

CABINET

7 SEPTEMBER 2010

GATEWAY 4 CONTRACT MANAGEMENT: CORPORATE AND STAFF CATERING SERVICES AT GUN WHARF

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Summary

This report sets out details of performance to date, the actions that have been taken to address shortcomings and the agreed Service Improvement Plan.

The report also outlines the procurement options being investigated to continue with the provision of the catering service.

1. BUDGET AND POLICY FRAMEWORK

1.1 This was initially considered by the Officer Scrutiny Panel on 18 August 2010 and then Procurement Board on 25 August 2010 agreed to refer this report to Cabinet for consideration.

2. RELATED DECISIONS

2.1 There are no related decisions.

3. BACKGROUND

3.1 Members will be aware of the Council's decision to outsource the provision of Corporate and Staff Catering services, a decision that was also influenced by the relocation of office premises in April 2008 to Gun Wharf. The costs to the Council for the running of the Contract involve the payment of utility costs and the replacement of existing fixed equipment used by the Service Provider, should it fail.

3.2 Following a competitive tendering exercise Sunlight Enterprise (“Service Provider”) was awarded the corporate and staff catering contract, principal services comprising;

- ❖ Delivery of catering services to official Council functions such as meetings, Mayoral events, etc;
- ❖ Providing refreshments such as tea, coffee and bottled water to meetings;
- ❖ Sale of drinks, snacks, meals to staff with a choice of healthy and freshly prepared at reasonable prices in consultation with the designated Medway Council Contract manager.

4. MANAGEMENT OF THE CONTRACT/ BENEFITS REALISATION

4.1 The Contract has been actively managed on the basis of the terms and conditions contained in the contract documentation. Contract review meetings are held with representatives from the Service Provider’s senior management team, including when appropriate their Chief Executive. As a result officers have held a number of meetings with the Service Provider’s senior management team to make improvements to the service.

4.2 The requirements of the Specification embedded in the Contract provide a quantitative and qualitative measure of performance to help identify gaps in service provision. All complaints are made available at Contract review meetings. Escalating complaints are also reported to the Service Provider’s senior representative for a swift response.

4.3 Centralising the Contract under one roof has provided the Council with a one-stop shop for its catering requirements and every effort is made to ensure that catering services are of a high quality and represent good value for money for users of the service relative to quality and price.

4.4 Comment cards and suggestion boxes are located at vantage points in the catering area to provide stakeholders with an easy way of providing feedback on service provision. This is to ensure high standards are met and maintained.

5. SERVICE VARIATIONS REQUIRED DURING CONTRACT TERM

5.1 The Contract allows and encourages for variations in terms of the introduction of new menus and a withdrawal of less popular ones with its corresponding increase or decrease in prices to reflect inflation trends in consultation with the Council’s Facilities Manager.

5.2 The variations detailed above are often done in consultation with stakeholders to seek consensus before changes are implemented.

6. PERFORMANCE AND CHANGE MANAGEMENT

6.1 The Contractor’s performance is set out in the attached exempt appendix.

7. SERVICE IMPROVEMENT PLAN

- 7.1 Based on discussions between the Council and the Service Provider an improvement plan, the details of which are set out in the exempt appendix, has been agreed to support the improvement of the service within the next six months.

8. RISK MANAGEMENT

- 8.1 The main risks to the Council are a withdrawal of service by the contractor or a delay in the procurement of the new contract. In both cases the direct impact would leave a void in the provision of catering services at Gun Wharf for meetings, corporate events and staff. The impact, apart from the inconvenience, could lead to inefficient and ad hoc sourcing of catering services, which would not represent best value for the Council.
- 8.2 It is therefore essential adequate time is available to procure the new contract whilst adhering to the established principles of fairness, transparency and equal treatment.

9. COMMENTS OF THE PORTFOLIO HOLDER FOR FINANCE

- 9.1 This report seeks to update Members on the performance of Sunlight Enterprise who provides Corporate and Staff Catering services at Gun Wharf under the Council's Corporate Catering Services Contract ("Contract").
- 9.2 The current contract expires on 31 March 2011 and the proposed approach for procuring a new catering services contract is outlined below. This new procurement exercise will be subject to a Gateway 1 report detailing available options and supported by an appropriate business case to aid decision-making.

10. FINANCIAL, PROCUREMENT AND LEGAL COMMENTS

10.1 FINANCE COMMENTS:

- 10.1.1 The current contract arrangements are such that the Council provides the accommodation and associated premises costs free of charge and the catering operation then is non-subsidised by the Council in terms of commodities and staffing. For meal production there are therefore no cost risks with these costs met through the pricing structure. The procurement process to be followed for the new contract to commence from 1 April 2011 will need to ensure value for money for the Authority.

10.2 PROCUREMENT COMMENTS:

- 10.2.1 The current contract concludes on 31 March 2011. Officers will be commencing a review for a new contract to start 1 April 2011. The new procurement process must commence in line with contract rules with the provision of a Gateway 1 paper outlining the potential options available, including a review of the contract types other Councils have in place to

determine what is the best possible solution for Medway Council. Although a Part B service under the EU Regulations, an appropriate degree of advertising and competitive process must nonetheless be undertaken in line with contract rules. All lessons learnt from the current contract should be documented in order to inform the future specification.

10.2.2 Options that are currently being investigated include:

- Full EU procurement process where the current contractor will be subjected to a formal selection process applicable to any suppliers who may express an interest.
- A neighbouring borough has expressed an interest to work in partnership and provide a joint catering service.
- Selecting a service provider from an existing EU compliant framework

10.3 MONITORING OFFICER OR DESIGNATED DEPUTY MONITORING OFFICER'S COMMENTS:

10.3.1 While in principle, the contract has been successful in meeting the objectives set out in the business case put together ahead of its letting, the review has identified a number of issues in connection with service delivery by the Service Provider. The contract was let for a fixed term of 3 years that will come to an end on 31 March 2011 and consideration therefore now needs to be given to provision for the continuation of this service after this date.

10.3.2 Although the Public Contracts Regulations 2006 (as amended) do not require prior advertising of Part B services in the OJEU, the letting of these contracts is subject to the general procurement obligations of transparency, equal treatment and non-discrimination that derive directly from the Treaty on the functioning of the European Union. EU case law now suggests that some form of advertising of requirements should take place in all instances regardless of contract value or any need to place a notice in the OJEU. It will be the responsibility of the Council to decide whether the proposed contract should be advertised in the wider marketplace, this decision being based on an evaluation of the individual circumstances of the case. In any event, subject to certain specified exemptions, the Council's Contract Rules require a competitive tendering process and the procurement procedures used should fully satisfy this requirement.

10.3.3 It should also be noted that while these are Part B services and therefore not subject to the full regime of the Public Contracts Regulations 2006 (as amended), this does not give the Council a general right to extend the contract when the contract contains no provisions for any extension.

11. RECOMMENDATIONS

11.1 Cabinet is recommended to note the Service Improvement Plan, as set out in the exempt appendix, and the potential procurement routes being investigated for continuing the service.

12. SUGGESTED REASONS FOR DECISION(S)

12.1 This report sets out details of performance to date, the actions that have been taken to address shortcomings and the agreed Service Improvement Plan.

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Background Papers: None