

Finance and Resources Committee

10.00am, Tuesday, 5 September 2017

Transportation of Food Containers – 2017-2022

Item number	8.5
Report number	
Executive/routine	
Wards	All

Executive Summary

This report seeks approval to appoint a single supplier to deliver and uplift food containers from school production kitchens and deliver to school dining centres (including lunch clubs), within the City of Edinburgh. The term of the contract will be 3 years with an option to extend for a further 2 years. The overall value of the contract is estimated at £1,640,035 over the 5-year period.

Transportation of Food Containers – 2017-2022

1. Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the appointment of a single supplier to deliver and uplift food containers within the City of Edinburgh to Sheridan Myers Management Services LLP (SMMS) for a period of 3 years with an option to extend for a further 2 periods of 12 months each.

2. Background

- 2.1 The previous contract for the Transportation of Food Containers delivered by SMMS expired on 30 June 2017.
- 2.2 The context is administered by Facilities Management within Property and Facilities Management and enables the Council to deliver its statutory duty to provide a hot meal to those children entitled to a free meal. This requires the delivery and uplift of food containers from various production kitchens and dining centres.
- 2.3 Around 40% of total meals produced by the Catering Service (circa 1.7m meals per annum) are transported from a production kitchen to a dining centre. This has been found to be the most cost effective way of producing meals by the Catering Service.
- 2.4 There are currently 38 scheduled routes each with a specific number of containers, timings, number of vehicles and runs required. New routes may be added or routes altered to improve efficiency or meet new business needs.

3. Main report

- 3.1 Commercial and Procurement Services undertook a full tender exercise by placing a Contract Notice on the Public Contracts Scotland Portal on 28 April 2017. Organisations noting interest were then able to download the tender documentation attached to the contract notice.
- 3.2 This appointment will be for a period of three years (to late 2020) with an option to extend by up to two additional 12 month periods (to late 2022) undertaken at the sole discretion of the Council.
- 3.3 Five expressions of interest were noted, however only one tender response was received by the tender closing date of 2 June 2017. Others noting interest declined to bid as this was not their core business or they did not have capacity.

3.4 The tender specified the following cost quality ratio:

- 60% Price, 40% Quality.

This ratio was adopted to drive competitive pricing whilst at the same time maintaining the required quality.

However, SMMS was the only bidder and following the evaluation and the application of the ratios achieved maximum 60% price and 33.5% for quality. Further analysis was undertaken to review value for money in the absence of competition, this included benchmarking which provided additional assurance.

4. Measures of success

4.1 A range of Key Performance Indicators (KPIs) have been included in the Contract to ensure continuity of current service levels as well as guide the recommended contractor towards future service and financial improvements. These include:

- Collection/Delivery and Performance;
- Complaints/Compliments analysis;
- Accident and Incident Reports (including any updated risk assessments);
- Missed Collections/Deliveries; and
- Regular questionnaire feedback with service areas.

5. Financial impact

- 5.1 Following the analysis of the tender the estimated total value for the new contract over the full 5-year period (which includes the two 12-month optional extension periods) will be £1,640,035.
- 5.2 The pricing elements making this up are fixed for the contract duration but could vary depending upon changes in numbers of drops. School pupil numbers are expected to rise by 11.6% over the potential contract period, this has been taken into account in the pricing.
- 5.3 The costs of Procurement are estimated at less than £10,000.

6. Risk, policy, compliance and governance impact

- 6.1 No immediate risks are identified. The Facilities Management team will review any service risks on an ongoing basis.

7. Equalities impact

- 7.1 The Principal Officer – Equalities, confirmed an ERIA was not required if there is a requirement for the provider to be compliant with The Equality Act 2010 under the contract. This requirement is included in the Council standard Terms and Conditions of contract.

8. Sustainability impact

- 8.1 The Contractor and its personnel make every effort to minimise the impact of the delivery of the services on the environment and use their best endeavours to achieve the efficient use of energy where possible.
- 8.2 In the Invitation to Tender, the Council specified lower emission Euro VI standard engined vehicles to reduce the impact on the environment. The recommended bidder confirmed that their vehicles were already Euro IV compliant and would be replaced with Euro VI-compliant vehicles over the course of the contract.
- 8.3 In compliance with Part IV of the Environment Act 1995 The City of Edinburgh Council has introduced a programme aimed at improving air quality over a given period of time. As part of this programme a total of 5 Air Quality Management Areas (AQMA's) have been highlighted.
- 8.4 Transportation of school meals in the city does not affect four of the five AQMA's in the city. The only area affected is the Central AQMA and then only to a limited extent on the arterial periphery thoroughfares. e.g. Dalry Road; Gorgie Road.

9. Consultation and engagement

- 9.1 Due to the nature of the service being procured and the ongoing relationship between Facilities Management Catering and the productions kitchen and dining centres additional consultation was not required.

10. Background reading/external references

- 10.1 None required.

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Executive Director of Resources

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11. Appendices

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Transportation of Food Containers – 2017-2022 Ref: CT2207
Contract Period	1 September 2017 – 31 August 2022
Estimated Value	£1,640,035
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.1 Director has responsibility for selecting and appointing contractors</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 Tender was evaluated on the basis of most economically advantageous criteria</p> <p>5.3 Tender evaluated by a panel with the appropriate technical knowledge and expertise</p>
EU Procedure Chosen	Open Route
Tenders Returned	1
Preferred Supplier	Sheridan Myers Management Services LLP
Primary Criteria	<p>Most economically advantageous tender to have met the qualitative and technical specification of the service area.</p> <p>60% Price 40% Quality</p>
Evaluation Team	Facilities Management; Communities and Families staff