

Decision maker:	Cabinet member contracts and assets
Decision date:	15 February 2018
Title of report:	Amendment to Plough Lane Catering Contract
Report by:	Property services manager

Classification

Open

Decision type

Non-key

Wards affected

Whitecross;

Purpose and summary

The contract for provision of catering services to the Plough Lane offices was awarded in 2014 to Reyes Catering Co and the mechanism for payment was via a profit share for Herefordshire Council, this has proved cumbersome to manage and the income from this has proved negligible therefore a more simple process for securing income to Herefordshire Council is required.

This report therefore seeks permission to alter the existing contract from a profit sharing basis to a fixed monthly rental.

This will ensure constant income to the council and simplify the costs of trying to obtain that income.

Recommendation(s)

That:

- (a) the payment for rent currently based on a profit sharing basis is altered to one of a fixed monthly rental of £300.**

Alternative options

Further information on the subject of this report is available from

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1. To continue with the existing arrangement, this has been discounted as to date the income from this has been variable and it has been time consuming and contentious to prove the income due.
2. Terminate the existing contract, this has been discounted and the contract would need to be tendered again. This is not recommended as grounds for early termination have not been evidenced.
3. Incorporate the catering contract into the larger construction and cleaning contract going out to tender. This has been discounted as it would be difficult to prove non-compliance with the contract. However this may be an option for when the existing catering contract expires in 2019.
4. Stop providing the canteen for staff and members. This has been discounted as the canteen is used by a large number of staff, and it can generate a small income for Herefordshire Council. In addition removing the facility would have an effect on the staff morale and is therefore not recommended.

Key considerations

5. The contract was tendered in 2014 and was awarded to Reyes Catering Co who have been running the canteen since that time.
6. Following earlier problems in the relationship between Herefordshire Council and Reyes the relationship is more productive now and therefore the opportunity was taken to investigate amending the contract payments to a simpler basis requiring less officer input.
7. The Estates team have recommended a rental that reflects the market value at £300 per month on the space they occupy in Plough Lane; based on their professional judgement this represents an increase on the existing arrangement. Utility bills are charged quarterly.
8. The income from the rental for the year November 2015 to November 2016 was £1,344, the proposal in this report would bring in £3,600 in the same period.
9. The impact of this change on the staff should not be noticeable as the service will continue as before.

Community impact

10. Minimal as the facility is open to staff members and members, not the general public, and the service provided will not alter.
11. The recommendations, if approved will provide a more cost effective way of managing the contract and ensuring we meet our corporate plan priority to secure better services, quality of life and value for money.

Equality duty

Further information on the subject of this report is available from

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12. The proposals in this report should have no impact on the equality duty

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

14. The proposal has limited additional effect on resources, and no new funding is required
- i. There is no addition running costs and the costs of altering the contract via the contract change form are minimal
 - ii. The proposal should increase the income to a regular income of £300 per month
 - iii. The new charging regime will require less officer time to calculate the rental due via the existing profit sharing process

Legal implications

15. The proposed change does not give rise to any significant procurement legal implications because the economic balance of the contract is not being materially changed in favour of the contractor.
16. The council has a duty to secure best value in the discharge of all of its functions including those which are contracted out. Best value is an ongoing duty. Seeking to change the payment model under this contract to one which provides the council with a more reliable income stream is compatible with the council's duty to obtain best value.

Risk management

17. There is very little risk on this decision as the service is running and being managed at present and this will continue, the change is small for both parties.
18. The risk of loss of earnings if the profit margin increased for the contractor is a limited risk as the existing method of recovery has been much lower than the proposed method. This

is combined with a limited period left on the contract so the opportunities to increase the income in the period for the contractor is limited.

Consultees

19. The existing contractor Reyes Catering Co.

Appendices

None

Background papers

None