

**From:** Andrew Ireland, Corporate Director - Social Care, Health and Wellbeing

**To:** Graham Gibbens, Cabinet Member for Adult Social Care and Public Health

**Date:** 6 January 2016

**Decision No:** 15/00045

**Subject:** **KENT COMMUNITY HOT MEALS TENDER**

**Classification:** Unrestricted

**Past Pathway of Paper:** Adult Social Care and Health Cabinet Committee – 10 July 2015

**Future Pathway of Paper:** Cabinet Member decision

**Electoral Division:** All

**Summary:**

This report sets out the case to award the Kent community hot meals delivery contract to commence on 1 October 2015. It outlines the background information which has led to the procurement process and the reasons for recommending the award of the contract.

The outcome of the procurement process is:

- no bids were received for Lot 1 (East Kent)
- one bid was received for Lot 2 (West Kent)

Due to only one bid being submitted negotiation commenced to reach a solution that will ensure a hot meal service is available with the best terms and conditions possible and achieves best value for money.

**Recommendation(s):**

The Cabinet Member for Adult Social Care and Public Health is asked to:

- a) **AWARD** the Kent community hot meals delivery contract to the preferred bidder identified in the exempt appendix to this report, once the negotiations described are successfully concluded and
- b) **AGREE** that the Corporate Director of Social Care, Health and Wellbeing, or other suitable delegated officer, undertake the necessary actions to implement this decision.

**1. Introduction**

1.1 This meals tender sits within the wider work stream of Building Community Capacity. In March 2014 Kent was successful in becoming one of five national pilot areas for the Malnutrition Task Force (MTF) project. The MTF is funded by the Department of Health and supported by Age UK, Nutricia, The British

Association of Parenteral and Enteral Nutrition (BAPEN), The Royal Voluntary Service and Apetito. The MTF was set up in June 2012 to look at the issues relating to the prevention and treatment of malnutrition, within hospitals, care home and community settings.

1.2 The vision for Kent is to address malnutrition in the community by developing a diverse and wide ranging market for meals. A stakeholder group has been meeting regularly with representatives from:

- Age UK, national and local
- The Royal Voluntary Service
- East Kent Hospitals University Foundation Trust
- Kent Community Health Foundation Trust
- Apetito
- Kent County Council

1.3 Meals are not a statutory service although Kent County Council has a duty of care to ensure that vulnerable people have access to food and nutrition. The Kent wide contract for community hot meals delivery was awarded in 2006 and has been extended four times. Any further extensions would leave KCC open to potential legal challenge.

## **2. Financial Implications**

2.1 The decline in the numbers of people requiring the service has led to KCC being charged for meals that have not been delivered. The new contract will ensure that KCC only pays for meals that are delivered and will not be linked to set volumes.

2.2 Through the negotiation of this tender, it is anticipated that this contract will produce a lower unit price per meal.

## **3. Policy Context**

3.1 The community hot meals delivery service supports KCC's vision to:

- Tackle disadvantage
- Reduce avoidable demand on health and social care services
- Focus on improving lives by ensuring that every penny spent in Kent is delivering better outcomes for Kent's residents, communities and businesses
- Improve people's outcomes by increasing their independence
- Enable adults in Kent to lead independent lives, safely in their own community

## **4. The Report**

4.1 KCC's current hot meals contract with Apetito began in April 2006. At the contract start volumes were circa 547,500 meals per annum. Since that time demand has consistently reduced and the current volume is circa 70,000 per annum.

4.2 Discussions with other local authorities indicate that this is a national trend, due in part to increased availability of other meal options such as lunch clubs, frozen meals, fresh supermarket ready meals and other home delivery options.

4.3 On 1 April 2014 KCC and Apetito agreed an 18 month contract extension until 30 September 2015. The meal volume was fixed at 120,000 meals (a negotiated reduction from 150,000) at the standard unit price of £7.31.

#### 4.4 Options considered and dismissed

##### **End the community meals delivery contract**

KCC would need to provide an alternative arrangement such as replacing with a lunchtime domiciliary care call to prepare a meal which would be significantly more expensive.

##### **Extend the current community meals delivery contract**

KCC could be open to legal challenge due to non-compliance with procurement law. This option also did not provide value for money for KCC due to the decline in volume being likely to continue.

## **5. Legal Implications**

5.1 Only one bid was submitted; with advice and support from procurement a period of negotiation has commenced in order to finalise the contract.

## **6. Equality impact assessment**

6.1 An equality impact assessment concluded that the risk to those people with protected characteristics is low.

## **7. Current position**

7.1 The community meals tender was divided into two geographical lots:

Lot 1 (East Kent) - no bids received

Lot 2 (West Kent) - one bid received

7.2 The West Kent bidder stated if they were successful they would also consider providing a service in relation to East Kent.

7.3 The bidder put forward a caveat that KCC re-consider a volume related price. They also stated should meal volumes for Lot 2 drop below an annual volume of 60,000 meals it will be deemed that the contract has been terminated and the bidder will recover any termination costs from KCC. KCC is not prepared to accept this as it creates an unacceptable commercial risk.

7.4 Due to only one bid being submitted negotiation commenced to reach a solution that will ensure a hot meal service is available with the best terms and conditions possible and achieves best value for money.

7.5 Negotiations have been positive and a way forward is emerging based on the following:

- A unit price for a three year contract for both lots with two, one year extensions, or a unit price for a five year contract, in which the unit price for a meal is likely to be less if the contract length is longer;

- To move the client contribution to a direct debit initiated by the bidder. Controls will be put in place for those for whom this option is not suitable. This is seen as a positive move as it will reduce the debt KCC has liable for under the current contract where client contribution has not been recoverable for the current provider.
- Review the need for a when meals would be delivered; this would align the KCC contract to the arrangement the provider has with their private customers.
- Robust contract management to trigger negotiations on price if volumes change in any way, up or down.

7.7 Negotiations have now been completed with the West Kent bidder and agreement has been reached for them to provide a Kent wide service.

## 8. Cabinet Committee recommendation

8.1 The proposed decision was discussed by the Adult Social Care and Health Cabinet Committee on 10 July 2015, with an explanation that, as only one bidder had been received, there was a need for further negotiation on unit price, volume and contract length. The committee endorsed this proposed decision.

8.2 Following the committee discussion the necessary contract negotiations took longer than originally expected. Consequently, to ensure continuity of supply to those who depend on the service, a temporary extension of the existing contract was undertaken from 1 October 2015 to 31 January 2016 and the proposed new contract with the preferred bidder (named in the exempt appendix to the attached report) will start on 1 February 2016.

## 9. Conclusion

9.1 The demand for a community hot meal service has significantly reduced in Kent over a number of years. There are currently 279 people in receipt of a delivery of a hot meal; there is a requirement to ensure access to a hot meal remains available but this must also represent value for money.

## 10. Recommendations:

The Cabinet Member for Adult Social Care and Public Health is asked to:

- AWARD** the Kent community hot meals delivery contract to the preferred bidder identified in the exempt appendix to this report, once the negotiations described are successfully concluded and
- AGREE** that the Corporate Director of Social Care, Health and Wellbeing, or other suitable delegated officer, undertake the necessary actions to implement this decision.

## Contact details

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