

2. CATERING SERVICES

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The purpose of this report is to consider whether the Council's catering services should be publicly tendered.

BACKGROUND

Good Taste Café have been providing catering services to Civic Offices since November 1998. Initially, this was on an interim basis while staff went through an RFP process which resulted in Good Taste Café being awarded the business with effect from 1 March 1999. With the Council having exercised two extensions to the contract, the current agreement will end on 30 April 2002.

In January 2002 the Corporate Services Unit sent out registrations of interest to those companies which responded to our advertisement for the provision of catering services to the organisation. The responses have been reviewed and a shortlist of seven companies has been drawn up. If we proceed with a tender process then these firms would be asked to respond to a request for proposals (RFP) document. From the responses a shortlist would be drawn up. A panel including the Deputy Mayor would interview these candidates and then report to the Strategy and Finance Committee on the outcome of these interviews together with a recommended contractor. As the prices are fixed (ie we would advise in the RFP how much we would be prepared to pay for a lunch, afternoon tea, etc) the panel would focus on what we would get for our money rather than the cost of the food. Thus the emphasis is on quality and service rather than price.

At this stage the RFP document has not been sent out pending a decision of this matter by the Council. It is intended that the term of the contract would be for eight months with two rights of renewal of two years making the potential contract term four years and eight months. The intention of having the first term as eight months is to ensure that any future changes of contractor, if the incumbent were not successful, would occur during the Christmas break when catering requirements are minimal and therefore reduce the likelihood of disruption of service.

BENEFITS AND DISADVANTAGES

Benefits of proceeding with the RFP process include

- The business is significant in value and the RFP process does not preclude the incumbent from putting forward a strong proposal based on its proven track record.
- There is an expectation by other potential contractors that the business will be tendered.
- The process would test the market and ensure that service, quality and prices remain competitive.
- It is not known at this stage what other innovations other contractors may offer.

Disadvantages of proceeding with the RFP process include

- There are costs in time spent on the process which could be spent in other areas.
- The incumbent knows the Council's operations and many of the Councillors and staff.
- The incumbent is generally accepted by Councillors and staff.

SECTION 247E OF THE LOCAL GOVERNMENT ACT 1974

It is appropriate for elected members to consider whether the business should be tendered or whether the incumbent caterer should be given preferred supplier status and a new contract negotiated with them for a period yet to be determined.

Section 247E of the Local Government Act 1974 states:

247E Contracts and tenders

- (1) *Where any local authority is contemplating entering into any contract for the supply of goods or services that is likely to involve the local authority in expenditure or financial commitment that the local authority considers significant, the local authority shall consider whether or not the matter shall be put to tender.*

- (2) *Where any local authority decides not to put out to tender a contract to which subsection (1) of this section applies, the local authority shall ensure that the reasons for the decision are recorded in writing.*
- (3) *In considering whether or not to put any matter to tender and whether or not to accept any tender, the local authority shall have regard to its objectives as stated in its annual report to the public under section 223D of this Act.*

A copy of the Council's objectives, as stated in its annual report to the public under 223D of the Local Government Act 1974, is attached.

Should the Council wish to not proceed with the RFP process at this stage it would be necessary to include, in any resolution, reference to s.247E of the Local Government Act 1974 together with the reasons for not competitively tendering the provision of catering services.

Should the Council wish to proceed with the RFP process it would be necessary to extend the current agreement with Good Taste by at least one month to enable the RFP process to be completed during the latter part of March and early April and the recommendation reported to the Strategy and Finance Committee May meeting.

Recommendation: That the Council proceed with the process of requesting proposals for and the selection of a contractor for the provision of Catering Services to Civic Offices.