

Exemption from Tender and Contract Variation - Meals on Wheels Pre-Packed/Cooked Individual Chilled and Frozen Meals

File No: S074367

Summary

The City provides Meals on Wheels for eligible community members. This service assists people growing older and/or living with disability to live independently in their own homes and to remain active and connected within their communities. It also provides isolated clients with regular social contact, general welfare monitoring and nutritionally balanced meals.

The City's Meals on Wheels program currently sources pre-packed individual meals from a commercial food supplier, Master Catering Services Pty Ltd. The incumbent supplier was engaged following a competitive tender process approved by the Chief Executive Officer on 23 April 2020 following endorsement by the Tender Review Group on 22 April 2020, in accordance with the Register of Delegations from Council to the Chief Executive Officer.

The initial term of this contract was for one year (18 May 2020 to 18 May 2021), with two optional extension periods of one year each (18 May 2022 and 18 May 2023 respectively). This contract is due to expire on 18 May 2023.

Due to the associated impacts of the Covid-19 pandemic and the expansion of the Meals on Wheel geographical area to include parts of Inner West Council Meals on Wheels service from July 2020, the City's Meals on Wheels service saw a 26 per cent increase in people accessing the service during the Covid pandemic. While this growth has now slowed and slightly reduced due to the easing of the pandemic restrictions and a number of clients entering aged care facilities, it has still increased the need to procure and supply additional meals.

As a result, the City is forecasting to reach the approved contract value six months earlier than originally predicted. This report seeks approval to increase the value of the contract to accommodate this increased service level to ensure meal provision for vulnerable clients.

The City is also seeking to extend the current contract with Master Catering Services Pty Ltd by 12 months. There have been delays associated with the Commonwealth Government's aged care reforms. The Commonwealth has advised that a new model of Support at Home program for older people will be rolled out from July 2024. This program will replace the current Commonwealth Home Support Program (CHSP) and is likely to change the way services are funded in the future.

The Commonwealth has indicated that further details regarding funding will be communicated by July 2023. Extending the current meal provision contract will allow sufficient time for the City to research and develop new operational strategies to align with the proposed reforms, and to tender for a new contract period.

During the extended contract period, the City will commence a tender process, in line with the changes to Commonwealth funding or process, for the ongoing supply of meals.

This report recommends that Council grant an exemption from tender to extend the term of the existing contract to May 2024 and approve a contract variation for the provision of Meals on Wheels Pre-Packed/Cooked Individual Chilled and Frozen Meals.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for Meals on Wheels Pre-Packed/Cooked Individual Chilled and Frozen Meals to extend the term of the existing contract by 12 months;
- (B) Council note that a satisfactory result would not be achieved by inviting tenders because:
 - (i) the Commonwealth Government's funding model announcement (expected July 2023) is likely to have significant changes in how grant funding is allocated (post July 2024; and
 - (ii) extending the current meal provision contract will allow sufficient time for the City to research and develop new operational strategies to align with the proposed reforms;
- (C) Council approve a contract variation for Meals on Wheels Pre-Packed/Cooked Individual Chilled and Frozen Meals to:
 - (i) increase the contract value to accommodate an increased need to procure meals through the life of the contract, as shown in Confidential Attachment A to the subject report; and
 - (ii) extend the contract by 12 months to 18 May 2024 to enable a tender process to take place in line with any changes to funding provided by the Commonwealth;
- (D) Council note the total contract sum and contingency for Meals on Wheels Pre-Packed/Cooked Individual Chilled and Frozen Meals outlined in Confidential Attachment A to the subject report; and
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute, administer the variation to the contract and enter into any necessary documentation with the current supplier to give effect to the resolutions above.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The City provides Meals on Wheels for eligible community members. This service assists people growing older and/or living with a disability to live independently in their own homes and to remain active and connected within their communities. It also provides isolated clients with regular social contact, general welfare monitoring and nutritionally balanced meals.
2. The City's Meals on Wheels service is available to residents of the City of Sydney local area and parts of Sydney's inner west, in Annandale, Balmain, Birchgrove, Leichardt, Lilyfield, Rozelle and Tempe who are:
 - 65 years of age and over or 50 years of age and over if Aboriginal or Torres Strait Islander; and
 - approved for funding under the National Disability Insurance Scheme (NDIS).
3. In May 2020, Council endorsed the expansion of the City of Sydney's Meals on Wheels service to include the suburbs of Balmain, Birchgrove, Annandale, Leichardt, Lilyfield, Camperdown, Rozelle and Tempe, following a request from the Commonwealth, with the additional demand accommodated within existing resources.
4. The service provides a diverse menu of healthy and affordable meals, which are sourced from an external commercial food supplier. The current incumbent supplier, Master Catering Services Pty Ltd, was engaged following a competitive tender process. The contract was approved by the Chief Executive Officer on 23 April 2020 following endorsement by the Tender Review Group on 22 April 2020, in accordance with the Register of Delegations from Council to the Chief Executive Officer. The initial term of this contract was for one year (18 May 2020 to 18 May 2021), with two optional extension periods of one year each (18 May 2022 and 18 May 2023 respectively). This contract is due to end on 18 May 2023.
5. Meals are delivered to clients Monday to Friday by City staff and volunteers. Meals for weekends and public holidays are usually delivered on the previous workday. Meal packages are delivered chilled, frozen or hot.
6. In addition to the delivery of meals, the Meals on Wheels service also provides ongoing welfare checks, along with referrals and social supports for those experiencing social isolation. The service supports people who need ongoing or short-term support. This includes people who are adapting to changed circumstances such as functional loss or who need to regain confidence and capacity to resume their usual activities.
7. Referrals for the service are made through the Commonwealth Government My Aged Care portal or via the National Disability Insurance Scheme (NDIS).
8. Due to the associated impacts of the Covid-19 pandemic and the expansion of the Meals on Wheel geographical area to include parts of Inner West Council Meals on Wheels in 2020, the City's Meals on Wheels service saw a 26 per cent increase in people accessing the service during the Covid pandemic. While this growth has now slowed and slightly reduced due to the easing of the pandemic restrictions and a number of clients entering aged care facilities, it has still increased the need to procure and supply additional meals during the life of the contract.

9. As a result, the City is forecasting to reach the approved contract value six months earlier than originally predicted. This report seeks approval to increase the value of the contract to ensure meal provision for vulnerable clients. Detailed financial information is provided in Confidential Attachment A.
10. The City is also seeking to extend the current contract with Master Catering Services Pty Ltd by 12 months.
11. There have been delays associated with the Commonwealth Government's aged care reforms. The Commonwealth has advised that a new model of Support at Home program for older people will be rolled out from July 2024.
12. This program will replace the current Commonwealth Home Support Program (CHSP) and is likely to change the way services are funded in the future.
13. The Commonwealth has already started making some changes to the administration of Commonwealth Home Support Program (CHSP) funding. This includes changes to the way payments are made, and to reporting. These changes have not impacted on the funding the City receives to support the Meals on Wheels Service.
14. The Commonwealth Government has indicated that details regarding further changes to funding will be communicated by July 2023.
15. Extending the current meal provision contract by 12 months to July 2024 will allow sufficient time for the City to research and develop new operational strategies to align with the proposed reforms.
16. Once further information is received from the Commonwealth regarding changes to funding, Council will be advised of any implications for the City's Meals on Wheels service, or asked to make any required decisions associated with the changes.
17. The tender for a new supplier of meals will take into account any implications, changes to funding or decisions of Council.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

18. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This program is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - everyone feels welcome and included in the city.
 - (b) Direction 7 - Resilient and diverse communities - everyone has equitable and affordable access to community and cultural facilities and programs, supporting social connection and wellbeing.

Risks

19. Meals on Wheels is a critical food supply chain for many vulnerable community members. The service operates Monday to Friday, while also offering weekend and public holiday food provisions. If the service was unable to operate, vulnerable people would be at risk of not having access to food or receiving essential social contact, which could lead to serious medical implications.
20. The City receives grant funding from the Commonwealth Government to support the operation of the Meals on Wheels program. Under the grant agreement the City is required to supply meals in accordance with the grant terms and conditions and expected outputs. If the City was unable to supply meals provisions the service would be at risk of jeopardising current and future funding.
21. There remains a high level of uncertainty regarding possible impacts of Covid-19, high inflation levels and increased living costs. This means that there may be increased community uptake or need, along with increased food, and delivery costs.

Social / Cultural / Community

22. The City's Meals on Wheels service commenced operations on 18 March 1957. It was the first service of its kind in New South Wales and the third in Australia. The Meals on Wheels service aims to support residents who are frail, aged or living with a disability to continue living independently within their own homes and communities by delivering nutritious meals, regular social interactions and general monitoring of health and wellbeing. The City's Meals on Wheels program continued to operate throughout the Covid-19 pandemic and continues to play a critical role in supporting many vulnerable community members through both food provision and social supports.

Financial Implications

23. There are sufficient funds allocated for this service to cover the costs associated with this contract in the current years' operating budget and future year's forward estimates.

Relevant Legislation

24. The original tender process was conducted in accordance with the Local Government Act 1993 and the then Local Government (General) Regulation 2005. The proposed exemption from tender and contract variation is consistent with the Local Government Act 1993 and Local Government (General) Regulation 2021.
25. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
26. Attachment A contains confidential commercial information 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.

27. 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.

Critical Dates / Time Frames

28. To ensure the City can continue Meals on Wheels services under the current contract with Master Catering Services Pty Ltd, it is critical that Council supports the decision to increase the contract value at the December Council meeting. The City can only continue to procure meals within the current contract parameters until early January 2023.
29. This contract is due to expire on 18 May 2023. The City will be developing an Expression of Interest process followed by a Request for Tender. It is planned that the Expression of Interest will be ready in early 2023, with the tender process to follow shortly after the funding model announcement, anticipated in July 2023.
30. The tender for a new supplier of meals will take into account any implications, changes to funding or decisions of Council. The new tender will also incorporate mechanisms in the contract that allow for future fluctuations in the number of meals required for supply, and supply chain costs.

EMMA RIGNEY

Director City Life

Luke Barnett, Direct Services Manager