

**Procurement Title**

Provision of a Food Distribution Network

**Procurement Option**

OJEU – Open Tender Procedure

Contracts let under available 3<sup>rd</sup> party frameworks would not support the food distribution network strategy outlined within this document.

**New or Existing Provision**

New

**Estimated Contract Value and Funding Arrangements**

Approximately £3,000,000 to £5,000,000 per annum

Estimated Total Contract Value: £15,000,000 to £25,000,000

Approximately 85% - 90% will be funded by Traded Services (Start-Well) 10% - 15% across the rest of the county council including but not limited to: Facilities Management Services, Children and Young People and Adult Services.

**Contract Duration**

Initial period of 3 years with an option to extend the contract beyond the initial term, by any number of agreed periods, to a maximum of a further 2 years.

**Lotting**

Single tender for a sole supplier contract for the distribution of food and drink products (including the **supply** and distribution of fresh fruit and vegetables) to over 550 Lancashire County Council units, the majority of these being schools and colleges.

Multiple-lotting has been disregarded for the provision of a single distributor as there is a requirement for consistency of service across the school and college network.

However, the aim of the overall strategy is to tender subsequent contracts for the supply of food and drink (across multiple product ranges) to be distributed by the distributor to whom this contract is awarded. This will in turn encourage bids from local Small Medium sized Enterprises (SMEs) that do not have the infrastructure to distribute their products to the number of units stated above and at the frequency required, across the entire Lancashire region.

**Evaluation**

<b>Quality Criteria 55%</b>	<b>Financial Criteria 45%</b>
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Quality criteria will focus on: Operation Mobilisation, Quality Assurance Processes, Customer Service and Product Recall Procedures, Information Systems, Business Contingency Planning and Social Value.

Social Value will account for 10% of the quality criteria focusing on environmental sustainability, supporting themed events in schools, promoting healthy eating in schools, and promoting training and employment opportunities for the people of Lancashire, particularly, those from vulnerable groups i.e. looked after children.

**Contract Detail**

Lancashire County Council's existing food and drinks contracts are currently procured on a supply and distribution basis with the exception of Fresh Produce. These contracts were originally tendered on a multi lot basis, where the successful supplier for Lot 1 was responsible for the supply and distribution of fresh fruit and vegetables and the distribution only of all subsequent lots. The other 8 lots which included, fresh cheese, milk, eggs, cooked meats, sandwich fillings, bacon, yoghurt and cooking oils were tendered simultaneously on a supply basis only, with distribution carried out by the established contracted supplier for Lot 1. These contracts have run since 1<sup>st</sup> May 2015 and are due to expire on the 30<sup>th</sup> April 2019.

The proposed strategy for this contract is not dissimilar to the way the Fresh Produce contracts were procured, however, the new strategy will initially incorporate other large food contracts such as Frozen and Grocery and it is the intention to incorporate Fresh Meat, Street Food and other food contracts going forward.

The table below outlines the supply contracts that the distributor will be responsible for:

<b>Contract Provision</b>	<b>Timescales for Supply Contracts</b>
<b>Distribution Network and Supply</b> of Fresh Fruit and Vegetables	Year 1 (From commencement of distribution network contract – 01 <sup>st</sup> May 2019)
<b>DISTRIBUTION ONLY</b>	
Milk	Year 1 – 01 <sup>st</sup> May 2019
Yoghurt	
Sandwich Fillings	
Eggs	
Cooked Meat	
Bacon	
Cheese	
Cooking Oils	
Primary School Water	
*Groceries	
*Frozen Food	
*Organic Pasta, Rice, Flour	
*Soft Drinks and Confectionery	Year 2 – 6 <sup>th</sup> November 2020

\*Note; the successful distributor will be able to bid for subsequent supply contracts also.

This report recommends a procurement exercise that will identify a single provider to operate a food distribution network (including supply of Fresh Fruit and

Vegetables). Separate report(s) will be submitted outlining the procurement approach for the supply of individual food contracts as and when required.

The main outcomes of this overall strategy are listed below:

- A reduction in the number of customer orders to individual suppliers and subsequently, a reduced number of transactions and invoice processes.
- A reduction in the number of separate deliveries from individual suppliers.
- Removal of the complex logistics required to deliver to over 550 units (multiple times per week) under the current individual supply and distribution contracts will help to reduce 'barriers to entry' for small providers as they will only be required to deliver once or twice a week into a single distribution hub.
- A reduction in barriers to entry will encourage local supplier and SME's to bid for subsequent supply only contracts.
- Contribute in reducing carbon emissions by reducing the number of delivery vehicles required in the Lancashire area, reducing the number of food transported miles.
- Promote training, employment and educational opportunities for the people of Lancashire particularly identified vulnerable groups.

The successful distributor must also be responsible for the supply of fresh fruit and vegetables as part of the same contract.

**Procurement Title**

Provision of Extra Care Services at Primrose Gardens

**Procurement Option**

OJEU – Open Tender

**New or Existing Provision**

The Primrose Gardens scheme is a new Extra Care service, consequently there is no existing contract in place.

**Estimated Contract Value and Funding Arrangements**

The following figures are based on the maximum contract length of 4 years.

Primrose Gardens - up to £4,500,000

(there is no historic spend data, as this is a new service)

There is a recognition that the pathways into current services are not operating effectively and that the social care needs of current tenants are likely to increase, consequently the contract values take into account the likely increase in the levels of care required at this scheme.

**Contract Duration**

The initial period of 2 years with an option to extend the contract beyond the initial term for any period(s) up to a maximum of a further 2 years.

**Lotting**

N/A

**Evaluation**

<b>Quality Criteria 60%</b>	<b>Financial Criteria 40%</b>
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Social Value will form 10% of the quality criteria and will focus on the following objectives:

- Promote training and employment opportunities for the people of Lancashire
- Raise the living standards of local residents

## **Contract Detail**

Extra Care Housing offers a real alternative to residential care by providing self-contained flats, communal facilities and on site domiciliary care and support which is available to all tenants. Extra Care Housing offers independent living by providing services and support that are tailored to be flexible and responsive to people's changing needs. Primrose Gardens is a new Extra Care scheme located in Chorley which will provide services for older people. It is due to open around April 2019.

The Council recognises the unique nature of Extra Care Housing and the need to ensure that there is a 24 hour staff presence on site. This will be provided via a core/background service which is available to all individuals. This service is intended to be flexible and able to respond to the unplanned needs of tenants, to contribute to meeting wider wellbeing needs and to develop the community aspects of the scheme.

Service Users in the Extra Care Scheme will also have individual eligible care needs which will be met via a planned care service. We are proposing to procure a single provider, who will become the "onsite provider" to deliver care services at Primrose Gardens. The budgetary spend for the new contract will be split into two parts:

- the block purchase arrangement for the core/background element of the service and
- spot contracts to deliver additional planned care as and when required. It should be noted that service users are able to choose any provider to deliver their planned care.

**Procurement Title**

Provision of Legionella Risk Assessment Services

**Procurement Option**

OJEU – Open Tender

**New or Existing Provision**

To replace existing provision which is due to expire on 25<sup>th</sup> November 2018.

**Estimated Contract Value and Funding Arrangements**

The contract value over the next four years is estimated to be up to £3,500,000.

**Contract Duration**

The contract will be let for an initial period of two years with the option to extend for two further years.

**Lots**

N/A

**Evaluation**

The Crown Commercial Services standard Selection Questionnaire will be used to evaluate potential supplier information. The evaluation will consist of:

Stage 1 and 2 mandatory and discretionary grounds to ascertain suppliers' financial status, technical capability, experience, and references, with particular reference to their ability to demonstrate their experience in operating in compliance with Industry standards. Each tenderer must pass this stage in order to proceed in the final tender evaluation.

Stage 3 Award Criteria which consists of:

- Project-specific questions (60%), of which 10% will account for Social Value
- Price (40%)

**Contract Detail**

The Council has an ongoing need for Legionella risk assessment services. The service includes reviews of water systems and audits in compliance with legislation and national guidelines.

The contract calls for the inspection of water services located within the Council's Premises (being Council establishments and other approved locations within the County Council boundaries). The service provider shall undertake inspections in accordance with statutory requirements and the Council's "Corporate Guidance and arrangements for the Control of Legionella Bacteria and control of Water Hygiene".

**Procurement Title**

Provision of Banking Services

**Procurement Option**

OJEU – Open Tender

**New or Existing Provision**

To replace existing provision – current contract end date 31/03/2019

**Estimated Contract Value and Funding Arrangements**

The estimated annual contract value is £72,000.

The total contract value to be procured is approximately £720,000.

Approximately £600,000 of the contract value is attributed to Lancashire County Council including schools. The remaining contract value is attributed to Police and Crime Commissioner for Lancashire, Lancashire Combined Fire Authority, Lancashire County Fund, and Lancashire County Developments Ltd.

Transactional charges will continue to be debited to each account group and coded against their own operational budgets. Online banking charges are covered as part of the annual service level agreements with each of the organisations outlined above.

**Contract Duration**

Initial term of 5 years with an option to extend the contract beyond the initial term by two periods of 2 years and one period of 1 year to provide an overall maximum contract duration of 10 years.

**Lotting**

The provision of banking services and how accounts are embedded into the Council's Oracle Financial Systems mean it is not feasible or economically sound to split the contract into Lots.

**Evaluation**

Quality Criteria 60%	Financial Criteria 40%
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Quality criteria will centre on service aspects such as account requirements, online banking facilities, staffing and communications, transactional activity, service levels, and implementation.

Financial criteria will encompass transactional costs such as processing BACS payments, Cheques, Cash, CHAPS, and Faster Payments, as well as online-banking service fees and cost of switching.

Social value will make up 10% of the evaluation criteria.

## **Contract Detail**

Banking services are required to enable day-to-day treasury operations for the County Council. Through annual service level agreements, the Council also undertakes day-to-day treasury operations on behalf of the Police Crime and Commissioner for Lancashire (PCC), Lancashire Combined Fire Authority (LFA), Lancashire County Pension Fund (LCPF), and Lancashire County Developments Ltd (LCDL).

The banking services contract was last tendered in 2008 and is due for renewal on 1 April 2019. The proposed length of contract means an OJEU Open tender will be utilised to procure the services to ensure compliance with Public Contracts Regulations 2015.

It is recognised that banking institutions may not engage at all with the tender if they do not agree with the Council's terms and conditions. Therefore it is recommended a prior information notice (PIN) is issued in advance of the formal tender to engage with the market on the proposed specification and draft contract with a view to developing terms and conditions acceptable to providers, as well as stimulating the market and increasing competition.

Banking service charges are made up of several types of transactions which generally cover the following:

- BACS (direct debit originated, unpaid, credits originated, recalls, files etc), Cheques (drawn, stopped, paid in branch),
- Cash (paid in branch, paid in cash centre, paid out),
- CHAPS, Faster Payments and International payments (all via online banking).

The Council administers the eight main bank accounts which are used for:

- Credits inwards by BACS, Faster Payments and CHAPS, credits from a number of organisations that pay-in directly to a bank branch and the collection of Direct Debit files.
- Payments outwards by BACS, Faster Payments, and CHAPS for suppliers, treasury investments, payroll and pensions payments, payments by Direct Debit and standing order.

The Council also uses online banking facilities with all accounts falling under a single online account. It is used for balance forecasting and real time balance throughout the day, making payments, transferring money between main grouped accounts, downloading statement files, and general account information purposes. In addition to the main accounts, the County Council operate approximately 300 imprest bank accounts (accounts that hold a fixed amount of money and are replenished after a certain period of time) for schools and various departments/locations.

As bank accounts are embedded in the Council's Oracle Financials system, the Council has engaged with BT Lancashire Services Ltd (BTLS) to provide an impact assessment in the event that the tender is awarded to a different provider. The outcomes of the impact assessment will be used to further shape requirements and

provide a 'cost of switching' figure that may be used as part of the financial evaluation of the tender.

In the event that the tender is awarded to a different provider, it is anticipated that a staged approach to switching bank accounts will need to be considered, to ensure that financial activities are not disrupted. To accommodate this approach the current arrangement with the incumbent provider may need to be extended on an account by account basis for up to 18 months to allow for a gradual switchover of the accounts. Appropriate internal approvals will be sought where necessary and will be dependent upon the value of the additional contract term required.