

Notice of KEY Executive Decision

Subject Heading:	Approval to commence procurement for Catering Equipment Servicing and repair
Decision Maker:	Tara Geere, Director of Starting Well
Cabinet Member:	Councillor Kevin Gill, Cabinet Member for Children
ELT Lead:	Barbara Nicholls, Strategic Director of People
Report Author and contact details:	Sarah Hales, Commercial & Contracts Manager 01708 434915 Sarah.Hales@havering.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 HES School Catering Service intends to commence an open procurement exercise for the maintenance and repair of catering equipment across the school estate. This requirement arises from the fact that there is currently no contract in place. The indicative value of the contract is approximately £159,176 in year 1. The total contract value over the 4-year term of the contract (3 years + 1-year extension) is £665,935. This includes an estimated 3% annual

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	inflationary increase after the first year. The Year 1 estimated cost is based on 25/26 expenditure plus 3% inflation. This will be funded by the Havering Catering Service's Heavy Equipment SLA.
Reason decision is Key	Indicate grounds for decision being Key: (a) Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	17 June 2026
Relevant Overview & Scrutiny Committee:	People OSSC
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

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 to commence an open procurement to establish a new three year plus an optional 12-month extension contract for this provision of catering equipment maintenance and repairs as soon as possible in early 2027. The indicative value of the contract is approximately £159,176 in year 1. The total contract value over the 4-year term of the contract (3 years + 1-year extension) is £665,935.

AUTHORITY UNDER WHICH DECISION IS MADE

Constitution:

Scheme 3.3.3 Powers common to all Strategic Directors

4. Contracts

4.1 To approve commencement of a tendering process for all contracts below a total contract value £1,000,000.

STATEMENT OF THE REASONS FOR THE DECISION

The HES Catering Service has reviewed the requirements and seeks approval to commence an open procurement process to establish a new three year (plus a 12-month extension) contract for this provision of catering equipment maintenance and repairs as soon as possible. In line with Procurement Act 2023, the procurement process will be conducted using an Open Procedure. The procurement opportunity will be advertised on the central digital platform in accordance with the transparency requirements of the Act. A Planned Procurement Notice (PPN) will be published to provide advance notice to the market of the Authority's intention to commence the procurement, followed by a Tender Notice to formally invite suppliers to participate in the procurement process. The weighting to be used to evaluate the bids will be 50% price: 40% quality, 10% Social Value.

Proposal

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.

The HES Catering service is responsible for maintaining a safe, compliant, and operational catering service for over 10,000 children across approximately 50 schools and comprises 1500 catering equipment assets. The current arrangements for servicing, maintenance, and repair are out of contract; therefore a new contract is required to ensure continuity of service, minimise equipment downtime, and maintain compliance with statutory health and safety requirements.

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The indicative value of the contract is approximately £159,176 in year 1. The total contract value over the 4-year term of the contract (3 years + 1-year extension) is £665,935. This includes an estimated 3% annual inflationary increase. This will be funded through income generated from the dedicated Catering Service's Heavy Equipment SLA for schools

The Havering Catering Service's Heavy Equipment SLA was introduced in 2021 as a rolling three (3) year pooled funding mechanism into which schools pay an annual contribution/fee. The SLA is designed to ensure that the costs associated with repair and replacement of school kitchen assets are covered in a planned and sustainable way, thereby mitigating the cost exposure to both schools and the council and ensuring the day to day provision of school meals is not disrupted due to equipment failure.

The cost of the SLA for each school is held for the three-year cycle but is subject to an annual inflationary uplift. The contribution/fee paid by schools is determined based on a combination of number of assets and asset condition at each school site. On that basis, schools are banded into price brackets. Prior to the launch of a subsequent three-year cycle/SLA, a further thorough reassessment/review of schools assets and condition is undertaken in order to ensure that contribution/fee levels and school banding are aligned to the present realities, thereby ensuring the sustainability and financial viability of the SLA.

The SLA has clear terms and conditions relating to the obligations schools have to pay the contribution/fee. In the event that a school fails to pay an annual fee, the council may remove the school from accessing the pooled arrangement with notice. If the school is maintained by the LA, an unpaid/outstanding annual fee may be set-off against the school's annual budget for the financial year. If the school is non-maintained, the LA may pursue appropriate debt recovery action to ensure the annual fee is collected.

If a school opt out of the SLA, the associated maintenance and repair expenditure that would typically emanate from such a school will no longer be covered by the pooled arrangement, thereby limiting financial exposure and protecting the sustainability of the pooled fund.

To sustain the SLA's funding model and ensure financial viability, the Service undertakes an annual review of income/contribution and expenditure, including asset condition and maintenance requirements.

Near the end of each 3 year cycle of the SLA, HES consults with schools in order to determine how to collectively they would want any reported underspend or overspend to be managed as part of the relaunch of a subsequent 3-year cycle.

The annual breakdown and potential contract value calculation is shown below:

Year	£
1	159,176.70
2	163,952.00

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3	168,870.56
4	<u>173,936.68</u>
Total	<u><u>665,935.94</u></u>
Rounded to £665,935 in total and £159,176 in first year.	

OTHER OPTIONS CONSIDERED AND REJECTED

1. Do not tender, 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, raw materials and services 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. Call - off from an existing national framework

Framework owners such as YPO and ESPO charge suppliers a rebate, typically 2%, of contracted spend made from their frameworks. This could potentially result in higher costs to Havering Council as suppliers would factor in the rebate to their costs. Calling off of an established framework would also preclude the current supplier and similar SME (Small and Medium-Sized Enterprise) from bidding, if not on a national framework.

3. To split the framework into different lots

This option was considered, however it has been rejected due to the operational complexity and responsibility to maintain approximately 1500 pieces of equipment across more than 50 sites.

PRE-DECISION CONSULTATION

Statutory consultation is not required.

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

Name: Sarah Hales

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Designation: Commercial & Contracts Manager

Signature: Sarah Hales

Date: 25/06/2026

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council must ensure that there are sufficient schools for providing primary and secondary education in its area, which must be sufficient in number, character and equipment to provide for all pupils the opportunity of appropriate education, in accordance with section 14 of the Education Act 1996. The Council is making a decision to procure a contract for catering equipment maintenance and repairs for that purpose.

The Council has the power to procure the contract through section 111 of the Local Government Act 1972 which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions, or through its general power of competence in section 1 of the Localism Act 2011 to do anything an individual can do. There are limitations on the general power of competence, but the limitations do not apply to this decision.

The estimated value of the contract is above the applicable public procurement threshold for good and services contracts stipulated in the Procurement Act 2023 (PA) of £207 720. Therefore, it is subject to the full PA regime.

For these reasons, the Council can procure the contract.

FINANCIAL IMPLICATIONS AND RISKS

The tender is for a total value of £655,935 over the 4 year period and the value is subject to final tender award.

The procurement of catering equipment maintenance contract is required in running the catering service and meeting the ongoing commitments to schools that have signed up to the service (of which there are currently 56 schools).

The service operates within the Council alongside the other traded services to schools and expenditure is managed within the income and in accordance with the service agreements overtime. There have been annual surpluses recently and a small reserve has been retained to enable smooth running of the traded services and mitigate risks, in what is a competitive market with schools continually looking for value.

The traded service is subject to the normal contract and financial procedures, budget forecasting and other review by management to minimise risks and ensure best value. An experienced team of catering managers help ensure all resources are managed carefully in and across settings, further minimising costs.

The nature of maintenance requires firms that have local coverage and the chosen procurement method reflects experience to gain best value in this market.

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The procurement set out above is to cover likely needs and the indicative value shown allows for reasonably expected usage given past needs, the current and expected level of equipment to be covered for maintenance, as well as inflation. This value is in line with current budgets and plans.

This indicative value may change on award given the uncertainties. There is always a risk of costs increasing, including potential changes in service demand or market pricing when the contract is re-procured since the last procurement process. Any changes will need to be absorbed as part of wider trading operations or managed by further income via pricing changes overtime or additional contracts being won. Though it is stressed, in the current market, that minimising costs is critical to maintaining the current traded services financial position.

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

The recommendations made in this report do not give rise to any identifiable human resources 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 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.

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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 Catering Equipment Servicing and repair. 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 which align with its Social Value objectives, and which 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.

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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

Delete as applicable

Proposal NOT agreed because

Details of decision maker

Signed

Name:

Cabinet Portfolio held: Children & Young People

CMT Member title:

Head of Service title

Other manager title:

Date:

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 _____