

ITEM 11. TENDER - MEALS ON WHEELS PRE-PACKED INDIVIDUAL COOK-CHILL AND FROZEN MEALS

FILE NO: S074367

TENDER NO: 1683

SUMMARY

This report provides details of the tenders received for Meals on Wheels pre-packed individual cook-chill and frozen meals.

The City provides food services for residents aged 55 years and over, people with a disability and their carers through the Meals on Wheels and centre-based meals services. These services assist people growing older and/or living with a disability and their carers to live independently in their own homes and to remain active and connected within their communities. They also provide isolated clients with regular social contact, general welfare monitoring and nutritionally-balanced meals. Meals are supplied to the City by a contractor and then distributed to clients at home and in community centres.

In the period from July-December 2016, these services delivered 24,805 meals to 274 people's homes and supplied 5,191 meals in centres. The service is expected to supply over 50,000 meals in 2016-17, which represents an increase in demand compared to the previous year of approximately 11%.

In 2017-18, the City will receive \$1.059M in Commonwealth and State Government funding for services for people aged over 65, people with disability and carers. Of this, \$0.67M partially offsets the costs of the Meals on Wheels and centre-based meals services. In 2017-18 these services are expected to operate at a cost of \$1.80M. Client fees and charges are projected to contribute an additional \$0.37M to offset operating costs. The contribution made by the City to subsidise these services in 2017-18 will be approximately \$0.76M.

Commonwealth and State Government funding is currently provided under transitional funding agreements until June 2018 while reforms to aged care and disability services funding are implemented (i.e. National Disability Insurance Scheme).

After June 2018, services will transition from a 'block' recurrent funding model to a 'consumer directed' purchasing model where the consumer will be the funds holder and will purchase the services they need in a competitive market. Information on this process was provided to Council in the CEO Update of 20 January 2017. The City is planning for transition and City staff are currently assessing options and implications for services.

To coincide with the Commonwealth and State Governments' reform timeline, it is proposed that the City enters into a one year contract for the provision of meals with two one year options to extend. The extensions will be at the City's discretion and subject to satisfactory performance and the City's operational requirements.

RECOMMENDATION

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'A' for the provision of Meals on Wheels pre-packed individual cook-chill and frozen meals for a period of one year, with two optional extension periods of one year each, subject to satisfactory performance;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the options referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

Attachment B: Schedule of Rates (Confidential)

(As Attachments A and B are confidential, they will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. The City currently offers food services to residents aged 55 years and over and people with a disability through its Meals on Wheels and centre-based meals services. These services assist people growing older and/or living with a disability and their carers to live independently in their own homes and to remain active and connected within their communities, while also ensuring they receive nutritionally-balanced meals. The services also play an important role in providing isolated clients with regular social contact, and an opportunity to check on clients' welfare on a regular basis, making referrals where necessary for further assistance.
2. Currently, the Meals on Wheels and centre-based meals services source their food from commercial catering suppliers which are then delivered (hot, chilled or frozen) to clients' homes or served (hot) across six community centres by staff and/or volunteer teams. In the period from July-December 2016, these services delivered 24,805 meals to 274 people's homes and supplied 5,191 meals in centres. The service is expected to supply over 50,000 meals in 2016-17, which represents an increase in demand compared to the previous year of approximately 11%.
3. The current contract for the supply of Meals on Wheels and meals for other food services is due to expire on 17 May 2017.
4. In 2017-18, the City will receive \$1.059M in Commonwealth and State Government funding for services for people aged over 65, people with disability and carers. Funding is provided through both the Commonwealth Home Support Program and the NSW Community Care Supports Program. Of this, \$0.67M partially offsets the costs of the Meals on Wheels and centre-based meals services. In 2017-18 these services are expected to operate at a cost of \$1.80M. Client fees and charges are projected to contribute an additional \$0.37M to offset operating costs. The contribution made by the City to subsidise these services in 2017-18 will be approximately \$0.76M.
5. In the CEO Update of 20 January 2017, Council was provided with information about changes to State and Commonwealth funding arrangements for disability and aged care.
6. By 30 June 2018, the Commonwealth will have assumed full responsibility for aged care programs for people aged over 65 through the Commonwealth Home Support Program, as well as funding for people with disability through the National Disability Insurance Scheme, which will replace the NSW Community Care Supports Program.
7. Funding for both programs is transitioning from a 'block' recurrent funding model to a 'consumer directed' purchasing model where the consumer will be the funds holder and will purchase the services they need in a competitive market.
8. The City's current funding is in place until June 2018 under transitional funding agreements. However, the City is planning for transition and City staff are currently assessing options and implications for City services. A report will be provided to Council in the coming months.
9. To coincide with the Commonwealth and State Governments' reform timeframes, it is proposed that the City enters into a one-year contract for the supply of food, with two one-year options to extend. The extensions will be at the City's discretion and subject to satisfactory performance and the City's operational requirements.

INVITATION TO TENDER

10. The Tender was advertised in The Sydney Morning Herald, The Daily Telegraph and on Council's E-Tender website Tenderlink on 13 December 2016 and closed on 24 January 2017.

TENDER SUBMISSIONS

11. Four submissions were received from the following organisations:
- Master Catering Services Pty Limited
 - Simplot Australia Pty Ltd
 - St George Meals on Wheels NSW Inc
 - Two Good Co.
12. No late submissions were received.

TENDER EVALUATION

13. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
14. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
15. All submissions were assessed in accordance with the approved evaluation criteria, namely:
- (a) specified personnel;
 - (b) company profile, quality assurance and administration;
 - (c) previous work experience;
 - (d) environmental management and sustainability;
 - (e) delivery, transportation, packaging and labelling;
 - (f) menu, portion sizes, dietary requirements, ordering and product shelf life;
 - (g) schedule of rates;
 - (h) financial and commercial trading integrity including insurances; and
 - (i) Workplace Health and Safety.

PERFORMANCE MEASUREMENT

16. The performance of the service provider will be measured against Key Performance indicators set out in the proposed contract:

- (a) food temperature on arrival;
- (b) foreign object found in food items;
- (c) quality of meals;
- (d) incorrect orders;
- (e) delivery times not met; and
- (f) incorrect weights / portion sizes.

FINANCIAL IMPLICATIONS

- 17. There are sufficient funds available in the draft 2017-18 operating budget based on expected meal numbers. Full details are provided in confidential Attachment A.
- 18. The costs are calculated according to a schedule of rates and estimated quantities that may vary according to clientele uptake. An annual CPI applies to contract option years.

RELEVANT LEGISLATION

- 19. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
- 20. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
- 21. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
- 22. Other relevant legislation is:
 - (a) Food Act 2003 (NSW);
 - (b) Food Regulations 2015 (NSW);
 - (c) Hazard Analysis and Critical Control Points (HACCP);
 - (d) National Food Standards Code (FSANZ); and
 - (e) Work Health and Safety Act (2011).

CRITICAL DATES / TIME FRAMES

23. The current food services contract expires on 17 May 2017.

ANN HOBAN
Director City Life

Luke Barnett, Direct Services Coordinator