



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

10 July 2023

Report of the Executive Director - Children's Services

**Request for approval of increase in value of contract for supply and
delivery of groceries and provisions**
(Cabinet Member for Education)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is a key decision because it is likely to result in the Council incurring expenditure which is significant having regard to the budget for the service or function concerned (this is currently defined as £500,000).

3. Purpose

3.1 The purpose of this report is to request Cabinet approval to increase the value of the upcoming procurement in relation to a contract for the supply and delivery of groceries and provisions for Derbyshire Catering Service (Children's Services) above that already approved in the Forward Plan.

4. Information and Analysis

- 4.1 The approved value on the Forward Plan for this procurement is £15m and this was for a stated term of a 72 months (initial 2 years with 2 further possible extensions of 2 years).

The majority of the spend for this contract will come from the traded services activities of Derbyshire Catering Service, Childrens Services. This contract will also be used by Adult Social Care and Health, Countryside Services, as well as Derby City Council's Adult Care establishments under an SLA agreement.

The value of the contract submitted for approval in the Forward Plan was calculated last Autumn using internal spend data and industry information regarding food pricing available at that time.

More recent indications including the continued widely reported increase in food production costs, along with more recently available spend data and pricing reviews submitted by suppliers as part of contractually permitted scheduled price reviews, shows the previously approved value to be below that expected to be needed during the proposed term of the contract.

Forecasted spend values over the life of the contract, including permitted extensions, are as below:

Childrens Services	£16.2m	(£2.7m per annum)
Adult Social Care and Health	£2.5m	(£428,400 annum)
Derby City Council	£230,400	(£38,400 per annum)
Countryside Services	£252,000	(£42,000 per annum)

The total value of the contract is now expected to be £19.2m.

It is requested that Cabinet approve the increase in value for the contract, ahead of the publication of a tender for this requirement in the summer of 2023.

5. Alternative Options Considered

- 5.1 The alternative option of not seeking approval to increase the value of the contract for the supply and delivery of groceries and provisions and to instead reduce the value of the contract approved under the Forward Plan would mean that the supply may not be contracted up to the date initially approved in the Forward Plan. This may lead to the risk that the Council may be exposed to the volatility of food pricing at that point. As a traded service, Derbyshire Catering Service would be financially disadvantaged without the ability to forecast and have certainty of pricing.

6. Implications

- 6.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

7. Background Papers

- 7.1 None identified

8. Appendices

- 8.1 Appendix 1 – Implications

9. Recommendation(s)

That Cabinet approves the increase in value of the upcoming procurement in relation to a contract for the supply of groceries and provisions from the originally approved value in the Forward Plan of £15million, to £19.2million.

10. Reasons for Recommendation(s)

- 10.1 The recommendation to approve the increase in contract value is made to ensure the supply remains contracted for the originally proposed and approved period in the Forward Plan, as well as to avoid the risk of the Council being exposed to the volatility of food pricing. As a traded service, Derbyshire Catering Service would be financially disadvantaged without the ability to forecast and have certainty of pricing.

11. Is it necessary to waive the call in period?

- 11.1 No

Report Author: Suzanne Hope

Contact details: Suzanne.NichollsHope@derbyshire.gov.uk

Implications

Financial

- 1.1 The Derbyshire Catering Service is fully traded and extra costs incurred would be met from traded income.

If the increase in the contract value is not agreed there is a risk of exposure to higher food costs given the current market volatility. The existing contract and its contractual arrangements provide the Service with a degree of certainty in forecasting costs and pricing.

Legal

- 2.1 The Standing Orders Relating to Contracts which form part of the Council's Financial Regulations state that all procurements of contracts with a spend above £50,000 must be included in the Forward Plan; approval to award a contract can then be given by the relevant Executive Director. Where the procurement of a contract is not detailed in the Forward Plan (which will include a situation such as this one where the value set out in the Forward Plan is insufficient), approval to award will need to be sought from Cabinet or Cabinet Member which would delay the award.
- 2.2 The Director of Legal Services is satisfied that ensuring that the Forward Plan contains the correct contract value before the procurement is commenced is both prudent and aids transparency.

Human Resources

- 3.1 N/A

Information Technology

- 4.1 N/A

Equalities Impact

- 5.1 N/A

Corporate objectives and priorities for change

- 6.1 N/A

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 N/A