

15/138  
DECISION TO  
BE MADE



**Havering**  
LONDON BOROUGH

## Notice of KEY Executive Decision

<b>Subject Heading:</b>	Award of Light Catering Equipment framework contracts on behalf of the London Contracts Supplies Group. The overall value of the frameworks will be c. £5m of which LB Havering's spend is expected to be £160k over four years.
<b>Cabinet Member:</b>	Councillor Ron Ower
<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 contracts. The combined total value of the contracts over the four year term is expected to be £5m. Havering's spend is anticipated to be £160k over this period (£40k 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>	3 November 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 framework contracts for the supply of light catering equipment as detailed in this report.

### AUTHORITY UNDER WHICH DECISION IS MADE

Part 3, section 3.3 – powers of members of the corporate management team, contract powers (b) To award all contracts with a total contract value of between £156,000 and £5,000,000.

### STATEMENT OF THE REASONS FOR THE DECISION

This report seeks approval to award framework contracts to the following companies for the supply of light catering equipment to the London Borough of Havering and other members of the London Contracts Supplies Group (LCSG) :-

- Nisbets
- W.V Howe
- Brake

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

A tender process was undertaken for the supply of light catering equipment on behalf of the LCSG of which LB Havering is the lead member. The contracts will be collaborative frameworks awarded on behalf of the group; one aim of the LCSG is to work in partnership with other London boroughs and other public sector groups within London 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 they will also be available as required across the wider Council.

Expressions of interest were received from five companies. One supplier failed at the pre-qualifying (PQQ) stage resulting in the remaining four being invited to tender. The PQQ's 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.

As the operational requirements and service levels were known it was agreed that the tender would be evaluated on a price only basis and include an e auction, the purpose of this approach was to ensure that best value would be achieved.

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All four companies responded to the tender and participated in the e auction.

During the e auction the prices submitted by the three cheapest tenderers did not change, the only bids received was from the most expensive company, therefore the pre auction position/rankings did not change.

As a result of the basket of goods (the core list) having a wide and varied number of items no individual supplier offered the cheapest prices on a price per item basis. Comparing the overall basket of goods against the existing costs Nesbit's comparison is 13.5% and WV Howe 6.2% cheaper. Whilst the overall basket from Brakes (with the exception of certain over priced items) is an increase of 5.3% they have items that are cheaper than the other suppliers. Bunzl the unsuccessful supplier were overall the most expensive both for the basket of goods and individually.

By awarding contracts to the three suppliers the catering group can achieve comparable savings of 20% by selectively purchasing items from specific suppliers – it is understood that this is current best practice within Havering, to encourage best value this will be shared/encouraged with the other participating bodies.

It is therefore proposed to award framework contracts to the companies listed above

Havering as lead/awarding body for these contracts be indemnified against liability for the totality of the contracts. All participating bodies will be required to sign an access agreement prior to using the contracts, the signed access agreement gives the lead body indemnity to the associated risks of the totality of the contracts.

Given the value of the contracts, the European Procurement Process applied and an advert was placed in the EU journal on 28 January 2015 requesting expressions of interest from prospective suppliers.

Contract Procedure Rule (CPR) 24 requires that where the Council is setting up the Framework the framework contract shall be let in accordance with the requirements of CPRs using the procedure, in this case, set out in Schedule, E.

As the contracts are frameworks, there will be no commitment from any of the participating bodies to the value of spend on any contract. The participating bodies will use the contractor offering the lowest price for the specific item required.

Havering, 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 Havering.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

The risk of not awarding this contract for the supply of light catering equipment is that

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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 purchase of these items will mitigate this risk.

That the contract is not awarded and members of the LCSG purchase light catering equipment via their own arrangements, as a result the collaborative opportunity will be lost, having framework contracts 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:

Designation:

Signature:

Date:

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

None other than as set out in this Executive Decision subject to full compliance with the Council's Contract Procedure Rules

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 contracts. However, the combined total value of the contracts over the four year term is expected to be £5m. Havering's spend is anticipated to be £180k over this period (£40k 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 £6,250 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 £1,600 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

### EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The tendering process has been conducted in accordance with EU procurement rules

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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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**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

*Delete as applicable*

Proposal NOT agreed because

**Details of decision maker**

Signed

Name:

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

**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 \_\_\_\_\_

Signed \_\_\_\_\_