

Cabinet**21 November 2018**

Title	Meals on Wheels contract procurement for the supply of meals.		
Purpose of the report	To make a Key Decision		
Report Author	Jayne Brownlow and Niky Rentall		
Cabinet Member	Councillor Maureen Attewell	Confidential	Yes
Corporate Priority	Clean and Safe Environment		
Recommendations	<ul style="list-style-type: none"> • Approve the award of a new contract to Apetito for a 5 year period for the supply of meals for use by the Meals on Wheels service. Procurement will be through the ESPO (Eastern Shires Purchasing Organisation) framework 58. The cost is estimated to be £349,920 over the 5 year period. • In tandem with the meals, approve final costs for the 5 year lease of 4 bespoke vans fitted with 'cook on board' oven facilities. Original delegated authority to proceed with the purchase was given in July 2018. The cost of the 5 year lease hire is £126,134 		
Reason for Recommendation	Due to the overall value, Cabinet is asked to agree that the contract to provide food and vans for the Meals on Wheels service is awarded to Apetito.		

1. Key issues

- 1.1 Spelthorne Borough Council continues to operate a Meal on Wheels service for vulnerable people who have no alternative means of getting a daily hot meal. This service not only supplies the meals but ensures clients are visited once a day, providing reassurance as far as possible and next of kin can be notified of any apparent concerns. Meals are delivered every day of the year covering Christmas, Boxing and New Year's Day.
- 1.2 The current service comprises of four rounds with approximately 140 clients. Over the last quarter of 2017/18 they received 7,494 meals. Meals are delivered on a daily basis Monday – Friday. We also offer a service at weekends comprising of 2 rounds. 412 meals were delivered for the similar period over weekends. In addition to the above we also delivered 1,562 sandwiches for clients to have for their tea.
- 1.3 Meals cost £3.90 for a hot dinner and pudding. This cost has remained the same for at least the last 2 years. The charges will be reviewed again this year in consultation with the portfolio holder.

- 1.4 At present the Council has 2 contracts with Apetito relating to the supply of Meals on Wheels. One for the supply of the food itself and the other for the vehicles used to deliver the food. Historically these contracts have not run concurrently but getting them aligned will make contract and supplier management more straightforward.
- 1.5 The current contract for the supply of ready-made and cooked meals to our clients expired on the 31 July 2018, whilst the vehicle lease period ends on the 14 January 2019. As both contracts are currently held with Apetito, the Council and Apetito have agreed that the contract for the supply of meals be extended to terminate at the same time as the vehicle leasing arrangements.
- 1.6 An initial desktop exercise was carried out to review market options. This included looking at the provision by neighbouring boroughs, considering the use of volunteers and their cars, contractor leased or Council owned vans and also providing the service in house. The review concluded that best value for money taking into account resources, quality of service and cost implication was to continue with the current arrangement and lease the vehicles and directly purchase the food.
- 1.7 The cost, service, choice and food quality provided by Apetito appeared to be the best option available. Apetito have a wide menu range which includes soft pureed, gluten free, pescatarian, halal meat, kosher and diabetic meals. To back this up, a visit took place to the Apetito factory in September 2018 to review the food production process and observe quality assurance, stock management and food hygiene/testing procedures.
- 1.8 Spelthorne Council have been using Apetito for over 10 years under tendered contracts. Within this time we have surveyed our residents who receive the meals to make sure that they are happy with the menu and the quality of food. Predominantly there have been good reports back both directly from clients and through the drivers. Any concerns that have been raised with Apetito have been responded to quickly and thoroughly.
- 1.9 Apetito currently have over 80% of the current market for the provision of food into the public sector, including hospitals, care homes and the local government market. They are the largest supplier amongst the Surrey Boroughs for Meals on Wheels. They also have a private arm, Wiltshire Farm Foods.
- 1.10 Apetito are currently on the ESPO framework 58 for the supply of meals. It is proposed that Spelthorne procure the meals contract off this framework. This framework allows for the direct award of the contract to Apetito and is compliant with the provisions of the Public Contracts Regulations 2015. Under contract standing orders, where a procurement of this value proceeds under a framework, it is the Cabinet who has the authority to select the supplier
- 1.11 The supply of vehicles is not currently on a framework so the lease arrangement will need to be procured directly. A report was agreed by Cabinet in July 2018 providing delegated authority to proceed with the direct award for the vehicles. A firm quote has now been received and the cost for the 5 year hire of the vehicles is £126,134. Lease costs for each of the 4 vehicles is £525.56 per month which includes maintenance and services but not consumables.

2. Options analysis and proposal

2.1 Don't renew the contract & cease to provide Meals on Wheels for clients.

Although this is an option it would not be preferred as our more vulnerable residents in the borough would suffer. The uptake of the service is healthy.

The provision of weekend and Christmas holiday meals to 50 of our most vulnerable clients was introduced through an incentive launched and funded by Surrey a number of years ago. Although this funding has ceased, the service has continued to run within the budget allocated, at no additional cost to the Council.

In an attempt to cut costs, the option to cease weekend meal deliveries could be considered although, as this is provided within the overall budget, this would not be recommended on financial grounds.

2.2 Source the meals and vehicles from separate suppliers.

This would require the meals to be cooked/heated at the Fordbridge Centre and delivered in 'Hot Boxes'. Additional diesel costs for the delivery rounds would be incurred as storage in the vans would not be as efficient. Also, the meals would not remain as hot, opening up the risk of food poisoning.

The vehicles provided by Apetito are bespoke with built in ovens which can cook the meals en route as they are being delivered. This ensures all meals are freshly cooked and at the optimum temperature. The ovens are constructed such that the dimensions of the meal containers fit exactly in the ovens. No other supplier's meals can be used so there are no options to decouple the meals and the vehicle contracts if the 'cook on board' option is preferred.

2.3 Cook all meals fresh from scratch at the Fordbridge centre

This option has not been fully explored as the staffing, kitchen capacity and food sourcing requirements would make this immediately cost prohibitive.

2.4 Award a 5 year contract to Apetito for the supply of meals.

Apetito are our incumbent supplier and have been so for the past 10 years plus. They are able to supply a wide range of meals to suit our client group as well as the option to cook the meals in the ovens fitted in the delivery vehicles. The quality and cost of their meals is comparable with if not better than their competitors.

2.5 The recommended option is Option 2.4, to award the contract for meals and the lease of the vehicles to Apetito. This is based on the information provided in this report and our experiences of them to date

3. Financial implications

3.1 The projected costs for awarding the contract to Apetito is contained in the table below

	Annual costs		Costs over 5 year contract	
	Food annual (estimate)	Vehicles annual 4 vans	Food over 5 years (estimate)	Vehicles 4 vans over 5 years
2013 – 2018	£67,000	£22,080	£335,000	£110,400

Proposed 2019- 2024	£69,980	£25,227	£349,900	£126,134
Cost increase	£2,980	£3,147	£14,900	£15,734
Total increase	£6,127		£30,184	

- 3.2 Overall cost of the Apetito meals and vehicle contract over 5 years would be £476,034, an increase of £30,184 over the previous 5 year contract.
- 3.3 The cost of Apetito meals went up by 2.4% on 1 October 2018. This cost is reflected in the above figures. For the last 2 years we have not passed any cost increase on to our clients however, as always, this will need to be considered. In addition, the number of specialist dietary requirements we are delivering are increasing. These are generally more costly to source.
- 3.4 The method of managing costs to date has been solely down to balancing the budget available against the value of the meals purchased. Staff have juggled the more expensive meals with the less expensive ones and as such provided a balanced choice to the clients in order to keep the costs the same.
- 3.5 In 2017/18 income received for the supply of Meals on Wheels was £47.5K
- 3.6 The funding for the Meals on Wheels service is currently subsidised by a grant from Surrey County Council. The funding for 2018/19 was £47,516. As with many areas, Surrey's intention is to reduce this funding in 2019/20 to £23,758 and indications are that in 2020/21 we will receive no funding from County. Budget provision has been made by Spelthorne to cover this shortfall and allow the service to continue as is.

4. Other considerations

- 4.1 The contract will start as soon as a date is provided for the delivery of the vehicles. This is expected to be around the 14 January 2019.
- 4.2 The diversity of meals available from Apetito will cater for the increased requests for non-standard dietary requirements such as religious and medical. Over recent years we have seen an increase in these types of requests.
- 4.3 The use of the 'cook on board' ovens reduces the risk of food poisoning as food is held at the correct temperature. For this reason it is the preferred option for food preparation and delivery.
- 4.4 Electric powered vans were considered however this is not currently feasible as the van engine needs to be powerful enough to keep the battery topped up. This battery powers the ovens on board during the cooking process. The Ford Transit Connect 200 LI Diesel 1.5 Tdci Ecoblue vans are the suggested choice.
- 4.5 There are no significant risks with the provider. Apetito are a major provider in the industry with an evidenced track record both at Spelthorne and across the country of providing a quality service. The Council have used and worked with Apetito for over 10 years.

- 4.6 Spelthorne hold copies of Apetito procedures and their commitments for delivery of meals in case of bad weather or vehicle breakdowns. This is an assurance to us for consistency of food supplies.
- 4.7 Consideration was given to exploring potential economies of scale by working more closely with the other Surrey Boroughs who use Apetito. Unfortunately all boroughs are mid-term with their contracts with Apetito and are not looking at present to review this. In the future, however, there are opportunities for this to be explored further through the Surrey Procurement Officers group.
- 4.8 There is an identified risk around the number of vans we lease as part of the agreement. As we operate with 4 rounds on a daily basis, there is no contingency for a vehicle being off the road long term. Over the short term, this can be accommodated by condensing into 3 rounds, however over a longer term this will present a problem. An option considered is to procure a 5th van as a stand by. Pricing supplied is on the basis of 4 vehicles. Adding another vehicle is a costly option, adding another £31,500 to the cost of the contract. A 5th van will also present problems with the parking at the Fordbridge centre. Apetito were asked and are unable to source a temporary van in this eventuality. Our only option would be to cook the meals at the Fordbridge Centre and deliver using Hot Boxes.

5. Timetable for implementation

- 5.1 The proposed timetable for the procurement, contract negotiations and delivery of the vehicles and food contract can be seen in the table below.

Task	Timeframe
Cabinet approval given	Mid November
Order for food contract to be placed (ESPO framework)	end November
Order for the vehicles to be placed	end November
Lead time for sourcing and customisation of the vans.	mid-January
Contract negotiations and clarifications	end November
Contract start date (estimate)	mid-January 2019

Background papers: None

Appendices: None