

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1449

Title: Award of Catering and Hospitality Contract to OCS

Executive Summary:

Permission was given under MD1300 to procure a catering and hospitality contract as part of a wider TfL catering exercise. However, the TfL procurement has been delayed, therefore the Authority carried out a separate competitive tender; this was necessary due to the current contract expiring within a year.

As the duration of the catering contract is no longer co-dependent on other parts of the GLA Group, the opportunity was taken to revisit the specification, terms and conditions. The contract duration has been coordinated with the City Hall building lease, giving an initial term of 6 years in line with the break clause and then optional extensions of up to a further 5 years. This also gives the Authority the opportunity to gain necessary investment into the catering facilities in return for longer contract duration.

Decision:

The Executive Director approves the appointment of OCS Group UK Limited as the catering and hospitality supplier to the GLA for the duration of 6 years, with optional extensions of up to a further 5 years, to a maximum total duration of 11 years.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Martin Clarke

Position: Executive Director of Resources

Signature:



Date:

3.2.16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

The long term procurement strategy for the provision of outsourced Facilities Management services at the Greater London Authority's core properties (City Hall, Trafalgar Square and Parliament Square Garden) was agreed under MD1300 in January 2014.

The procurement strategy included a plan for catering and hospitality services to be procured as a lot under the wider Transport for London catering opportunity. In order to match the terms set for the TfL contract, it was agreed that the GLA contract would be let for the same duration, which was for 5 years, with an optional extension of a further 2 years.

Due to a change in strategy the TfL procurement has been delayed. However, as the existing GLA contract for catering services has been extended for the maximum number of times, it was necessary for us to continue with a tender separately from the rest of the group.

As this tender was not dependent on contract requirements across other parts of the GLA group, it gave an opportunity to revisit the requisites, including the duration of the contract. It was felt that it would be appropriate to tie the contract in to the remaining duration of the City hall lease. Therefore, a contract principal term of 6 years would match the break clause in the lease, while further optional extensions of up to 5 years, would coincide with the full lease term.

Further to this, as part of the tender exercise we have asked for a substantial investment by the supplier. In order to gain the best investment offers from the market place, it was important that we offered a suitable term in which the contractor would have sufficient time to recoup their initial costs.

As stated in Section 4 below, prior to the tender process commencing, a supplier engagement event was held at City Hall to discuss the opportunity with the market place and to determine the best procurement route and strategy to suit the Authority and suppliers needs, whilst maximising the number of interested suppliers.

This procurement falls under the Public Contracts Regulations 2015, which requires certain procedures to be followed. This tender was advertised in the Official Journal of the European Community and also published on Compete For and Contracts Finder, websites well known to the market.

A total of 23 suppliers initially expressed an interest in this tender, and three companies submitted bids. TfL Procurement undertook feedback for suppliers that did not submit a tender and reasons suppliers gave included lack of capacity and the scope of the services the Authority required.

A rigorous two-part process was undertaken which included evaluating commercial and technical expertise along with a commercial pricing element. Only OCS Group UK Limited, passed the commercial and technical part of the process and progressed to Stage 2. This stage included a practical catering assessment, pricing evaluation and outcomes which OCS successfully passed. The two unsuccessful suppliers' prices were reviewed against OCS Group UK Limited prices to ensure OCS Group UK Limited prices were comparable and offered best value for money.

2. Objectives and expected outcomes

Permission is sought to award the contract to OCS UK Group Limited for the duration of 6 years, with an optional extensions of up to 5 years.

The contract will 'go live' in August 2016. As the incumbent supplier they will benefit from an extended mobilisation period, during which time we will agree the investment strategy and timeline for refurbishing the catering facilities at all sites.

3. Equality comments

The procurement strategy for catering services ensures that equalities are taken into account when letting this contract. In accordance with the specification, the supplier shall ensure that equalities issues are embedded throughout the contract, including all dietary requirements, payment of the London Living Wage and any other requirements that the Authority may have.

Further to this, the investment strategy for refurbishing the cafe will ensure that it remains fully accessible for all users.

4. Other considerations

Key Risks

The current contract is set to expire in July 2016. If the new contract is not agreed it will be necessary for the Authority to begin another tender exercise. As a full OJEU exercise takes approximately 12 to 18 months to carry out successfully we will not have enough time to complete the tender and so run the risk of losing the service entirely for a period of time. This will affect the cafes in City Hall and Trafalgar Square as well as our ability to hold functions with the buildings.

Further to this, if we let the contract for a shorter term, we will not be able to attract the level of investment needed for the service to run successfully and so the risk will be that either suppliers will refuse to bid or we will have contractors carrying out a reduced service for the Authority.

Links to Mayoral Strategies

The provision of efficient and effective facilities management services at its core properties are critical to the proper operation of the GLA as an organisation, and Catering services are a key function for the Authority. Therefore effective catering and hospitality services help support the Mayor in delivering his strategy for London.

The catering service supports the Mayor's Food Strategy and the providers will lead the way in setting standards for large organisations in sustainable food procurement. This will enable all users of the facilities to eat healthier and more environmentally sustainable food produced to high welfare standards.

In addition, the Service Provider will work with the Authority to comply with ISO20121 throughout its premises.

Consultations

The procurement strategy paper was presented to the TfL Procurement Board in July 2015. The paper was agreed by Alex Fleming, Simon Grinter and Martin Clarke at the GLA and Jay Gami, Paul Plummer and David Young at TfL.

The procurement board agreed with the terms set out in the paper for the procurement of catering services at the GLA, including the duration of the contract.

A supplier engagement event was held by the Authority in May 2015 to seek views from the market place about the proposed contract. This included questions around viability, maintaining a fully commercial contract, investment opportunities and the expected duration. The feedback received indicated that for a substantial investment a supplier would expect a minimum term of 6 years.

It is not considered necessary or appropriate to 'consult' within the meaning of Section 32 of the Greater London Authority Act as these arrangements relate to the Authority's procurement of support services.

5. Financial comments

There are no direct costs associated with the provision of the catering and hospitality services at City Hall, Trafalgar Square and Parliament Square Garden; any ad hoc expenditure will be contained within individual Directorate's approved hospitality and catering budget provision.

The new contract will commence from August 2016 to July 2022, with an option to extend for a further 5 years in 2 year lots.

6. Legal comments

Sections 1 to 5 of this report indicate that:

- the decision requested of the Director (in accordance with the GLA's Contracts and Funding Code) falls within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the discharge of its general functions; and
- in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - consult with appropriate bodies.

Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder and the GLA before the commencement of the services.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Alexander Fleming has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Simon Grinter has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Allen

Date

3.2.16

