name:

ROGER RAMSEY

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

LEADER

Date:

26.11.15

**Lodging this notice**

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration & Interim Member Support Manager in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on

26 NOVEMBER 2015

Signed



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**EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The tendering process has been conducted in accordance with EU procurement rules and LBH Procurement Framework.

No Equalities and Social Inclusion implications and risks have been identified in relation to this contract.

Savinder Bhamra

**BACKGROUND PAPERS**

Pre tender report

Tender documents submitted.



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