

## **Scotland Excel Executive Sub Committee**

**To: Executive Sub Committee**

**On: 28 August 2015**

### **Report by Director**

#### **Update on the Community Meal Post Tender Negotiations**

##### **1. Introduction**

The open procedure was used to invite bids from the market to offer a community meals service in Scotland. The tender was split into three lots:

- Lot 1 - Bulk Delivery to a Central Distribution Point
- Lot 2 - Frozen Delivery Service to Customers at Home / Council Nominated Premises
- Lot 3 - Daily Delivery of Hot Meals to Customers at Home / Council Nominated Premises

As lot 1 is for a bulk delivery to a central point, a single price across Scotland was sought, while for lots 2 and 3 where delivery to service users' homes is required, a price per council area was sought to reflect the far higher proportion of costs associated with transport.

At the Executive Sub Committee on 12 June 2015, the recommendation to appoint the following four providers to the proposed Community Meals framework was approved:

- Apetito Limited
- ICare (GB) Limited
- MacLean's Bakery (Benbecula) Ltd
- Oakhouse Foods Limited

In seeking approval for the recommendation, Scotland Excel highlighted the higher than expected increase in costs for some councils adopting the lot 1 operating model of delivery to a central point. The Executive Sub Committee supported Scotland Excel's recommendation to perform post tender negotiations with suppliers

recommended for award to lot 1. This report provides the Executive Sub Committee with an update on the tender negotiation process and the outcomes achieved.

## **2. Process**

Scotland Excel invited the three suppliers who were recommended for award on lot 1 to a post tender negotiation meeting. The negotiation meetings also included representatives from the councils most impacted by the proposed increases.

Following the negotiation session, the recommended suppliers were invited to confirm their negotiated offer in writing.

## **3. Outcome**

Apetito Limited agreed to implement a further discount structure based on a refined distribution model.

ICare (GB) Limited declined to offer any discounts under lot 1.

Through the post tender negotiation, the delivery model offered by MacLean's Bakery (Benbecula) Ltd was reviewed and as a result they agreed to reduce their tendered pricing for Comhairle nan Eilean Siar to bring it in line with rates available under the current local supply arrangements. MacLean's Bakery (Benbecula) Ltd has also agreed to a supplier development plan.

Following the above post tender negotiations, the overall estimated increased cost of the framework is now approximately 2.69% per annum across the participating councils, based on current spend forecast. This is a reduction from the 3.67% on cost presented to the Executive Sub Committee on 12 June 2015.

As detailed in the report presented to the Executive Sub Committee on 12 June 2015, all suppliers remain committed to paying the living wage to all staff during the life of this framework.

## **4. Summary**

The Executive Sub Committee is requested to note the contents of the update report and the updated participation, spend and savings summary at Appendix 1.

# Appendix 1 – Participation, Spend and Savings Summary Community Meals 0115

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	Yes	01 September 2015	£308,781	Contract MI - Confirmed by Member	-0.09%	-£273	Benchmarked Current Contract
Aberdeenshire Council	Yes	01 September 2015	£84,990	Contract MI	0.03%	£26	Benchmarked Current Contract
Angus Council	Yes	01 September 2015	£185,873	Contract MI - Confirmed by Member	-0.05%	-£93	Benchmarked Current Contract
Argyll & Bute Council	No						
City of Edinburgh Council	Yes	01 September 2015	£37,440	Member Provided	0.00%	£0	Benchmarked Using Member Provided Data
Glackmannanshire Council	No						
Comhairle nan Eilean Siar	Yes	01 May 2017	£255,007	Member Provided	0.00%	£0	Benchmarked Current Contract
Dumfries & Galloway Council	No						
Dundee City Council	No						
East Ayrshire Council	Yes	01 September 2015	£35,523	Member Provided	-4.51%	-£1,602	Benchmarked Using Member Provided Data
East Dunbartonshire Council	No						
East Lothian Council	Yes	01 September 2015	£245,282	Member Provided	-4.73%	-£11,595	Benchmarked Using Member Provided Data
East Renfrewshire Council	No						
Falkirk Council	No						
Fife Council	Yes	01 September 2015	£398,299	Contract MI - Confirmed by Member	-1.42%	-£5,656	Benchmarked Current Contract
Glasgow City Council	No						
Highland Council	No						
Inverclyde Council	Yes	01 September 2015	£140,000	Member Provided	-2.69%	-£3,766	Average Saving
Midlothian Council	Yes	01 September 2015	£82,643	Member Provided	-5.79%	-£4,784	Benchmarked Using Member Provided Data
North Ayrshire Council	Yes	01 September 2015	£116,259	Member Provided	-4.73%	-£5,496	Benchmarked Using Member Provided Data
North Lanarkshire Council	No						
Orkney Islands Council	Yes	01 September 2015	£25,000	Member Provided	-2.69%	-£673	Average Saving
Perth & Kinross Council	Yes	01 September 2015	£103,289	Contract MI - Confirmed by Member	-0.03%	-£34	Benchmarked Current Contract
Renfrewshire Council	Yes	01 September 2015	£303,553	Contract MI - Confirmed by Member	-1.54%	-£4,675	Benchmarked Current Contract
Scottish Borders Council	Yes	01 September 2015	£215,512	Member Provided	-0.11%	-£237	Benchmarked Using Member Provided Data
Shetland Islands Council	No						
South Ayrshire Council	Yes	01 September 2015	£485,000	Contract MI - Confirmed by Member	-8.28%	-£40,159	Benchmarked Current Contract
South Lanarkshire Council	Yes	01 September 2015	£315,418	Contract MI - Confirmed by Member	0.18%	£558	Benchmarked Current Contract
Stirling Council	Yes	01 September 2015	£53,989	Contract MI - Confirmed by Member	0.00%	£0	Benchmarked Current Contract
The Moray Council	No						
West Dunbartonshire Council	No						
West Lothian Council	Yes	01 September 2015	£165,735	Member Provided	-10.34%	-£17,145	Benchmarked Using Member Provided Data
<b>Totals</b>			<b>£3,557,593</b>		<b>-2.69%</b>	<b>-£95,603</b>	