



[Document title]

[Document subtitle]

Abstract

[Draw your reader in with an engaging abstract. It is typically a short summary of the document.
When you're ready to add your content, just click here and start typing.]

Windows User
[Email address]

CABINET	22 January 2025
Subject Heading:	Approval to commence procurement for Frozen Food and Grocery
Cabinet Member:	Councillor Oscar Ford, Cabinet Member for Children and Young People
ELT Lead:	Barbara Nicholls, Strategic Director of People
Report Author and contact details:	Sarah Hales, Commercial & Contracts Manager 01708 434915 Sarah.Hales@haverling.gov.uk
Policy context:	Supports the 'People' theme of the Havering Vision: 'Our children, young people thrive and are inspired to reach their full potential
Financial summary:	The current PAL framework expires on 31st August 2025. The Council's current call-off contract expires on the same date. The indicative value of the new call-off contract across PAL members is c. £6.71m in year 1. The total framework value over the 4-year term of the contract (3 years + 1-year extension) is £28.91m across all PAL members. This includes an estimated 5% annual inflationary increase. Havering's estimated annual contract value in Year 1 is £2.23m (£9.63m total contract value). The Year 1 estimated cost is based on 23/24 expenditure plus inflation, however as this is a call off arrangement, there is no minimum financial commitment. The actual cost will vary depending on demand, and can be controlled. This will be funded by the Havering Catering Service. 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.
Is this a Key Decision?	Yes - Expenditure or saving (including anticipated income) of £500,000 or more

When should this matter be reviewed? 22nd January 2025

Reviewing OSC: People OSSC

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

SUMMARY

The current Frozen Food and Grocery Single-supplier framework expires on 31 August 2025. 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. Each participating member is responsible for their respective call-off agreements and will enter into separate call-off contracts.

The Councils who form the PAL group are:

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

RECOMMENDATIONS

This report seeks approval for the commencement of a procurement process to set up a Procurement Across London (PAL) framework for Frozen Food and Grocery 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 new call-off contract across PAL members is c. £6.71m in year 1. The total framework value over the 4-year term of the contract (3 years + 1-year extension) is £28.91m across all PAL members. This includes an estimated 5% annual inflationary increase.

Havering's estimated annual contract value in Year 1 is £2.23m (£9.63m total contract value over the lifetime of the framework duration of four years).

REPORT DETAIL

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 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.

REASONS AND OPTIONS

Reasons for the decision:

The current Frozen Food and Grocery Single-supplier framework expires on 31 August 2025. 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. Each participating member is responsible for their respective call-off agreements and will enter into separate call-off contracts.

The Councils who form the PAL group are:

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

Other options considered:

1. Do not retender, but purchase ad-hoc from the open market.

This option has been discounted as it will not be compliant with the Council's procurement rules and policies due to the cumulative value of spend over time. Also there has been uncertainties and significant spikes in pricing of goods and raw materials experienced across the market over recent 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.

2. Carrying out an open tender just for HES Catering Services

This option was considered, however it has been rejected as the PAL arrangement delivers greater efficiencies through combined purchasing power and economies of scale. This option would result in an estimated loss of income to HES Catering.

3. Call-off from an existing national framework

Framework owners such as Yorkshire Purchasing Organisation (YPO) charge 1% management fee for any call-off made from their frameworks. This could potentially result in a cost to Havering of £96,000 over the duration of the contract. Established frameworks

generally do not allow for the setting up of a framework-within-a-framework, so each member of PAL would have to have their own call-off, and has therefore been rejected.

4. To split the framework into different lots

This option was considered, however it has been rejected due to the operational complexity of delivering to 220+ sites across PAL members on multi delivery days per week, individual site restrictions, health and safety implications and impact on the environment and climate change implications.

IMPLICATIONS AND RISKS

Financial implications and risks:

The current PAL framework expires on 31st August 2025.

The indicative value of the new call-off contract is c. £6.71m in year 1. The total framework value over a 3-year (plus 1-year extension) is £28.91m across PAL members. This includes an estimated 5% annual inflationary increase. Havering’s estimated annual contract value is £2.23m in year 1, which equates to £9.63m total contract value over the lifetime of the framework. The estimated annual spend is shown below.

	Year				Total
	2025/26 (1)	2026/27 (2)	2027/28 (3)	2028/29 (4)	
	£m	£m	£m	£m	£m
Total framework	£6.71	£7.04	£7.40	£7.76	£28.91
Havering	£2.23	£2.35	£2.46	£2.59	£9.63m

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 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 overall trading position is regularly monitored as part of our normal business arrangements. Options for mitigating the risk of making losses or loss of customers would include reducing expenditure on food and other supplies which we would be able to do as this is a call off contract.

The contract will be managed by the HES Catering Service. This will be 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 Council of around £145,000 over the life of the contract.

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.

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 £28.91m. 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 £9.63m. Therefore, the decision to award the Framework Agreement will need to be made by Cabinet.

Human Resources implications and risks:

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 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

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) The need to foster good relations between those who have protected characteristics and those who do not.

Note: Protected characteristics include 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. Additionally, the Council is dedicated to enhancing the quality of life and wellbeing for all Havering residents with regard to socio-economic and health determinants.

An EHIA (Equality and Health Impact Assessment) has not been completed and is not required for this decision.

The Council seeks to ensure equality, inclusion, and dignity for all.

There are not equalities and social inclusion implications and risks associated with this decision.

Health and Wellbeing implications and Risks

There are no direct health and wellbeing implications associated with the recommended procurement approach for the supply of Frozen Food and Grocery. It is the expectation that selected providers will meet the minimum requirements around food hygiene and safety, produce quality, provenance and sustainability. The proposed social value measures within the tender have the potential to deliver health and wellbeing benefits (e.g. through provision of employment of local residents), and efforts should be made to ensure that provider commitment to deliver against these are realised across the lifetime of the contract.

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, including reporting on their CO₂ emissions released in the delivery of this contract.
- 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
- Percentage of the company's fleet used for the contract that are zero emissions vehicles.
- 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