

**Urgent Decision to be taken by the
Portfolio Holder (Finance, Improvement and IT)
on or after 8th March 2013**

Community Meals Service

Recommendation

That the Portfolio Holder for Finance, Improvement and IT grants permission to award a contract to the best bid following the tender against the ESPO framework contract in relation to the community meals service to be in place from 1st April 2013 for a period of three years, with an option to extend for a further year.

This service will support customers who are eligible at a critical or substantial level under Fair Access to Care Services (FACS) criteria and vulnerable adults who, although not eligible, will benefit from support as an aid to maintaining independence. The current annual cost to the Council in subsidy for this service is in the region of £170,000 per annum. A report presenting potential options for changes to charges for the service was presented to and supported by Adult Social Care and Health Overview and Scrutiny Committee in December 2012.

1.0 Background

- 1.1 Most Councils across the Country (at least 76% of authorities based on data submitted in national returns) provide or commission a community meals ('Meals on Wheels') service as part of their approach to meet the needs of customers who are eligible for support and/or unable to or have difficulty with cooking meals. The Community Meals Service is designed to ensure that customers are able to access a meal of a high nutritional standard on a regular basis and to ensure that mechanisms are in place to maintain contact with customers. The meals service in Warwickshire is currently provided by County Enterprise Foods on a contractual basis. County Enterprise Foods (CEF) are a subsidiary of Nottinghamshire County Council. The current contract with this organisation is for three years (due to end 31st March 2013) with an option to extend for a further year by mutual agreement (CEF have declined the option to extend).
- 1.2 The current contract, which was let through a competitive tender process managed on behalf of the Council by the Eastern Shires Purchasing Organisation (ESPO), is based upon provision of hot and frozen meals across the County on a seven day a week basis. The service is available to customers who are funded by adult social care and to those who choose to purchase their own support.

2.0 Key Messages

- 2.1 Two main commissioning options have been available, these are:
- Re-tender the service through ESPO utilising their framework based on a slightly amended service specification
 - Enter into a sub-regional commissioning arrangement with Coventry City Council, using their existing contract over an expanded area (Warwickshire).

- 2.2 Our initial preferred commissioning option (as supported by the Adult Social Care and Health Overview and Scrutiny Committee in December), had been to enter into a sub-regional commissioning arrangement with Coventry City Council. However, over the course of the negotiation process between ourselves and the current provider operating in the Coventry area, it became clear that we would be unable to reach an agreement which was suitable for all parties.
- 2.3 As we had reached this position with the provider with whom we had been negotiating with, we have undertaken a mini tender through the Eastern Shires Purchasing Organisation (ESPO). The tender process identified four organisations who expressed an interest in undertaking the community meals contract in Warwickshire and of these organisations three submitted a formal bid for the work.
- 2.4 Following an evaluation process, we have now identified a preferred provider based on a methodology of 50% quality and 50% cost. We have agreed the principles around a new contract for up to four years and have issued a letter of intention to award. Our expectation is that formal contract award will take place on the 19th March with the service commencing on the 1st April 2013. This is ensure that no service user experiences any disruption in their service
- 2.5 As part of the ESPO process, we have clearly specified our requirements in relation to the quality of provision that we expect. The preferred provider has identified a service model which meets all of our expectations of a high quality hot and frozen meals services delivered over seven days and provides additional value added support for customers as a result of their use of advanced technologies.
- 2.6 In addition to the quality elements of the contract with the new provider, the Council have also been able to secure financial benefits through a reduction in subsidy for the service compared to the current arrangements. This financial benefit is derived from the preferred provider utilising new technology within its delivery fleet which reduces the number of vehicles required whilst maintaining the level of quality to the customer in terms of meal choice and product heat at the time of delivery. In addition, the provider will utilise an intelligent routing system which will mean that delivery volumes can be maximised.
- 2.7 The total annual value of the new contract taking into account customer contributions and Warwickshire County Council subsidy will be in the region of £670,000 per annum (based on current service volumes), made up of customer contributions of £600,000 and an anticipated Council subsidy of £70,000. It is important to note that the contract will be based on a sliding subsidy scale linked to volume of meals provided. As a result, it is not possible to accurately state the total contract value to the Council, but it is estimated to be in the region of £210,000 over three years or £280,000 over four years (if we choose to extend). This would represent a saving to the Council over the current contract of £100k each year (total savings of £400,000 over the full four years of the agreement). The total value of the services for the provider (based on customer contributions and subsidy) is estimated at £2M over three years or £2.7M over four years.

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