



## CABINET

**Subject Heading:**

Approval to award contracts for Frozen Foods and Groceries

**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:**

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**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 estimated value of the new call-off contract across PAL members is c. £8.36m in year 1. The total framework value over the 4-year term of the contract (3 years + 1-year extension) is £36.04m across all PAL members. This includes an estimated 5% annual inflationary increase.

Havering's estimated annual contract value is £2.49m in year 1 (£10.73m total contract value).

**The estimated cost is based on actual expenditure in 24/25 uplifted by annual 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 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**

**Is this a Key Decision?**

Yes - Expenditure or saving (including anticipated income) of £500,000 or more

**When should this matter be reviewed?**

28th July 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 Foods and Groceries 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**

Approval is requested for the award of;

- A. a Pan London multi-supplier framework agreement for the supply of Frozen Foods and Groceries with an estimated value of c. £8.36m in year 1, c.£36.04m total

contract value over 3 plus 1-year term, commencing on 1<sup>st</sup> September 2025 until 31<sup>st</sup> August 2029.

- B. A Havering call-off to the estimated value of c. £2.49m in year 1 (£10.73m total estimated value over 3 plus 1-year term), commencing on 1<sup>st</sup> September 2025 until 31<sup>st</sup> August 2029.

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. £8.36m in year 1. The total framework value over the 4-year term of the contract (3 years + 1-year extension) is £36.04m across all PAL members. This includes an estimated 5% annual inflationary increase.

Havering's estimated annual contract value is £2.49m in year 1 (£10.73m total contract value).

<b>REPORT DETAIL</b>
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An open procurement process was undertaken in accordance with the Public Contracts Regulations 2015 and advertised on the Government's Find a Tender portal ref 2025/S000-005430 on 17<sup>th</sup> February 2025.

Two bidders expressed an interest in the tender and two bids were received from;

Thomas Ridley (00148692)  
JJ Food Service Ltd (02330996)

Both JJ Food Service Ltd and Thomas Ridley passed the Stage 1 compliance checks, including confirmation of economic and financial standing, mandatory declarations, insurance requirements, and relevant policies (e.g., modern slavery, equality, and data protection).

The evaluation of tenders was carried out in accordance with the published evaluation criteria as outlined in the Invitation to Tender (ITT). The award criterion was the Most Economically Advantageous Tender (MEAT), based on a combined quality (70%) and price (30%) evaluation. The evaluation was conducted in two stages:

- Stage 1 – Compliance Checks (Selection Questionnaire and Mandatory Requirements)
- Stage 2 – Evaluation of Quality and Price.

The quality assessment was based on five method statement questions, with a maximum score of 30% available. Each response was scored against the published criteria using a 0–5 scale, with weightings applied as per the ITT. Both suppliers put forward strong quality proposals.

The financial assessment was based on the total submitted basket prices. Price scores were calculated using the published formula in the ITT. The results are summarised below:

Bidder	Total Price	Price Score
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JJ Food Service	£10,502,760.75	43.41%
Thomas Ridley	£9,019,498.45	49.80%

Both suppliers put forward strong quality proposals and the overall quality scores were:

<b>Bidder</b>	<b>Quality score</b>
JJ Food Service	26
Thomas Ridley	21.20

Following completion of the quality and financial evaluation, the final combined MEAT scores are as follows:

1. Thomas Ridley Ltd – Total: 71.00%
2. JJ Food Service Ltd – Total: 69.41%

Based on the MEAT scores, Thomas Ridley Ltd ranked highest overall, with JJ Food Service Ltd placing second. Both suppliers met the minimum quality threshold and are recommended for appointment to the framework.

Based on the evaluation of the scores, the service recommends that approval is given to appoint both bidders on to the framework given that the intention was to establish a multi-supplier framework.

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 has been 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

## **Procurement Process**

An open procurement process was undertaken in accordance with the Public Contracts Regulations 2015 and advertised on the Government's Find a Tender portal ref 2025/S 000-005430 on 17th February 2025.

Two bidders expressed an interest in the tender and two bids were received from;

- Thomas Ridley (Company number 00148692)
- JJ Food Service Ltd (Company number 02330996)

The weightings applied to this procurement were:

Commercial Assessment 70% of the overall assessment

Quality Assessment 30% of the overall assessment

Both suppliers met the tender eligibility requirements and provided the necessary certification & reassurances. Both are credit-worthy and have adequate turnover and insurance cover. This was confirmed from the SQ and method statements received from the bidders.

Based on the evaluation of the scores, the service recommends that approval is given to appoint both bidders on to the framework given that the intention was to establish a multi-supplier framework.

It is recommended that The Council awards a call-off contract to both companies. The reason for awarding a call off to both companies is that the call off procedure will be direct award, based on the lowest price for each individual line item required.

The appointment to the Framework 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.

## **Other options considered:**

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

### **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 £107,000 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 31<sup>st</sup> August 2025. The contract was tendered as described above with a 70% weighting given for price in line with the Council's policy. The price evaluation followed the methodology set out in the ITT which was a non-standard methodology designed specifically for this procurement. Only two bids were received and both met minimum standards so will both be invited onto the framework. Expenditure will be incurred on a call off basis enabling services to select the lower of the two prices for a specific item.

The indicative value of the new call-off contract is c. £8.36m in year 1. The total framework value over a 3-year (plus 1-year extension) is £36.04m across PAL members. This includes an estimated 5% annual inflationary increase. Havering's estimated annual contract value is £2.49m in year 1, which equates to £10.73m total contract value over the lifetime of the framework. The estimated annual spend is shown below.

	Year				
	2025/26 (1)	2026/27 (2)	2027/28 (3)	2028/29 (4)	Total
	£m	£m	£m	£m	£m
Total framework	£8.36	£8.78	£9.22	£9.68	£36.04
Havering	£2.49	£2.61	£2.75	£2.88	£10.73m

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 2024/25 the Service generated a budget surplus of £-188,000. This was partly due to Universal Free School Meals (UFSM) funding, which is currently confirmed to July 2026

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 if UFSM is not extended beyond July 2026.

The overall trading position is regularly monitored as part of our normal business arrangements. The costs of the new contract will need to be closely monitored to determine the actual impact of the new pricing schedules, and how this compares with the 5% inflation assumed in this report. 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 £190,000 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 Section1 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 £36.04m. 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 £10.73m. Therefore, the decision to award the Framework Agreement will need to be made by Cabinet. Ravi Mudundi in Legal has been consulted on this matter.

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

### **Health and Wellbeing implications and Risks**

Havering Council is committed to protecting and improving the health and wellbeing of its residents.

There are no direct health and wellbeing implications associated with the recommended contract award and call off 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 it should be ensured that providers 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 CO<sub>2</sub> 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.

**Cabinet, 13 August 2025**

None