

LONDON BOROUGH OF BRENT

**MEETING OF THE EXECUTIVE
8th December 2003**

REPORT FROM THE DIRECTOR OF SOCIAL SERVICES

**NAME OF WARD(S)
ALL**

**REPORT TITLE: AUTHORITY TO AWARD CONTRACT FOR SUPPLY OF
STANDARD AND KOSHER FROZEN MEALS AND TO
NEGOTIATE FOR THE SUPPLY OF ASIAN VEGETARIAN
AND HALAL AND CARIBBEAN FROZEN MEALS**

Above Below

Confidential Line

(Except Appendices A & B)

1.0 Summary

This report requests authority to award contracts as required by Contract Standing Order No 89. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded.

This report also requests approval to negotiate with contractors in respect of the procurement of Asian Vegetarian, Asian Halal and Caribbean frozen meals, due to the unacceptability of the tender submission.

2.0 Recommendations

- 2.1 The Executive to award the contract for the supply of frozen Standard Meals to Apetito Ltd.
- 2.2 The Executive to award the contract for the supply of frozen Kosher Meals to Hermolis & Co Ltd.
- 2.3 The Executive note the failure of the tender process in relation to the Asian Vegetarian, Asian Halal and Caribbean meals and agrees that the process be discontinued for these meals.
- 2.4 The Executive to give approval to negotiate with contractors for the supply of Asian Vegetarian, Asian Halal and Caribbean meals and to give approval to the considerations and the criteria to be used to evaluate bids as set out in paragraph 10.5 of the report.

- 2.5 The Executive to give approval to officers to evaluate bids for the supply of Asian Vegetarian, Asian Halal and Caribbean frozen meals accordance with the approved evaluation criteria referred to in paragraph 2.3 above.

3.0 Financial Implications

- 3.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k or works contracts exceeding £1million shall be referred to the Executive for approval of the award of the contract and for approval to invite tenders.
- 3.2 The combined estimated value of the Standard and Kosher meal contracts is in excess of £500k over the life of the contract. Details of the prices received from tenderers and the estimated values of the contracts to be awarded can be found in paragraphs 8.8 and 8.9.
- 3.3 Details of the prices tendered for the Asian Vegetarian, Asian Halal and Caribbean meals and the estimated value of the contracts to be negotiated can be found in paragraph Appendix B. This information is considered to be below the confidential line as releasing it may prejudice negotiations. The combined value of these contracts is estimated to be in excess of £500,000.
- 3.4 A representative of Brent Financial Services was involved in the evaluation of the tenders.
- 3.5 It is anticipated that the cost of this contract will be funded from existing resources.

4.0 Legal Implications

- 4.1 The estimated value of these contracts over their lifetime is higher than the EU threshold for Supplies and the award of these contracts therefore are governed by the Public Procurement Regulations. The award is subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations.
- 4.2 The EU Public Procurement Regulations allow for there to be no award of a contract where no appropriate tenders are received.
- 4.3 The EU Regulations allow a negotiated process to be commenced without advertising where a restricted tendering process has been discontinued due to the fact that irregular tenders have been submitted. The tenders for the Asian Vegetarian, Asian Halal and Caribbean meals are considered to be irregular as they do not meet the Council's technical requirements. The contracts must be negotiated on substantially the same terms and conditions as those for the tendered contracts.

5.0 Staffing Implications

- 5.1 This is a contract for the supply of frozen meals and therefore has no staffing implications for the Council.

DETAIL

6.0 Background

- 6.1 The Executive agreed on 10 February 2003 that all meals for Meals on Wheels, Day Centres and Luncheon Clubs should be purchased as frozen complete meals, regenerated in the Meals Service Kitchens and delivered hot. This arrangement commenced on 1 May 2003 and resulted in savings of £187,000 in the financial year 2003/4 after taking into account redundancy costs as fewer staff were required to reheat meals than to prime cook. At that time it was envisaged that the arrangement would be short term whilst proposals for the longer term provision of the entire service were formulated. It quickly became apparent that more in depth analysis, research and consultation was needed to evaluate the wide range of options available for the longer term so that realistic and acceptable proposals could be formulated. A consultant was engaged to carry out this work in May 2003 with a view to reporting proposals for the whole service back to the Executive early in 2004. It was therefore necessary to undertake a tendering process to formalise the interim purchasing arrangements of the frozen meals to ensure that the procurement is in line with the Council's Contract Standing Orders and the European Public Procurement Regulations. It was planned that the contract would commence in February 2004 and would contain a clause allowing the Council to terminate upon notice to enable any new arrangements arising out of the investigation into alternative options to commence as soon as any necessary tendering process was completed.
- 6.2 Interim arrangements for the supply of frozen meals were made with the suppliers nominated in the 10 February 2003 Executive report and came into force on 1 May 2003 as follows:

Meal Type	Supplier	Cost
Standard	Apetito Ltd	£1.67
Kosher	Hermolis & Co Ltd	£3.80
Asian Vegetarian	Raj Foods	£2.91
Asian Halal	Raj Foods	£2.91
Caribbean	Raj Foods	£2.93

- 6.3 In line with the Executive approval on the 28th May 2003 Officers invited tenders for the supply of Standard, Kosher, Asian Vegetarian, Asian Halal, and Caribbean frozen meals

7.0 The Tender Process

- 7.1 The new contract will be let for two years with the possibility of an extension of

one further year and provision for the Council to terminate on notice.

- 7.2 Advertisements were placed in the Official Journal of the European Union (OJEU), the trade press and the local paper on 29th May 2003 to seek initial expressions of interest. This elicited 9 initial enquires. Short listing questionnaires, and an information pack containing the outline specifications and tender approach were sent out to the 9 companies and 7 contractors returned the questionnaires indicating interest as follows:.

Company	Meal Types				
	Standard	Kosher	Asian Vegetarian	Asian Halal	Caribbean
1			X	X	X
2	X	X	X	X	X
3	X	X	X	X	X
4		X			
5	X				
6			X	X	X
7			X		

- 7.3 Short listing was carried out on the basis of the contractors' economic and financial standing, and technical capacity on 24th July 2003, 5 contractors were invited to tender for the contracts as set out below:

Name of Company	Meal Types				
	Standard	Kosher	Asian Vegetarian	Asian Halal	Caribbean
Raj Foods			X	X	X
Apetito Ltd	X	X	X	X	X
Flow Food Ltd	X	X	X	X	X
Hemolis & Co Ltd		X			
Birmingham City Council	X				

- 7.4 The tendering instructions stated that the contract will be awarded on the basis of the most economically advantageous offer to the Council and that in evaluating tenders, the Council would have regard to the following:

Production standards of meals including food hygiene standards
 Demonstrated ability to provide service
 Quality of Meals
 Range of Meals
 Service User acceptability
 Staff management, Equal Opportunities and Recruitment
 Packaging
 Portion sizes
 Nutritional content
 Delivery arrangements
 Sub contracting arrangements
 Business continuity
 Best Value considerations
 Price

7.5 Tenderers were required to submit information in support of the evaluation criteria in 7.4 above.

8.0 Evaluation Process

8.1 The tender evaluation was carried out by a panel of officers from Social Services, Corporate Finance and Social Service Human Resources. Also in attendance was a representative from Legal Services.

8.2 All tenders had to be submitted no later than noon on 17th September 2003. Tenders were opened on the afternoon of 17th September 2003 and four valid tenders were received as follows.

Name of Company	Meal Types Tender Submitted For				
	Standard	Kosher	Asian Vegetarian	Asian Halal	Caribbean
Raj Foods			X	X	X
Apetito Ltd	X				
Hemolis & Co Ltd		X			
Birmingham City Council	X				

These were photocopied and given to each member of the evaluation panel. Each member of the panel read the tenders using evaluation sheets (see Appendix A) to note down their comments on how well each of the award criteria was addressed.

8.3 Visits to the factory production units were carried out during the period 1st to the 21st October 2003 by Social Services Meals Service, Health and Safety and Quality Staff.

8.4 Tenderers were required to submit sample meals which were evaluated by a panel of around 40 service users on 22nd October 2003.

8.5 The evaluation panel met on 23rd October 2003 and each submission was marked by the whole panel against the award criteria. References have also been taken up and given a score.

8.6 The scoring system used set a minimum acceptable benchmark score of 1122. This was calculated by setting a pass mark of 6 out of 10 for each of the evaluation criteria which were then weighted in terms of their importance. In respect of standard meals both tenderers exceeded the benchmark score with Apetito Ltd scoring the highest and having the best service user acceptability. In respect of kosher meals Hermolis & Co Ltd exceeded the benchmark and had high service user acceptability. The evaluation panel recommended that the contracts for those meals be awarded to these two companies. The scores received by all the tenderers are included in Appendix A.

8.7 The estimated value of the two contracts recommended for award, based on the per meal prices tendered by Hermolis & Co Ltd and Apetito Ltd are:

Meal Type	Cost per annum	Cost for Contract Lifetime
Standard	£158,540	£475,620
Kosher	£9,350	£28,050

8.8 The prices tendered by for the Standard and Kosher meals are:

Tenderer Name	Type of Meal Tendered For	Cost per main course	Cost per dessert	Total Meal Cost
Apetito Ltd	Standard	£0.90	£0.36	£1.26
Birmingham City Council	Standard	£1.20	£0.30	£1.50
Hermolis & Co Ltd	Kosher	£3.27	£0.71	£3.98

The prices tendered for the Asian Vegetarian, Asian Halal and Caribbean meals are set out in Appendix B.

8.9 The cost of Kosher meals is significantly above that of standard meals for a number of reasons:

- a. The nature of the production is more costly because of the more labour intensive methods used.
- b. The packaging of Kosher meals is double layered to ensure that when they are near non-kosher products no vapours or odours from these products penetrate them.
- c. Much smaller volumes of Kosher meals are purchased so there are no volume discounts.
- d. Many ingredient costs are higher.

Meals are currently purchased from this supplier at a cost of £3.80 for the year 2003. The tendered price is applicable from February 2004 to March 2005 and represents an increase in the order of normal inflation.

8.10 If members are minded to agree the recommendations the contracts for the supply of Standard and Kosher meals will commence 1st February 2004.

8.11 In respect of the Asian Vegetarian, Asian Halal and Caribbean meals, the scores were below the acceptable benchmark and the service user acceptability was very low for the Asian Vegetarian and Asian Halal. It should be noted that although more than one company was invited to tender for these meals only one company submitted a tender for the supply of these meals. There is a very limited number of contractors for these meals as they are specialist ethnic meals. The evaluation panel is recommending the contract not be awarded for the Asian Vegetarian, Asian Halal and Caribbean meals and that a negotiated process should be adopted for the procurement of these meals.

8.12 Officers are currently assessing the market and investigating what contractors there are in the market that can provide the Asian Vegetarian, Asian Halal and Caribbean meals. They will be actively encouraged to be involved in the procurement process.

- 8.13 As a result of the level of complaints and decline in the take up of Asian Vegetarian, Asian Halal and Caribbean meals together with the poor acceptability by the user panel for the Asian Vegetarian and Asian Halal meals, officers are sourcing alternative suppliers of these meals and seeking quotations from them for the supply of meals in the interim period.

9.0 Equalities

- 9.1 In view of the low acceptability of the food from the initial tenderer amongst the users of the Asian Vegetarian, Asian Halal and Caribbean meals compared to that of the Standard and Kosher meals the recommendation of the evaluation panel to not award these contracts at this time is consistent with ensuring that a good quality service is provided to all communities in the borough.
- 9.2 The equalities impact assessment carried out by the evaluation panel members identified that the supplier of Asian Vegetarian, Asian Halal and Caribbean meals was unacceptable to the communities and therefore the Council would be unable to fully meet the needs of vulnerable clients in those communities.

10.0 Procurement of Asian Vegetarian, Asian Halal and Caribbean Meals

- 10.1 The procurement is governed by the Council's Contract Standing Orders for high value contracts and the full European Public Procurement Regulations for supplies. As the current tender process failed to produce any acceptable bids in relation to the Asian Vegetarian, Asian Halal and Caribbean meals the EU regulations allow the process to be discontinued and for the Council to negotiate with suppliers for the supply of the meals without re-advertising the contracts. The contractor which did submit a tender for these meals must be invited to negotiate.
- 10.2 This report therefore seeks approval from the Executive for the use of the negotiated procedure for the procurement of the supply of frozen Asian Vegetarian, Asian Halal and Caribbean meals and for the procurement process to be undertaken.
- 10.3 The process will involve the selection of contractors to submit bids for the supply of the Asian Vegetarian, Asian Halal and Caribbean meals. It is proposed that all contractors in the market of supplying Asian Vegetarian, Asian Halal and Caribbean meals that Officers become aware of during their market assessment be invited to submit bids.
- 10.4 As with the original tender, bidders will be asked to submit sample meals which will be evaluated by a panel of service user representatives as part of the tender evaluation process. This element of the evaluation will carry a high weighting to ensure that meals are acceptable to service users. In addition officers will visit tenderers production units to check food hygiene and health and safety standards are being met and maintained.

10.5 In accordance with Contract Standing Orders 89 and 90, pre-tender considerations have been set out below for the approval of the Executive.

Ref	Requirement	Response
(i)	The nature of the service	Supply of Asian Vegetarian, Asian Halal and Caribbean Frozen Meals for Meals on Wheels, Day Centres and Luncheon Clubs
(ii)	The estimated value	In excess of £500k over the term of the contract including the potential 1 year extension. Details of the estimated value of the contracts is contained in Appendix B
(iii)	The contract term	Two years with a possible extension of one year at the option of the Council
(iv)	The tender procedure to be adopted	Negotiated Process (without advertising)– European Public Procurement Regulations apply
(v)	The procurement timetable	<p>Indicative dates are:</p> <ul style="list-style-type: none"> ▪ Issue Invitation to Negotiate Jan 04 ▪ Deadline for submission of bids Feb 04 ▪ Site Visits Feb 04 ▪ Food Samples Evaluation Feb 04 ▪ Final Panel Evaluation Mar 04 ▪ Report recommending contract award circulated internally for comment by Mar 04 ▪ Executive approval Mar 04 ▪ Contract start date Apr 04
(vi)	The evaluation criteria and process	<p>Bidders will be checked to ensure that they meet the Council's financial, health and safety and technical standards. The panel will evaluate the bids against the following criteria:</p> <ul style="list-style-type: none"> ▪ Production standards of meals including food hygiene standards ▪ Demonstrated ability to provide service ▪ Quality of meals ▪ Range of meals ▪ Service User acceptability ▪ Packaging of meals ▪ Portion sizes ▪ Nutritional content ▪ Delivery arrangements ▪ Sub-contracting arrangements ▪ Business Continuity

		<ul style="list-style-type: none"> ▪ Price <p>A draft evaluation grid is set out in Appendix C</p>
(vii)	Any business risks associated with entering the contract	No specific business risks are considered to be associated with entering into the proposed contract. Financial Services and Legal Services have been consulted.
(viii)	The Council's Best Value duties.	The Meals Service had a full Best Value review completed in April 2000 and the letting of this contract is necessary as a result of the implementation of service efficiency recommendations.
(ix)	Any staffing implications, including TUPE	None, see section 4 above
(x)	The relevant financial, legal and other considerations	See sections 3 and 5 above

10.6 The Executive is therefore asked to give its approval to these proposals as set out in the recommendations of this report and in accordance with Standing Order 89.

APPENDIX C

**PROCUREMENT OF ASIAN VEGETARIAN, ASIAN HALAL & CARIBBEAN FROZEN MEALS FOR MEALS SERVICES
FEBRUARY 2004- EVALUATION MATRIX**

Criterion	Tenderer A			Tenderer B			Tenderer C			Tenderer D			Tenderer E			Tenderer F			Benchmark Min Acceptable Scores					
	Weight	Score	Total	Weight	Score	Total	Weight	Score	Total	Weight	Score	Total	Weight	Score	Total	Weight	Score	Total	Weight	Score	Total			
Production Standards																								
Food Hygiene Practices	12			12			12						12			12			12	6	72			
Application of H&S	12			12			12						12			12			12	6	72			
Quality Control	10			10			10						10			10			10	6	60			
Demonstrated Ability																								
References	9			9			9						9			9			9	6	54			
Quality Management System	9			9			9						9			9			9	6	54			
Complaints Procedure/Handling	10			10			10						10			10			10	6	60			
Staff Management	7			7			7						7			7			7	6	42			
Quality of Meals	12			12			12						12			12			12	6	72			
Range of Meals	10			10			10						10			10			10	6	60			
Service User Acceptability	15			15			15						15			15			15	6	90			
Packaging of Meals	10			10			10						10			10			10	6	60			
Portion Sizes	10			10			10						10			10			10	6	60			
Nutritional Content	12			12			12						12			12			12	6	72			
Delivery Arrangements	10			10			10						10			10			10	6	60			
Sub-contracting Arrangements	10			10			10						10			10			10	6	60			
Equal Opportunities/Recruitment	7			7			7						7			7			7	6	42			
Business Continuity	3			3			3						3			3			3	6	18			
Price	12			12			12						12			12			12	6	72			
Best Value Considerations	7			7			7						7			7			7	6	42			
TOTAL																								1122

Weight =weighting, the relative significance of the element
 Score =score on a 1-10 scale as indicated
 Total =weighting multiplied by score

Key to Scores
 1-4 Unacceptable
 5-7 Acceptable
 8-10 Excellent