

# Finance and Resources Committee

10.00am, Thursday 28 November 2013

## Progress with the Contract to Supply and Deliver Groceries and Provisions

Item number	7.13
Report number	
Wards	All

### Links

Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO15</a> <a href="#">CO19</a> <a href="#">CO25</a>
Single Outcome Agreement	<a href="#">S04</a>

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# Executive Summary

## Progress with the Contract to Supply and Deliver Groceries and Provisions

### Summary

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At its meeting on 29 November 2012 Committee approved the appointment of a contractor to supply and deliver groceries and provisions for the Council. This report updates Committee on the progress of the contract.

### Recommendations

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Committee is requested to:-

1. Note progress to date and the actions taken by officers to address service issues which have arisen since the start of the delivery programme on 14 January 2013;
2. Note the continued actions which will be taken by officers by way of a programme of performance review discussions which will be held with the contractor.

### Measures of success

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Since the introduction of the delivery programme in January 2013 a 13.25% cost saving has been achieved. This percentage reduction in costs calculates to a saving of £327,000 over the period of the contract.

### Financial impact

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There is no adverse financial impact resulting from this report.

## **Equalities impact**

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There are no direct equalities impacts arising from this report.

## **Sustainability impact**

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There are no sustainability impacts arising from this report.

## **Consultation and engagement**

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Appropriate specialist staff in the Council were consulted in the preparation of this report.

## **Background reading / external references**

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Finance and Budget Committee – Thursday 29 November 2012

Meetings between Council officers and the contractor – Thursday 8 August and Tuesday 22 October 2013.

## Progress with the Contract to Supply and Deliver Groceries and Provisions

### 1. Background

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- 1.1 At its meeting on 29 November 2012 Committee approved the appointment of a contractor to supply and deliver groceries and provisions for the Council. The contract was put in place from 14 January 2013.
- 1.2 At that meeting Committee requested a progress report by early summer 2013 as this was the first contract with the current company. Issues with the contractor and the steps taken to address them have taken time to address and this report updates on the outcome of discussions and subsequent actions.

### 2. Main report

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- 2.1 The contract entered into in January 2014 is for the provision of a significant range of foodstuffs to Council establishments, including cheese products, sandwiches, cooked meats, biscuits. The full catalogue of the groceries provided is available on the Council's Orb under Groceries and Provisions.
- 2.2 A number of weaknesses in the contractor's performance in the early months of the programme were highlighted by officers. These issues included:-
  - items which had been ordered were not delivered;
  - items which had been ordered and confirmed as being in stock and available were unavailable at the time of delivery;
  - items of smaller size and quantities were consistently unavailable;
  - essential products for the running of the Council's service were unavailable;

- goods received, but with extremely short “use-by” dates had to be returned;
  - deliveries were being made to suit the contractor, not the Council;
  - inappropriate substitution of goods was being offered and, on occasion, no substitutions were being offered causing ingredient shortages.
- 2.2 With no positive solutions being offered by the contractor to address these issues a meeting was held on 8 August 2013 to address performance.
- 2.3 During this discussion the contractor acknowledged that the company’s performance was unsatisfactory and sought to address all complaints which had been recorded.
- 2.4 At that meeting the potential for the Council to terminate the contract was made clear to the contractor. However, there has not been a more extended discussion with the contractor about discounts due to its early poor performance. There is no in built provision in any of the Scotland Excel contracts for reduced payment resulting from poor performance, as these would constitute a penalty which is not admissible in public sector contracts and are unenforceable in the courts. The Council reserves its position to have that discussion as part of the series of performance reviews which will be undertaken during the period of the contract. A progress meeting is scheduled for Friday 10 January 2014, which is one full year from the start of the service.
- 2.5 The contract has in-built discounts of 1% annually based on the volume of purchases and a further 1% discount for paying the company’s invoices within 15 to 21 days.
- 2.6 It was clear also that the contractor had under-estimated the extent of the service it was expected to provide. In mitigation of its position, it is accepted that there had been a lack of management information available from the outgoing supplier and this will have led to the mis-calculation of the extent of the service requirements.
- 2.7 In the lead-in to the schools summer break at the end of June the contractor’s performance had improved and the service level was confirmed at about 98%. However, a business decision by the contractor in June to relocate another council’s contract into the same distribution centre as the one used for Edinburgh resulted in a significant increased pressure on that depot. This resulted in a marked decrease in performance for about two weeks after the end of the summer break.

2.8 This return to poorer performance was addressed and an improvement plan agreed and put in place. The potential for the Council to terminate the contract was also discussed.

2.9 A positive approach taken by the contractor has included:-

- the appointment of a dedicated food service buyer to oversee replenishment levels;
- the appointment of a transport/delivery clerk to liaise with customer enquiries and to build relationships with, for example, all school catering units;
- the extension of the contractor's chilled back-up storage facilities to ensure stocks are maintained at appropriate levels;
- the introduction of an improved delivery schedule which is meeting customer requirements.

2.10 A further performance review was carried out with the contractor at a meeting held on 22 October which was attended by Council catering staff. It was a productive and satisfactory discussion with confirmation that the action plan is being implemented and is working to meet the Council's requirements for this contract.

### **3. Recommendations**

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Committee is requested to:-

- 1 Note progress to date and the actions taken by officers to address service issues which have arisen since the start of the delivery programme on 14 January 2013;
- 2 Note the continued actions which will be taken by officers by way of a programme of performance review discussions which will be held with the contractor.

**Mark Turley**

Director of Services for Communities

## Links

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<b>Coalition pledges</b>	P30 – Maintain a sound financial position.
<b>Council outcomes</b>	CO15 – The public is protected. CO19 – Attractive places and well maintained CO25 – The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	S04 – Edinburgh’s communities are safer and have improved physical and social fabric.
<b>Appendices</b>	Not applicable