



**Havering**  
LONDON BOROUGH

## Notice of Non-key Executive Decision

<b>Subject Heading:</b>	Approval to set up a new Procurement Across London (PAL) framework for Fresh & Frozen Meat and Poultry.
<b>Decision Maker:</b>	Tara Geere, Director Children's Services
<b>Cabinet Member:</b>	Councilor Oscar Ford, Cabinet Member for Children and Young People
<b>ELT Lead:</b>	Tara Geere, Director Children's Services
<b>Report Author and contact details:</b>	Sarah Hales, Traded Services Relationship Manager 01708 434915 Sarah.Hales@havering.gov.uk
<b>Policy context:</b>	Supports the 'People' theme of the Havering Vision: 'Our children, young people thrive and are inspired to reach their full potential '
<b>Financial summary:</b>	<p>The current PAL framework expires on 31<sup>st</sup> December 2024.</p> <p>The indicative value of the new call-off contract is c. £2,076,000 in year 1. The total framework value over the 4-year term of the contract (3 years + 1-year extension) is £8,947,000 across all PAL members. This includes an estimated 5% annual inflationary increase.</p> <p>Havering's estimated annual contract value is £476,756 in year 1 (£2,055,000 total contract value).</p> <p>The estimated cost is based on current expenditure, however as this is a call off arrangement, there is no minimum financial commitment. The actual cost</p>

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	<p>will vary depending on demand, and can be controlled.</p> <p>This will be funded from Havering Catering Service revenue budgets. As catering is a Traded Service, there is no base budget provision, but expenditure is offset against income that is generated from catering contracts with schools.</p>
<b>Relevant Overview &amp; Scrutiny Sub Committee:</b>	People OSSC
<b>Is this decision exempt from being called-in?</b>	<b><i>The decision will be exempt from call in as it is a Non key Decision</i></b>

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

People - Supporting our residents to stay safe and well      **X**

Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This report seeks approval from the Director of Children’s Services for the commencement of a procurement process to set up a Procurement Across London (PAL) framework for Fresh & Frozen Meat and Poultry for a duration of three years plus 12-month extension (3+1). The process will be via a Public Contracts Regulations 2015 compliant tender procedure as set out in this report. The indicative value of the total framework is c. £2,076,000 in year 1 with an estimated 5% annual increase, giving a total contract value of £8,947,000, across all PAL members. Included in these totals is HES Catering’s anticipated annual contract value of £476,756 (£2,055,000 total contract value over the lifetime of the framework duration of four years).

### AUTHORITY UNDER WHICH DECISION IS MADE

Havering Council’s Constitution

Part 3

Paragraph 3.3. Powers of Members of the Senior Leadership Team (SLT)

Contract powers

(a) To approve commencement of a tendering process for all contracts above a total contract value £500,000.

### STATEMENT OF THE REASONS FOR THE DECISION

The current Fresh & Frozen Meat and Poultry Single-supplier framework expires on 31 December 2024. The Council’s current call-off contract expires on the same date.

HES Catering Service has reviewed the requirements and seeks to establish a new three year (plus 12-month extension) multi-supplier framework for this provision as soon as possible. The framework will be owned and managed by HES Catering Services and can be accessed by the members of the Procurement Across London (PAL) group and other education establishments who may join at a later date.

The Councils who form the PAL group are:

- London Borough of Havering,
- London Borough of Barking & Dagenham,
- London Borough of Tower Hamlets,
- London Borough of Waltham Forest,
- Thurrock Council

In line with Public Contracts Regulations 2015, the procurement process will be conducted using an open procedure advertised on the Find a Tender portal. A Prior Information Notice (PIN) will be used to alert the market of the tender opportunity, followed by a Contract Notice to advise that the opportunity has been published. The weighting to be used to evaluate the bids will be 70% price: 30% quality.

#### **Proposal**

Each bidder will be fairly scored using the evaluation criteria specified within the Invitation to Tender. The top scoring bidders will be chosen as the successful suppliers, up to a maximum

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of three suppliers. The call off procedure will be direct award, based on the lowest price for each individual line item required.

The contract will not include any commitment from HES Catering Service or the collaborative PAL group to volume or value of orders. PAL group members will be individually responsible for calling-off the framework via their own internal corporate governance arrangements.

Each bidder will be fairly scored using the evaluation criteria specified within the Invitation to Tender. The top scoring bidder will be chosen as the successful supplier.

### **Delivering Council Policy and Priorities**

The project is aligned with the following Havering priority:

***'Our children, young people thrive and are inspired to reach their full potential'***

HES Catering have helped educate Havering pupils on the provenance of food and how a healthy diet, in conjunction with regular exercise, is essential to their development. The team are now embarking on a follow-up campaign with Public Health as part of the London Borough of Havering's 'Obesity Strategy'. HES Catering also champion inclusive values, which are reflected in menus. Theme days and menus ensure that a culturally diverse menu is on offer, helping to teach children about inclusion and diversity.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

### **Not to re-tender for this requirement but purchase ad-hoc from the market**

That the requirements are not re-tendered and HES Catering Service purchases fresh and frozen meat and poultry on an ad-hoc basis from suppliers on the open market. This option will not be compliant with the Council's procurement rules and policies due to the cumulative value of spend over time. Furthermore, the option will add significant additional cost to HES Catering Service due to the uncertainties and significant spikes in pricing of goods and raw materials experienced across the market over the past two years. This would undermine the financial viability of the service. In addition, this option will not allow for the prerequisite due diligence which is an essential part of the full competitive process to be carried out, resulting in reputational risk to the Council. Therefore, this option was considered and rejected.

### **Carrying out an open tender just for HES Catering**

This option was considered however, was rejected as the PAL arrangement delivers greater efficiencies through combined purchasing power and drives major economies of scale. Furthermore, this option would result in an estimated loss of income to HES Catering which results from managing the framework for the PAL group. The management fee which HES Catering earns is 0.75% of the total sales across the framework over its lifetime.

### **Call-off from an existing framework**

The option to procure via existing national frameworks such as via Yorkshire Purchasing Organisation (YPO) was considered. Whilst this option can provide an alternative procurement route, the framework owners charge 1% management fee for any call-off made from their frameworks. This could potentially result in a total cost of £89k over the duration of the contract, with Havering's share being c.£20k. By establishing a framework managed by HES Catering Services the fees will stay within the service, and management fees will be collected

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from any other boroughs who access the framework and has the potential to generate £67k income per annum for the service over the 4-year term of the contract.

**PRE-DECISION CONSULTATION**

HES Catering Services engaged with PAL members to ascertain whether a new framework was required.

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

Name: Sarah Hales

Designation: Traded Services Relationship Manager

Signature: *Sarah Hales*

Date: 22/02/2024

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### Part B - Assessment of implications and risks

#### LEGAL IMPLICATIONS AND RISKS

The Council has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any statutory constraints on the Council's powers. None of the constraints on the Council's Section 1 power are engaged by this decision.

The Education Act 1996 enables the Council to provide school meals for children at school and the proposals in this report support that provision.

The total estimated value of the framework agreement is £8,947,000. The aggregate sum of the proposed procurement is above the applicable Public Procurement threshold for contracts for services and supplies of £214,904 stipulated in the Public Contracts Regulations 2015 as amended ("PCR").

Procurement of the framework is therefore caught by the full rigors of the PCR and a Contract Notice must therefore be published on the UK e-notification service 'Find a Tender' as well as on Contracts Finder. Additionally, the procurement must comply with Regulation 33 of the PCR for framework agreements. The call-off contracts will be procured via the rules of the framework.

The Local Government Act 1999, requires the Council to make arrangements to achieve best value in the exercise of its functions. While conducting the procurement and evaluating the bids, officers must satisfy themselves that the procurement process is in accordance with this principle.

The total estimated expenditure for the Council is £2,054,880. Therefore, the decision to award the Framework Agreement will need to be made by Cabinet.

#### FINANCIAL IMPLICATIONS AND RISKS

The current PAL framework expires on 31<sup>st</sup> December 2024.

The indicative value of the new call-off contract is c. £2,076,000 in year 1. The total framework value over a 3-year (plus 1-year extension) is £8,947,000 across PAL members. This includes an estimated 5% annual inflationary increase. Havering's estimated annual contract value is £476,756 in year 1, which equates to £2,055,000 total contract value over the lifetime of the framework. The estimated annual spend is shown below.

	Year				Total
	2025 (1)	2026 (2)	2027 (3)	2028 (4)	
Total framework	2,075,905	2,179,700	2,288,685	2,403,120	8,947,410
Havering	476,756	500,595	525,624	551,905	2,054,880

The estimated cost is based on current expenditure, however as this is a call off arrangement, there is no minimum financial commitment, and the actual cost will vary depending upon demand. This allows the expenditure to be controlled. The costs related to this procurement will be funded from HES Catering Services revenue budgets. As Catering is a Traded Service, there is no base budget provision, but expenditure is offset against income that is generated from

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Catering contracts with schools. In 2023/24 the Service generated a budget surplus of £-53,000 due to the introduction of Universal Free School Meals (UFSM). This funding is currently confirmed to July 2025

The estimated value of this contract is based on 23/24 spend levels which could increase as a result of UFSM.

Currently any surplus or deficit is managed through the council's general fund. Traded services are required to cover their costs and make a contribution to the management services provided to them by the Council. If the catering traded service is unable to do that going forward then it is a financial risk to the Council's General Fund position. This risk would increase significantly if UFSM is not extended beyond July 2025.

The contract will be managed by the HES Catering Service and funded from a 0.75% management fee received from the participating authorities within the PAL Framework. The contributions will vary according to the level of contract spend, but based on the indicative contract values shown above, this would generate income for the Service of around £67,000 (£52,000 net income to LBH) over the life of the contract, with the risk of a significant variation assumed to be minimal.

Being a wholly traded service, the expectation is for the contract to deliver effective value for money, allowing the service to continue operating as a viable catering provision to its clients.

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

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

The procurement process will be carried out in accordance with the Council's Contract Procurement Rules and the Public Contract Regulations 2015. The proposed contractor will be



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expected to comply with the Council's policies with regards to the promotion of equality and diversity in service delivery and employment practice.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

HES Catering Service recognises it has a role to play in contributing towards the realization of the council's Social Value strategic objectives which are set out in its new vision for the borough.

To underpin this, the tender has a 10% sub-weighting attributed to Social Value within the overall 30% quality assessment section of the tender evaluation. This is to demonstrate to bidders that the Council wishes to award contracts to suppliers who align with its Social Value objectives, and who provide the necessary quality, provenance and sustainability certifications.

Through the tender process, bidders will be asked to submit evidence of:

- How they will create employment opportunities for local people/ and/or disadvantaged people as part of the contract.
- The approach to reducing the company's carbon emissions and how they are working towards net zero greenhouse gas emissions
- Management of other environmental impacts relating the service e.g. reduced water use, reduced packaging, use of low energy equipment etc.
- How they ensure materials and products relevant to the provision of the service are sustainably sourced, produced and deployed
- Their company's measures to identify, mitigate and manage modern slavery risks relating to the contract and supply chain.

Once suppliers are awarded a place on the framework, this area will continue to be reviewed via the contract management process. The service will continue to ask for evidence both qualitative and quantitative of any initiatives undertaken. Ongoing work will take place with suppliers to encourage and support in this area.

### **BACKGROUND PAPERS**

None

### **APPENDICES**

None

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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

**Details of decision maker**

Signed



Name: Trevor Cook

Cabinet Portfolio held:  
CMT Member title: AD Education Services  
Head of Service title  
Other manager title:

Date: 21<sup>st</sup> June 2024

**Lodging this notice**

The signed decision notice must be delivered to Committee Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_