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Meeting	Cabinet Resources Committee
Date	13 January 2011
<b>Subject</b>	<b>Contract Award – Meals at Home</b>
Report of	Cabinet Member for Adults
Summary	This report outlines the tendering process conducted for the award of a new Home Meals Contract. It recommends the award of that contract to Sodexo Ltd.

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Officer Contributors	Tom Pyne, Head of Supply Management (Adult Social Services)
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Matt Phelps, Category Manager (Community Services), 020 8359 4280.

## **1. RECOMMENDATION**

- 1.1 That Sodexo Ltd be awarded the contract for the provision and delivery of meals for period of three years commencing 1 April 2011.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 On 28 November 2006, the Cabinet Member for Community Services authorised by delegated powers (DPR 147) that Sodexo Healthcare Services Limited be awarded a contract for the provision and delivery of meals, and that Enfield Council provide the administration and monitoring for the meals service. The agreed contract was for 3 years from 1 April 2007 but provided for an extension of a further period of up to 2 years at the Council's discretion and with the contractor's consent.
- 2.2 Cabinet Resources Committee, 23 February 2010 (Decision item 6) – approved an increased price per meal from April 2009 and a 1-year extension to the home meals contract due to end March 2010. As a result of the extension, the contract will, now, expire at the end of March 2011.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Council's Corporate Plan 2010-13 corporate priority 'Sharing Opportunities and Sharing Responsibilities' will be promoted through the strategic objective to "support people to be independent and lead active lives" in their community.
- 3.2 The Corporate Plan 2010-13 corporate priority of 'Better Services with Less Money' will be promoted through the strategic objective to "make sure we get best value from resources across the public sector, including our people and assets" as the contract for meals provision is recommended for award to the provider who on evaluation offers the lowest costs in relation to the best quality service. Also, the meals service will promote the strategic objective to "move investment from acute services to prevention" as this service may reduce admissions to residential care and other costly forms of institutional care. Finally, the promotion of the strategic objective of maximising "improvements and savings in back office functions" will be achieved by ending the present arrangements for the administration and monitoring of the service and replacing them with a more efficient form of service delivery.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 There is a transition risk upon migrating the responsibilities for contract management from the London Borough of Enfield to Barnet Council. This risk is being mitigated through detailed planning in relation to the transfer of the duties for contract administration and monitoring. Duties currently carried out by Enfield Council have been allocated to appropriate teams within Adult Social Services enabling a saving of approximately £66,000 savings per year.
- 4.2 There is risk of a fall in volumes should people opt for a Direct Payment to purchase a meals service from other supplier but the impact will be minimal on the contractor and the Council as volume bandings were taken into consideration in the pricing schedule submitted as part of the tender. Officers will mitigate against falling volumes by ensuring that the service is promoted amongst operational teams. Officers will also verify that any drop in volumes is not linked to any issues in relation to the quality of the service. To date, the meals contract has a good track record in relation to quality and customer feedback and this is expected to continue to be the case.

## 5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The new contract states that the provider of the service must comply with the Council's Equalities Policy and the policy will be included as an Appendix to the Contract.
- 5.2 The Council's Procurement Equalities policy was followed in the management of the tender process with the tenderers' own equalities policies evaluated as part of that procedure. Service users, their carers and older residents including members of minority ethnic groups were involved in the consultation process, including tasting of the short-listed tenderers' meals. The meals sampled included a variety of specialist ethnic meals.
- 5.3 The home meals service will continue to be offered to any adult who on assessment meets the Council's Fair Access to Care Services eligibility criteria. With the contract, a range of hot meals are provided to meet different dietary and religious requirements. The new contract provider would meet regularly with the Council on a formal basis to review the service and ensure that all needs are being met.

## 6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The contract to be awarded is priced on a cost and volume basis as this gives both the Council and the Contractor stability for the entirety of the contract period and negates the need to re-negotiate contract prices.
- 6.2 During 2010, approximately 1,550 meals were delivered each week to around 360 service users in the borough. Meal volumes vary from week to week depending on individual circumstances such as holidays and hospital admissions. This has formed the basis for assumptions regarding levels of demand over the three year period and evaluation on price. During the course of the contract, officers will closely monitor volume movement to mitigate against any reductions in volumes and any impact this may have.
- 6.3 The standard meal price submitted by Sodexo as part of their tender submission is shown below together with the volume bandings. The meal price will be fixed for the duration of the contract.

Upper Banding	Lower Banding	Standard meal price	Annual cost
<b>7176</b>	<b>6065</b>	<b>£5.53</b>	<b>£625,305.64</b>
6064	4953	£6.26	<b>£585,949.27</b>
4952	3841	£7.35	<b>£548,662.29</b>
3840	2729	£9.20	<b>£517,799.79</b>

Comparison costs based on upper banding pricing standard meals is shown below;

Sodexo	£5.53 (£625,305 annually)
Contractor A	£6.09 (£688,532 annually)
Contractor B	£6.20 (£697,583 annually)

- 6.4 The anticipated cost of the home meals service for 2011/12 is as follows and the new contract can therefore be funded from the available budget for meals at home.

Number of meals to be provided	6,778 meals per 4-week period
<b>Total cost of meal provision</b>	£654,941
Client contributions at £3.99 per meal	£(351,567)
Net cost of contract	£303,374
<b>Available budgets</b>	£317,797

- 6.5 In order to ensure that volumes do not further decrease and given that the current client charge is one of the highest in London it is not proposed to increase the client contribution above the current level of £3.99 for 2011/12. This will be reviewed on an annual basis as part of the setting of charging and fee levels.
- 6.6 The savings set out in the Council's medium term financial strategy for meals at home contract will be largely generated by eliminating the current Enfield contract management cost. The current cost per year of Enfield Council's management has been £106,000. It is expected that Barnet Council could achieve similar outcomes through expenditure of £40,000, achieving a savings of £66,000. The Council is currently liaising with Enfield Council regarding the TUPE rights of staff who transferred from Barnet to Enfield to manage the contract. This is being investigated following the Council's decision to bring the contract management and administration back to Barnet.

## **7. LEGAL ISSUES**

- 7.1 The Council has a statutory obligation to provide meals to vulnerable adults under the Chronically Sick and Disabled Persons Act 1970.
- 7.2 For the purposes of European procurement rules, the Meals at Home service falls within Category B of Schedule 3 to the Public Contracts Regulations 2006. Procurements of Category B services do not have to follow the full European procurement regime. However, as indicated at paragraph 9.4, below, a competitive process was carried out and this has, also, ensured compliance with the Treaty provisions of non-discrimination, fairness and transparency.
- 7.3 The transfer of the contract management tasks from the London Borough of Enfield to Barnet could result in a transfer of staff pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006. Certain information and consultation duties fall upon Enfield as "Transferor" and Barnet as "Transferee". Barnet must ensure compliance with the relevant requirements. Any transferred staff will retain continuity of service and will be entitled to participate in the Local Government Pension Scheme Fund administered by Barnet.
- 7.4 A formal contract must be prepared and executed on behalf of, both, Sodexo and Barnet in compliance with the council's Contract Procedure Rules.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including authorising post tender negotiations.

## 9. BACKGROUND INFORMATION

- 9.1 On 28 November 2006, the Cabinet Member for Community Services authorised by delegated powers that Sodexo should be awarded a contract for the provision and delivery of meals, and that Enfield Council should provide the administration and monitoring of the meals service. The contract with Sodexo was for 3 years from 1 April 2007 but provided for an extension of a further period of up to 2 years at the Council's discretion and with the contractor's consent.
- 9.2 On 23 February 2010, the Cabinet Resources Committee resolved that the Director of Adult Social Services should be authorised to approve a 1-year extension to the home meals contract due to end March 2010, during which time the Council would review how this service ought to be provided in future.
- 9.3 In accordance with the above resolution, the Adult Social Services Directorate began a strategic commissioning review of the home meals service in March 2010, including research into the possible integration of a meals service into existing home and community support services. The strategic review concluded in October 2010 that a new meals service should seek innovative ways to add value through daily social welfare checks and safeguarding measures, as well as promoting take-up in the face of declining volumes nationally. The Directorate review also recommended savings through the management of the contract by Barnet Council, as opposed to Enfield Council.
- 9.4 In compliance with Council Procedures and European legislation for a meals contract of this size, a call for competition was issued to the Official Journal of the European Union (OJEU) on 15 November 2010 and advertisements were placed in the Council's website procurement portal ('Doing Business in Barnet') and supply2.gov.uk, the official government national lower-value contract opportunity portal, requesting potential providers to submit tenders for the meals contract.
- 9.5 Three tenders were received by the closing date of 3 December 2010.
- 9.6 Tender Evaluation – Tenders were initially checked to ensure compliance with the tender instructions and clarifications were sought in respect of specific financial and legal issues. From 10 December 2010, all tenders were evaluated by the tender panel. The evaluation panel was made up of officers from Supply Management, Commissioning and Care Services Delivery within Adult Social Services.

Tenders were assessed in four areas as follows:

<b>Criteria</b>	<b>Weight</b>	<b>Evaluation Sources</b>
Price	30%	Pricing Schedule
Capacity & Resources	25%	Induction & Training Method Statement Recruitment & Selection Method Statement Presentation Interview Questions.
Technical Ability	20%	Food Hygiene & Preparation Method Statement. Implementation Method Statement Presentation Interview Questions
Experience of providing relevant service	25%	Service Delivery Method Statement Continuity of Service Method Statement Presentation Interview Questions Tasting Event

9.8 In addition, a Business Questionnaire was used to ensure that all tenders met minimal organisational and business requirements.

9.9 The outcome of the tender evaluation is shown in the table below:

<b>Evaluation Criteria</b>	<b>Weighting</b>	<b>Sodexo</b>	<b>Apetito</b>	<b>Agincare</b>
Price	30%	20.00%	25.00%	10.00%
Capacity & Resources	25%	22.51%	16.54%	17.64%
Technical Ability	20%	17.39%	12.92%	14.12%
Experience	25%	20.13%	20.00%	19.38%
<b>Total</b>	<b>100%</b>	<b>80.03%</b>	<b>74.46%</b>	<b>61.14%</b>
<b>Ranking</b>		<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>

9.10 Contract Award – The contract award recommendation is made on the basis of the evaluation criteria shown above, Sodexo Ltd having scored highest overall.

## **10. LIST OF BACKGROUND PAPERS**

10.1 None.

Legal – SCS  
CFO – MC/JH