



## Catering Services Contract Value

### MOPAC Investment Advisory & Monitoring meeting October 2024

Report by Mark Newton on behalf of the Marie Heracleous

**Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC**

#### *EXECUTIVE SUMMARY*

This paper asks for a contract value uplift for the Catering Services Contracts (Lot 1 and Lot 2). The service is currently delivered through ESS with a 3 years (+1 +1) duration and the contract commenced in October 2022.

The increase is required to sustain the projected levels of spending as service demand has increased. This is due to external market pressures and increased operational demand which were not modelled when the current agreements were tendered and awarded, and MOPAC approval requested (PCD1368 and PCD1219).

This uplift is based on current spend and would enable the service provision to remain with the current supplier rather than forcing an early re-procurement which could bring risk to budget as current market conditions could see a cost increase.

As the value exceeds the threshold for delegated authority but complies with Public Contracts Regulations 2015 (PCR 2015) under provisions of Regulation 72, approval is sought from DMPC for an uplift in contract value.

#### **Recommendations**

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to grant:

1. **Approval to uplift the contract value by £451,737 to sustain the increased demand for new levels of spending for the provision of Borough Catering and Hospitality (Lot 1).**
2. **Approval to increase the contract value by £2,807,803 to sustain the new level of spending for the provision of Detainee and Operational Feeding (Lot 2).**

The contract value needs to be increased by £3,259,540 to ensure that there is sufficient headroom within the contract to cover projected business as usual spend,

and to enable continuous improvement to services to better meet officer, staff, and detainee dietary requirements. Failure to increase the total contract value will mean that the ceiling amount on the contract will be reached before the end of the contract, leaving the MPS without the ability to provide catering services until a new contract is in place, or will require the MPS to reduce expenditure on non-statutory catering.

While it is requested that the contract value is increased to cover predicted demand, it should be noted that any future investment or new unbudgeted initiatives will be subject to separate business justification and presentation at the Investment Group. We are not currently seeking any additional budget.

## **Drivers for Increased Spend**

### **Lot 1 Drivers**

As part of our New Met for London commitments we are focused on prioritising our communities and supporting the wellbeing of officers and staff. Catering Services contributes to these outcomes by providing to a range of events such as; borough hospitality community events and Commendation Ceremonies. This renewed focus on engagement and wellbeing coupled with the supplier's ability to provide services to all MPS sites has seen an increase in spend for Lot 1.

Consequently, we have reissued guidelines for hospitality spend to ensure we are only spending where absolutely necessary, and against the priorities of engagement and wellbeing. We also monitor total spend and a breakdown of highest spending teams through the Monthly Operations Board. These controls provide assurance that spend is in line with guidelines. We have revisited contract headroom in light of these controls.

There has been an increase in bespoke catering for community engagement events which we recognise as a positive step towards building trust. In previous years, catering spend in the boroughs would have been with external providers whereas this contract offers better value and more options. Recent events have included, catering to community groups at New Scotland Yard and supporting the Walking Football and Coaching project which supports the elderly, children with learning difficulties, children with no parents and individuals with mental health issues.

The service also provides catering for the Training Academy at the Counter Terrorism Operations Centre (CTOC) and for all on-site hospitality needs at Empress State Building (ESB). The CTOC cost centres represent 38% of spend between October 2022 and April 2024 (£179k) excluding management, fixed costs and subsidy. The catering at ESB is CT funded. Hospitality spend is also incurred at cost centres across NSY 34% (£172k) and Hendon 16% (£81k).

On Site Catering is funded through devolved budgets and the increased activity has driven higher demand for hospitality which has put a pressure onto contract thresholds. We recognise that an increase in demand for catering means we need to reduce spend elsewhere and we are working closely with all suppliers to drive out

costs.

## Lots 2 Drivers

The increase in Operational Feeding has been driven both by one-off events and ongoing activity. The large-scale protest activity that has occurred across London since October 2023 has led to a significant increase in unplanned operational feeding events (Oct 23 to April 24 - £201,303). The operational feeding costs relating to Ops Brocks for 2023/24 have been recovered from the Home Office but we are working on the assumption that ongoing costs will be absorbed by MPS budgets. We will continue to report on Op Brocks costs and intend to make a case for cost recovery, although there is currently no indication that this will occur for 2024/25.

Between October 2022 and October 2023, 96,038 meals were provided with 23,860 unplanned welfare packs deployed. There has also been an increase in scale of planned events with Notting Hill Carnival 2023 seeing the largest deployment of officers to date and 30,000 meals provided over four days.

Through this contract, we have also been able to cater to a broader range of dietary requirements and offer vegan, vegetarian, halal, and kosher meals to officers. The increased variety and provision of specialty foods does increase costs but firmly supports the New Met for London aim to 'improve officer and staff wellbeing' and 'creating a more inclusive workplace'.

In other areas we have been able to reduce costs, for instance, we are proud to have introduced a nationally leading PACE compliant ambient meal for Detainee Feeding. Previously, multiple meals and snacks were required to ensure that detainees received their calorie intake. The introduction of these new meals means detainees receive better quality food and ensures the MPS remains compliant with statutory requirements and reduces wastage as there is no need to hold additional perishable stock. The cost of a standard meal has not increased.

The contract value uplift is broken down in Table 1.

**Table 1:**

ESS Catering	Lot 1			Lot 2
	Subsidy	Borough Catering / Hospitality	Total	Detainee Meals and Operational Feeding
	£000's	£000's	£000's	£000's
Original Contract Value	£430.0	£950.0	£1,380.0	£6,620.0
Actual Spend to Date (April 2024)	£337.0	£794.6	£1,131.6	£2,159.0
20% Contingency	£0	£0	£0	£1,232.4
Request Uplift (incl. Contingency)	£0	£451.7	£451.7*	£2,807.8

Total Requested Uplifted % of Original Contract Value	0.0%	47.5%	32.7%	42.4%
New Contract Value	£430.0	£1,401.7	£1,831.7	£9,427.8

Detainee Meals and Operational Feeding uplift request based on actual 2023/24 run rate spend (including unplanned operational feeding £201k) plus 2% annual inflation and a 20% contingency on forecast spend

*\*This is in line with the maximum we can request under regulations*

### Time sensitivity

A decision is required from DMPC by October 2024. To enable adequate time to enable the continuation of these services and support operational policing.

### A New Met for London

In addition to the specific examples above, these contracts support the organisation to achieve our mission of 'More Trust, Less Crime, High Standards' by ensuring officers and staff undertaking operational activities are set up to succeed.

These contracts enable Operational Support Services to create higher standards in the working environments for the front line and the communities they serve. They also allow a provision to support growth in officer numbers and the corresponding demand on services that arise in delivering the MPS mission.

### Financial

Current catering budgets are devolved across the MPS, with an overall budget in 24/25 of £1.566m. In 23/24 the budget was £2.559m and total expenditure was £2.129m, this included a budget of £0.694m for Op Brocks and the Coronation, which are not budgeted for in 24/25. The Catering Subsidy budget has also reduced by £0.286m in 24/25. This paper is not seeking an uplift to budgets, expenditure will need to be managed by local budget holders across the MPS to remain within their devolved budget allocations. Budget holders will need to reduce spend elsewhere to stay within their overall budget.

Operational Feeding is driven both by one-off events and ongoing activity. The large-scale protest activity that occurred across London last year led to a significant increase in unplanned operational feeding events and increased costs. Costs related to Op Brocks in 23/24, £0.201m, were funded externally by the Home Office, however we have no certainty this will be funded again in 24/25.

The business risk is introduced because the current contract was procured on projected spend creating a contract value that now will be breached. This uplift will allow the headroom to enable catering services to meet demand while incorporating these unforeseen additional pressures. Approving this uplift would allow the remaining years of the contract to be met and ensure they are spent with the current supplier rather than forcing an early re-procurement which would bring risk as current market conditions could see a cost increase.

## Legal Comments

Regulation 72(1)(a) PCR 2015 provides that contracts and framework agreements may be modified without a new procurement procedure (up to 50% of contract value):

Where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses

- state the scope and nature of possible modifications or options as well as the conditions under which they may be used, and
- do not provide for modifications or options that would alter the overall nature of the contract or the framework agreement;

Commercial and Property Services have confirmed that the contracts in question allow for the requested increases, and they can lawfully be approved on this basis.

Paragraph 4.13 of the MOPAC Scheme of Delegation provides that the Deputy Mayor of Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, where the variation or extension is greater than 10% of the original value and / or is for a period of more than 12 months.

## Equality Comments

1. This business case (PCD1219) has undergone initial equality screening. Due regard has been taken to the Equality Act's Public Sector Equality Duty. Real consideration has been taken to assess equality impact caused by the proposed business changes. As a result, no positive or negative impact has been identified to any individual and/or group safeguarded by a protected characteristic and those who are not.

## Privacy Comments

2. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.

Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.

The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project meets its compliance requirements.

The programme/project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

**Background/supporting papers**

1. None.