



Cabinet

23 JULY 2012

**CABINET MEMBER
FOR COMMUNITY
CARE**

*(Councillor Marcus
Ginn)*

**OUTSOURCING OF THE PROVISION OF A
MEALS SERVICE FOR VULNERABLE
ADULTS**

**Wards:
All**

The proposed Framework Agreement will be for a five year period from 1st December 2012 to 30 November 2017. Other boroughs (as set out in paragraph 2.1) will be able to access the proposed service.

A separate report on the exempt Cabinet agenda provides exempt information about the procurement process and costs.

CONTRIBUTORS

Chief Officers
EDFCG
ADLDS
DPITS
ADHRSBC
ADBPM

**HAS A EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN RISK
ASSESSED?
YES**

Recommendations:

- 1. That authority be given to outsource the provision of a Meals Service for vulnerable adults by setting up a Framework Agreement using the Restricted Procedure.**
- 2. That, following evaluation of the Pre Qualification Questionnaires and in accordance with Council Contract Standing Orders, the shortlist of tenderers who will be invited to tender be approved by the Cabinet Member for Community Care.**
- 3. That authority be delegated to the Cabinet Member for Community Care, in conjunction with the Tri Borough Executive Director of Adult Social Care, to award the contract for the Meals Service for vulnerable adults.**

1. BACKGROUND

- 1.1 Hammersmith & Fulham (H&F) currently provide a Meals Service for approximately 150 Service Users assessed as requiring this service; although it is forecasted that this number will decrease over the next few years. This is a chargeable service for which Service Users make a financial contribution; the actual chargeable amount per meal paid varies from borough to borough. For most of these Service Users the meal they receive is their main daily meal. The service also provides a daily check on the well being of Service Users, many of who live alone. The service operates for seven days per week with a delivery window of 11:30 to 13:30 hours. Frozen meals are purchased from Apetito Ltd and stored at Bagleys Lane Depot. The meals are heated in kitchens at the depot and transported in “hot locks” to preserve their temperature. The kitchen and delivery staff are H&F employees.
- 1.2 A number of option appraisal exercises have been conducted over recent years which have concluded that the most cost effective model for this service is “Cook on Route”. This involves the heating of frozen meals in ovens housed in the delivery vans. It also results in an improvement to meal quality as Service Users will receive their meals closer to when they reach optimum temperature than under the existing service model. The contract is however not being advertised on the basis of the provision of a “Cook on Route” service but on the basis on a Meals Service in order to encourage innovation in service delivery. The move towards shared services which resulted from the Tri Borough initiative demonstrated the majority of West London local authorities had outsourced their meals service to a “cook on route” model which had resulted in significantly lower costs per meal than H&F were achieving. Any joint tendering exercise with partner boroughs would require the H&F service be outsourced.
- 1.3 Market analysis has demonstrated there are two organisations who effectively dominate the national “Cook on Route” market, these being Apetito Ltd and Sodexo. The ovens used in their vans are not available on the open market. Both organisations have indicated their preferred business strategy is to secure contracts for the full “Cook on Route” service as opposed to entering into vehicle leasing agreements and meals supply contracts with local authorities who run the service with their own employees. While such a model could be arranged research has indicated this would be more expensive than to outsource the full service through a tendering exercise. This would involve the transfer of those H&F employees identified as having rights under the Transfer of Undertaking (Protection of Employment) Regulations.
- 1.4 Market testing and research have demonstrated that the procurement strategy required to deliver the most cost effective meals service would be delivered through outsourcing the current service and being party to a collaborative procurement exercise with partner local authorities.

2 JOINT PROCUREMENT WITH OTHER LONDON BOROUGHS

- 2.1 Consultation was undertaken with Bi, Tri Borough and West London Alliance (WLA) partner authorities to explore the possibility of joint procurement with the aim of a multi borough contract securing lower unit prices through volume. This joint procurement exercise includes RB Kensington & Chelsea, Westminster CC and the London Borough of Hounslow. There are currently ongoing discussions with the London Boroughs of Haringey and Richmond with a view to them joining this process.
- 2.2 Due to H&F's need for an early contract start date to resolve its current contractual position and having available resources to undertake this work it was decided that H&F would be the lead contracting authority. It was also agreed that Westminster CC's lawyers, Sharpe Pritchard would provide the appropriate legal advice as the most cost effective option.
- 2.3 A Project Board chaired by a Procurement Manager from H&F with representatives from the four participating boroughs has been established and is currently meeting fortnightly.
- 2.4 An Inter Authority Memorandum of Agreement will govern the relationship between the boroughs throughout the tendering process and will address the sharing of procurement costs, including legal fees.

3. TENDERING EXERCISE

- 3.1 An advert will be placed in The Caterer and The Guardian inviting tenderers to apply. As this is an EU Part B Service the Council will not be publishing a contract notice in OJEU but to demonstrate compliance with transparency requirements the tender will be conducted under the Restrictive Procedure. The PQQ will be used to draw up a shortlist of five tenderers who will proceed to the Invitation to Tender (ITT) stage.
- 3.2 The contract will be awarded based on the most economically advantageous tender worth prices allocated 50% of the final marks and the non price element 50%.
- 3.3 Tenderers will be required to submit prices dependent on the total volume of meals purchased in any given four week period.

4. PROPOSED TENDERING TIMETABLE

Advert placed	Early June 2012
Deadline for receipt of completed Pre Qualification Questionnaire (PQQ).	Late June 2012
Tenders invited	Early July 2012
Deadline for Receipt of Tenders	Late July 2012
Completion of detailed evaluation	August 2012
Award	September 2012
Contract Commencement	1 December 2012

5. RISK MANAGEMENT

- 5.1 The subject of this report is to be included on a departmental or corporate risk register.
- 5.2 The main risk associated with any tendering exercise is the failure to meet timetable deadlines and thereby not achieve the proposed contract start date. This would impact on continued service delivery if contingency arrangements with incumbent providers cannot be arranged and delay the realisation of any anticipated savings.
- 5.3 This procurement exercise is being conducted in accordance with the authority's Project Management Tool kit. If slippage occurs in the tendering timetable outstanding milestone dates are reviewed and adjusted accordingly. Should any delays to the tendering timetable mean the proposed contract start date is not achievable officers will communicate with existing providers to affect a continuation of the current contractual arrangements.

6. EQUALITY IMPLICATIONS

- 6.1 The Equality Impact Analysis has demonstrated that the activity has a low impact with regard to the Public Sector Equality Duty and a positive impact with regard to any protected characteristic(s).
- 6.2 The effect of this activity will be to let a contract to for the provision of services currently being provided in house. It is not intended that the proposed contractual arrangements will result in any reduction to the existing level of service, although the service model may change. Arrangements will be made to ensure Service Users currently accessing the service are

transferred to the incoming provider without any disruption to the continuity of service they receive.

7. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 7.1 The Tri-Borough Director of Finance (ASC) anticipates that savings will be made
- 7.2 A further report will be presented following the proposed delegation to the Cabinet Member for Community Services (recommendation 3) and at this stage the full financial implications of the tender will be evaluated.

8. COMMENTS OF THE DIRECTOR FOR LEGAL AND DEMOCRATIC SERVICES

- 8.1 Legal advice on this procurement process is being provided by Westminster City Council's legal advisers, Sharpe Pritchard.
- 8.2 The Director for Legal and Democratic Services supports the recommendations in this report.

9. COMMENTS OF THE DIRECTOR FOR PROCUREMENT & IT

- 9.1 The service is defined as a Part B Service for the purposes of the Public Contracts Regulations 2006 (as amended), and therefore not subject to EU procurement rules but to demonstrate compliance with the transparency requirements the tender will be conducted under the Restrictive procedure.
- 9.2 It will be subject to Hammersmith and Fulham's Contract Standing Orders as the lead borough and procurement advice on this project is currently being provided through its Corporate Procurement Division.
- 9.3 Working with Sharpe Pritchard agreement will be made in terms of the content of the PQQ, Invitation to Tender, the specification, the contract conditions, and other contract documentation.
- 9.4 By collaborating with other Councils on joint tendering exercises the Council achieves savings through greater economies of scale. This is in line with the Council's Procurement Strategy

10. COMMENTS OF THE DIRECTOR FOR HUMAN RESOURCES

- 10.1 The proposal is subject to the Transfer of Undertaking (Protection of Employment) Regulations. HR will ensure the legal/statutory and consultation

requirements are met. An Equality Impact Analysis on the workforce implications will be carried out to ensure the Council complies with its public sector equality duties.

10.2 The Director for HR is content with this report.

11. COMMENTS OF THE DIRECTOR FOR BUILDING AND PROPERTY MANAGEMENT

11.1 The Director of Building and Property Management concurs with the contents of this report.

12. CONCLUSION

12.1 It is recommended to outsource the provision of a Meals Service for vulnerable adults. Also that in accordance with Council Contract Standing Orders the shortlist of tenderers who will proceed to Invitation to Tender stage is approved by the Cabinet Member for Community Care and that authority is delegated to the Cabinet Member for Community Care, in conjunction with the Tri Borough Executive Director of Adult Social Care, to award the Contract for the Meals Service. This will enable contract award and commencement sooner than would be possible if Cabinet were to award the contract and will therefore ensure the service can commence by the required start date.

12.2 It is considered that by outsourcing this service and by awarding a multi borough contract this will safeguard this service and ensure that the quality of service benefits from technological advancements in the food industry.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	All background papers.	Tim Lothian Procurement Manager Community Services Department (x 5377)	CSD Partnerships & Procurement 3 rd Floor 77 Glenthorne Road. Hammersmith London W6
CONTACT OFFICER: Tim Lothian		NAME: Tim Lothian	
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