



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Cabinet

17th March 2020

Report of the Head of Legal Services – Mr Craig Griffiths

Matter for Decision

Wards Affected: All Wards

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL CONTRACTS FOR SUPPLY OF FOOD AND DRINK

Purpose of the Report:

1. To seek approval to participate in and implement new collaborative procurement agreements for the provision of food and drink supplies to Neath Port Talbot County Borough Council (“the Council”).

Executive Summary:

2. As of April 1st 2020, in line with the proposed All-Wales Local Government Sourcing Plan, it is proposed that Caerphilly County Borough Council will act as the lead authority for contract delivery of food and drink supplies, on behalf of the South East Wales and South West and Mid Wales Delivery Groups. This will replace the Council’s current provision for food and drink supplies which is sourced via the Welsh Government National Procurement Service (NPS) Framework Agreements.

Background:

3. In September 2018 the First Minister published a written statement that NPS would cease to operate in its current form. In August 2019 the Welsh Local Government Association (WLGA) Executive received and endorsed a briefing paper from the WLGA Heads of Procurement Network (the WLGA Network) regarding plans for future local government collaborative procurement for contracts currently sourced by the NPS. The briefing paper set out a number of key principles which would guide the development of local Government collaborative Procurement arrangements across Wales, including the co-ordination of this activity through the WLGA Network.
4. The WLGA Network are tasked with developing and managing an All-Wales Local Government Sourcing Plan and Contract Forward Plan, delivering collaborative contracts through three Regional Delivery Groups; South East Wales, South West and Mid Wales, and North Wales. The current proposal for contract delivery is for a Regional Category Focused Centre of Expertise, with the flexibility to provide an All-Wales contract, with Caerphilly County Borough Council (Caerphilly CBC) acting as the lead for food contracts.
5. Caerphilly CBC historically opted to let their own local food contracts, outside of the NPS All-Wales Frameworks, and have since developed the prerequisite level of category focused expertise required for management and contract delivery. Attached at Appendix 1 is a summary of the food and drink contracts this Council currently have in place.
6. From April 1st 2020 it is proposed that Caerphilly CBC assume the management and delivery of the existing NPS framework

agreements, and will re-tender a number of agreements going forward.

Caerphilly County Borough Council Proposal

7. Caerphilly CBC's objective is to establish a framework agreement based on a geographical lot structure, which allows for localised supply options. Additionally, a tiered structure would allow smaller SMEs the opportunity to participate in the agreement, via supply to tier 1 framework providers. By requiring participating authorities to confirm their commitment to using the agreement, this will provide greater certainty around volumes, and therefore allow more competitive pricing by suppliers. Caerphilly CBC's initial benchmarking has indicated a potential 10% saving with one key supplier against current NPS pricing.
8. Caerphilly CBC's proposal will be based on a 1% Levy model paid via rebate, as per the existing NPS agreement, and participating authorities will continue to manage operational requirements at local level. The Levy/Rebate model (refer to Appendix 2, WLGA Heads of Procurement paper to SWT) will fund the resource required by Caerphilly CBC internally to manage and deliver the agreement, including engagement with internal Environmental Health colleagues and additionally the Food Standards Agency, to conduct food safety audit processes.
9. As part of further sustainability considerations, Caerphilly will utilise the levy to provide additional benefits including supplier market engagement events, and relevant staff training for individual authorities. Caerphilly CBC are also working with WRAP and Cardiff University looking at supply chains in Wales,

and consideration of packaging and waste, and the Foundational Economy.

10. Initial benefits for participating authorities may include more surety around Food Safety Standards as per the involvement of the Food Standards Agency and Caerphilly's in-house Environmental Health resources, as well as potential cost savings. On a longer term basis the collaborative working model will encourage further knowledge sharing, ensuring quality standards and development of expertise that will benefit the Council in future.
11. It would be the intention of the Council to then "call off" the arrangements that are put in place and have a direct contractual relationship with providers but allow the overarching management of these providers and ensuring the legislative compliance by the providers by Caerphilly CBC. The Contracts will be of a duration of the Council's choosing up to a maximum of 4 years.

Financial Impacts:

11. The current Council spend against the NPS Framework Agreements is estimated in the region of £2,041,397 excl VAT per annum, with an additional expenditure on food and drink at £62,344 excl VAT, total **£2,103,742 per annum excl VAT** (see Appendix 1 for detail breakdown). Total Aggregated spend over the next four years would therefore be in the region of **£8.4M excl VAT**.

Integrated Impact Assessment:

12. A first stage impact assessment has been undertaken to assist the Council in discharging its legislative duties (under the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016, a copy of which is included at Appendix 2. The first stage assessment has indicated that a more in-depth assessment is not required for the reasons set out in Appendix 2

Valleys Communities Impacts:

13. The intention of Caerphilly CBC in letting this Framework agreement will be to ensure opportunity for local SMEs to apply for the agreement, either by means of the local geographic lot structure and/or by identifying suitable local suppliers via a tiered arrangement. This allows for local SME suppliers to engage with the framework via collaboration and supply of larger providers. This ensures capacity for both supplier and customer, thereby providing sustainability of business for the overall framework agreement.

Workforce Impacts:

14. In line with existing arrangements, operational management of the contract on an internal basis at the Council will continue under the ownership of the Catering Department within the Education Directorate, jointly with staff within the Corporate Procurement Team.

Legal Impacts:

15. Caerphilly CBC have confirmed that a Memorandum of Agreement is being considered by the Food Category working group, comprised of various members of procurement and

catering staff from the various Authorities. This would govern the collaborative working between the Authorities.

Regarding the procurement exercises undertaken by Caerphilly CBC, the Council can lawfully utilise a properly procured Framework Agreement where the Council is a named organisation capable of using that Framework Agreement. The Council will at all times be required to comply with the obligations within that Framework Agreement.

Risk Management Impacts:

16. From a business continuity perspective, failure to have appropriate agreements in place could place the Authority's supply chain for food and drink at risk.
The Council does not have any current contingency, and would need to build the internal competencies in future, to be able to let these agreements on its own independent basis, for what is considered a high risk category.
From a compliance and governance perspective, it is crucial for the Council to maintain compliance with relevant Food Safety standards.

Consultation:

17. There is no requirement for external consultation on this item.

Recommendations:

18. It is recommended that
 - (a) Delegated authority is granted to the Head of Legal Services to approve the Council's participation in a collaborative procurement arrangement for the provision of food contracts led by Caerphilly CBC and grant delegated authority to the Head of

Legal Services to enter into an associated Memorandum of Association with Caerphilly CBC.

- (b) Delegated authority is granted to the Head of Legal Services to enter into any call of contracts with providers procured under the above arrangements in consultation with the relevant Cabinet Member or Leader of Council;

Reasons for Proposed Decision:

19. To ensure business continuity for the provision of food and drink supplies, by agreeing to Caerphilly CBC assuming the management and contract delivery of a collaborative agreement on behalf of Neath Port Talbot CBC.

Implementation of Decision:

20. The decision will be implemented after a 3 day call in period.

Appendices:

21. Appendix 1 – Summary NPT Food Contracts
Appendix 2 – WLGA Heads of Procurement paper to SWT
Appendix 3 – Integrated Impact Assessment

List of Background Papers:

22. None

Officer Contact:

23. Craig Griffiths, Head of Legal Services
Tel 01639 763767, email c.griffiths2@npt.gov.uk

Joanna Stevens, Principal Solicitor – Commercial and
Procurement
Tel 01639 763002, email j.stevens@npt.gov.uk

Sarah Foster, Corporate Procurement Manager
Tel 01639 763929, email s.foster@npt.gov.uk