

NORTH SOMERSET COUNCIL DECISION

**DECISION OF: DIRECTOR OF DEVELOPMENT AND ENVIRONMENT
IN CONSULTATION WITH: SECTION 151 OFFICER AND HEAD OF
STRATEGIC PROCUREMENT**



DECISION NO: 18/19 DE 375

SUBJECT: CONTRACT AWARD REPORT FOR THE PROCUREMENT OF FOOD.

KEY DECISION: YES

BACKGROUND:

Food for the Bay Café, Castlewood Canteen, The Campus, Somerset Hall and The Tropicana is currently purchased on an ad hoc basis across a wide range of suppliers. There are varying contractual arrangements and opportunities to drive better value as approximately 45 suppliers are used. There is a need to ensure that the quality and price of the produce the council is receiving meets an agreed standard and achieves best value for money for the council. North Somerset Council took the opportunity to collaborate with Somerset County Council (SCC) on this procurement, which has significantly improved the economies of scale and time/resource in procuring.

DECISION:

It is requested that the framework agreement for the provision of Food be awarded to the following suppliers:

Lot Number	Winning Supplier
Lot 1 – Meat and Poultry	J&R Food Services
Lot 2 – Fish and Seafood	Charles Saunders
Lot 3 – Dairy	Charles Saunders
Lot 4 – Fresh Fruit and Vegetables	J&R Food Services
Lot 5 – Ambient Goods and Kitchen Supplies	J&R Food Services
Lot 6 – Frozen Food	J&R Food Services

Charles Saunders Ltd. Armstrong Way, Great Western Business Park, Yate. Bristol. BS37 5NG Company registration number: 1581532.

J & R Food Service Ltd, 3 Fair Oak Close Exeter Airport Business Park, Clyst Honiton, Exeter, Devon EX5 2UL Company registration number: 04697167

For 2 years plus two optional 12 month extensions. The contract value (NSC spend only) is £832,000 across all 6 Lots.

REASONS:

Introduction

The Council tendered for a Framework Agreement for the supply of meat, poultry, fish and seafood, dairy, fruit and vegetables, ambient goods and kitchen supplies and frozen food. Food is to be supplied to the following venues:-

- Bay Café, Weston-super-Mare
- The Tropicana, Weston-super-Mare
- Somerset Hall, Weston-super-Mare
- Castlewood Canteen, Clevedon
- The Campus, Weston-super-Mare

Scope

The aim of the Framework Agreement is to provide compliant contracts for the provision of food products across SCC and North Somerset establishments. Whilst it is acknowledged that the “quality” of products procured may vary across the establishments due to the nature of clientele catered for; the products are similar and therefore there is benefit in combining requirements to achieve both compliance and best value.

The procurement aimed to deliver the following:

- An acceptable mixture of best value and quality
- Savings for each venue because of the combined purchasing/spend on products
- Compliant framework where the venues can call off for their entire food spend
- Ease of access solution to ordering food products at each venue

Contract Duration

Framework Agreement duration is 2 years plus two possible 12 month extensions.

Governance

The Commissioning / Procurement plan (18/19 DE196) was approved by the Executive Member advised by the Head of Procurement on 20/08/18 (see background papers).

Market Engagement

A Prior Information Notice (PIN) was published in the Official Journal of the European Union (OJEU) on 15th August 2017 advertising a Market Engagement event on 29th September 2017 at Dillington House (SCC’s venue). All interested food produce suppliers were invited to the event as an opportunity to learn about the project, the requirements and an introduction to the procurement process.

Ten suppliers expressed an interest in attending this event via the e-Tendering Portal (www.supplyingthesouthwest.org.uk). Six suppliers attended the event.

Following the event the presentation slide pack and the responses to any questions raised were shared publicly via the e-Tendering Portal.

On conclusion of the Supplier event held in September 2017, Somerset County Council recognised a requirement for increased Supplier involvement and feedback to inform the future procurement of the Goods.

An update to the PIN was published in the OJEU on 31st October 2017 advertising a Soft Market Testing event on 29th November 2017 at Dillington House. All interested food produce suppliers were invited to the event as an opportunity to meet stakeholders, further understand the background to the requirements and for SCC to gather feedback in relation to the possible structure of the service specification(s) and the tender process. Suppliers were also invited to sign up for individual meetings with stakeholders if required.

Fifty-six (56) suppliers either expressed an interest in attending this event via the e-Tendering Portal or were emailed directly by the Procurement Team as a current supplier to SCC. Fourteen (14) suppliers attended the event. Seven suppliers requested individual meetings with stakeholders.

Following the event the presentation slide pack, themes and comments arising from the session and the responses to any questions raised were shared publicly via the e-Tendering Portal.

As a follow up to the Supplier event held on the 29th November, Somerset County Council was keen to engage further with the market through Soft Market Testing prior to proceeding with the formal procurement process. In order to further inform the intended process, Suppliers were asked to complete a follow up questionnaire during December 2017. The questionnaire was sent to all Suppliers who attended the event and was available via the e-Tendering Portal for any other interested Suppliers to complete.

The questionnaire sought to understand the markets position in the following key areas:

- Procurement process
- Lot structure
- Term and Exclusivity
- Timescales
- General Market Questions

Procurement procedure / structure

The opportunity was advertised in the Official Journal of the European Union on 13 October 2018 (2018/S 198-447457). The Procurement Team, in discussion with stakeholders, conducted this procurement as a one stage process in accordance with the requirements of the Public Contracts Regulations 2015.

The procurement was divided into six Lots. Prospective Suppliers were required to complete one Selection Questionnaire to determine their ability to fulfil the requirements of the Lot(s) they were applying for.

Prospective Suppliers were invited to complete one overall Method Statement (Quality) response and also submit pricing per individual Lot. Suppliers were able to submit a response for as many Lots as they chose but must be able to supply the majority of items specified within each Lot.

Award Criteria

The following criteria and weightings were applied in the evaluation.

Evaluation criteria breakdown	Means of evaluation	
	Sub criteria	Main criteria
Quality Method Statement Responses		30%
Price		70%
Basket Price	50%	
Sampling	20%	

The above weightings were replicated from a food tender recommended by the Houses of Parliament. It will be on this basis that the Council will award the Contract to the highest scoring Applicant.

All questions within Method Statement were evaluated in accordance with the following scoring guidelines:

Score	Scoring guidelines
0	No response or response does not meet requirements at all.
2	Response partially meets requirements, but contains material weaknesses, issues or omissions and/or inconsistencies.
4	Response almost meets requirements to a minimum acceptable standard, but contains some weaknesses or omissions.
6	Response meets requirements to a minimum acceptable standard, but does not exceed them.
8	Response is of a good standard. Comprehensive, robust and well justified showing full understanding of requirements.
10	Response meets and exceeds requirements to an excellent standard, with clear and credible added value and/or innovation.

The scoring mechanism used for sampling was:

Score	Scoring guidelines
1	Sample is of a low quality and does not meet the quality standard required
2	Sample is of a reasonable quality, partially meeting the quality standards required
3	Sample is of a good quality, meeting most of the quality standards required
4	Sample is of exceptional quality, meeting all the quality standards required

Sampling took place at Dillington House on 18th December 2018. Samples were delivered for the attention of a Procurement Team member at an agreed time to ensure all sampling was carried out in a fair and transparent way.

Timetable

Procurement Stage	Dates
Publication of advertisement (including OJEU notice)	13/10/2018
Procurement documents published via ProContract	15/10/2018
Tenderers submissions due	19/11/2018
Evaluation	22/11/2018-18/12/2018
Call-in period starts	04/02/2019
Report approved	12/02/2019
Call-in period ends	19/02/2019
Framework Agreement start	01/03/2019

Evaluation

The Bids were evaluated and moderated by a panel of SCC and North Somerset Council staff.

Lot 1 – Meat & Poultry

	J&R Food Services	Bidder 2	Bidder 3	Bidder 4
Price Score (out of 70)	57.63%	64.00%	57.23%	54.63%
Quality Score (out of 30)	28.80%	19.20%	17.10%	18.90%
Total Score	86.43%	83.20%	74.33%	73.53%

Lot 2 – Fish & Seafood (only one bid received)

	Charles Saunders
Price Score (out of 70)	70.00%
Quality Score (out of 30)	21.00%
Total	91.00%

Lot 3 – Dairy

	Charles Saunders	Bidder 2	Bidder 3	Bidder 4	Bidder 5
Price Score (out of 70)	70.00%	53.72%	58.99%	60.49%	59.29%
Quality Score (out of 30)	21.00%	28.80%	21.30%	18.90%	18.90%
Total Score	91.00%	82.52%	80.29%	79.39%	78.19%

Lot 4 – Fresh Fruit and Vegetables

	J&R Food Services	Bidder 2
Price Score (out of 70)	68.98%	50.22%
Quality Score (out of 30)	28.80%	14.70%
Total Score	97.78%	64.92%

Lot 5 – Ambient Goods and Kitchen Supplies

	J&R Food Services	Bidder 2	Bidder 3	Bidder 4
Price Score (out of 70)	68.93%	65.29%	64.66%	64.34%
Quality Score (out of 30)	28.80%	21.00%	18.90%	18.90%
Total Score	97.73%	86.29%	83.56%	83.24%

Lot 6 – Frozen Food

	J&R Food Services	Bidder 2	Bidder 3	Bidder 4
Price Score (out of 70)	64.50%	66.96%	64.73%	63.00%
Quality Score (out of 30)	28.80%	18.90%	21.00%	18.90%

Total Score	93.30%	85.86%	85.73%	81.90%
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Social Value & Sustainability

Both suppliers are based in the South West and have won multiple Lots, therefore there is potential for efficiencies to be made with the deliveries. Both suppliers source as much as possible from local suppliers and are willing to source local products at our request.

The specifications have stipulated that packaging should be “used sparingly” and that environmentally friendly farming and transport methods should be used etc.

Contract Management

Contract Management will sit with the North Somerset Campus and Halls Manager.

Contractor performance will be managed to ensure quality and they will be measured through a set of KPIs to ensure standards are being upheld.

The key performance indicators underpinning this Contract are:

KPI	Target	Method of measurement
Number of orders delivered on time	The provider must meet a minimum of 95% the scheduled times	Monthly KPI report
Number of complete orders received in full	The provider must meet a minimum of 95%	Monthly KPI report
Detailed spend report	100% of reports sent to Category Manager within ten working days.	Monthly KPI report

The Contractor must be able to provide an Account Manager who will be the nominated single point of Contact and who can offer assistance and support to manage this Contract on the Contractors side.

Customer satisfaction and service levels will be monitored as part of Contract Management.

Added Value/Benefits

The ordering process will be more efficient for council staff as they will know who their suppliers are for each Lot and will no longer be required to contact numerous suppliers to obtain quotes and arrange deliveries.

The new contracts will provide benefits to the environment as the number of delivery vehicles traveling around the region will reduce significantly with only two suppliers

delivering all produce. Both suppliers are small medium enterprises and are based in the Southwest.

Suppliers are able to deliver 7 days a week.

Service Areas will benefit from reduced contract management obligations as there will be two suppliers to manage rather than the current numbers.

Termination

There is a break clause within the Contract which allows termination at 90 days written notice.

Implementation and Transition Programme

Whilst the detailed implementation plan is to be agreed it is anticipated that the transition will take approximately 1 month.

Options considered:

1. Mini competition from a national Framework eg ESPO

Advantages

- Quick as suppliers are pre-qualified.

Disadvantages

- Limits suppliers - not all incumbent suppliers able to bid
- Not SME/Local friendly
- Product list does not cover all requirements.

2. Collaboration with Somerset County Council

Advantages:

- Benefit from economies of scale - Somerset's spend (£375,000 PA) is higher than North Somerset's (£208,000 pa), and collectively the councils are much more attractive to the market and more likely to create a saving.
- Similar values – Somerset have agreed 'Local' is an important factor and this has been emphasised in the tender documents.
- Somerset have adapted the specifications to ensure North Somerset Council's requirements are included.
- Somerset have invested a great deal of time and resource into researching the market, supplier events and tender document preparation. This is a great opportunity to tap into their resources.

Disadvantages

- Alcohol and soft drinks will need to be tendered separately as SCC already have a contract for this in place which North Somerset is not named on.
- Due to the high level of spend and wide product range, this may prevent SMEs from being able to bid.

3. North Somerset Open Tender

Advantages

- More control over the tender documents and the evaluation process
- More attractive to SMEs as the volumes are smaller.
- Alcohol and soft drinks could be included

Disadvantages

- Less spend – less attractive to suppliers and therefore will not benefit from economies of scale.
- Higher risk of price increase
- Legal fees required in the development of contract documents.
- More Procurement & Contract Manager time and resource required to conduct tender.

4. No procurement

Disadvantages

- Non-compliance with the Contract Standing Orders.
- May not be getting value for money
- Using the suppliers' Terms and Conditions
- Missed opportunity to support local produce, animal welfare, sustainable packaging etc.
- Not specifying the quality standards for the products.
- Not using approved suppliers who have been checked and have passed our evaluation process.

Option 2 (collaboration with Somerset County Council) was recommended in the Commissioning / Procurement Plan.

FINANCIAL IMPLICATIONS:

Costs

Estimated annual value is £208k.

The Bay Café has the highest level of spend. Please see below breakdown of spend per venue (12 months Spend Feb 2017 to Feb 2018).

Castlewood Canteen	£37k
Somerset Hall	£2k
The Bay Cafe	£129k
The Bay Events (Tropicana)	£12k
The Campus	£28k
Total	£208k

Spend has been difficult to analyse due to the lack of a formal process and any contracts in place and the wide range of suppliers used. By getting a contract in place the transparency of spend and audit trail of spend will increase dramatically (see KPIs).

Between North Somerset Council and Somerset County Council some soft market testing has been conducted and indicates that spend will not increase, however, a saving cannot be guaranteed. By collaborating with Somerset, North Somerset's buying power will greatly increase which will provide the best opportunity to reduce prices.

Funding

N/A

LEGAL POWERS AND IMPLICATIONS

The council used a compliant process under the Public Contract Regulations 2015. Somerset County Council's Terms and Conditions were used for this tender.

CONSULTATION

Paul Hillman – Service lead and Contract Manager
Becky Kehoe (Bay Café Manager)
Rebecca Pittwood – Procurement lead from Somerset County Council
Market Engagement days – Local food suppliers

RISK MANAGEMENT

Risk of no procurement:

- Not compliant with the council's Contract Standing Orders.
- May not be getting value for money
- Risk of no Terms and Conditions in place
- Missed opportunity to support local produce, animal welfare, sustainable packaging etc.
- Not specifying the quality standards for the products.
- Not using approved suppliers who have been checked and have passed our evaluation process.

There is a risk that costs may increase with the implementation of the new contracts. The Procurement Team has undertaken a small amount of price comparison on the information available, however limited management information exists with current suppliers due to the lack of formal contracts and reporting requirements. Initial enquiries suggest that costs are similar to those currently being charged.

EQUALITY IMPLICATIONS

A stage 1 EIA form has been completed indicating a low impact. The form has been sent to the Equality & Diversity Team for review.

CORPORATE IMPLICATIONS

The contract will be managed through Paul Hillman at the Campus.

BACKGROUND PAPERS

Commissioning/Procurement Plan approved by the Executive Member:

<http://www.n-somerset.gov.uk/wp-content/uploads/2018/08/18-19-DE-196-Signed-2.pdf>

SIGNATORIES:

DECISION MAKER(S):

Signed:Assistant Director (Placemaking and Growth)
Development and Environment. In accordance with paragraph 1.5 of the Council's
constitution (May 2018), officer authorisations and delegations

Date:

In Consultation with:

Section 151 Officer
Head of Strategic Procurement