

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

File No: S074367

Tender No: 1991

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 (ABN: 13 073 839 451).

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). These two optional extension periods were exercised.

A resolution of Council (12 December 2022, Item 6.9) approved an exemption from tender to provide the City with time to research the market, develop strategies to align with the proposed Commonwealth Governments aged care reforms, and tender for a new contract. The extension was for a further 12-month period. The contract is due to expire on 18 May 2024.

The Commonwealth Government recently announced that the launch of the Support at Home program, which will replace the current Commonwealth Home Support Program, has been delayed until July 2027. The new program was to have been rolled out from July 2024. The delay in the launch of the new program and uncertainty about the future funding model means the City is unable to propose strategic operational changes at this time.

A Request for Information (RFI) was conducted in 2023 to inform the City about the current food supply market prior to the tender process. Twenty-six businesses were invited to be part of the RFI process, and ten submissions were received. The results of the process are detailed in Confidential Attachment A.

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

Extending the current meal provision contract for a three-year period will allow the City to continue providing the existing service until 30 June 2027. It will also provide sufficient time for the Commonwealth Government to communicate its aged care reforms and for the City to research and develop any new operational strategies, and tender for a new contract period.

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 to 30 June 2027 (37 months and 13 days) with an optional further 12-month extension (30 June 2028);
- (B) Council note that a satisfactory result would not be achieved by inviting tenders for this work because:
 - (i) the Commonwealth Government's funding model announcement (expected July 2027) is likely to have significant changes in how grant funding is allocated (post July 2027);
 - (ii) significant uncertainty will continue in the market until the funding model changes are implemented; and
 - (iii) market testing has indicated a lack of suppliers capable of meeting the City's requirements;
- (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;
 - (ii) extend the contract by a further three years one month and 13 days to 30 June 2027 to align with the Commonwealth Home Support Grant and enable a tender process to take place in line with any changes to funding provided by the Commonwealth;
 - (iii) include a 12-month option (1 July 2027 to 30 June 2028) as a contingency should the Commonwealth's aged care reforms be further delayed; and
 - (iv) include a five per cent contingency on the extended contract value to allow the service to meet increased community need;
- (D) Council note the total contract sum and contingency for Meals on Wheels Pre-Packed/Cooked Individual Chilled and Frozen Meals is 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 who are:
 - (a) 65 years of age and over or 50 years of age and over if Aboriginal or Torres Strait Islander; and
 - (b) approved for funding under the National Disability Insurance Scheme (NDIS).
3. In early 2020, the City was asked by the Commonwealth Department of Social Services (the Commonwealth) to expand our Meals on Wheels service area to include parts of the inner west, namely the suburbs of Balmain, Annandale, Leichhardt, Lilyfield, Rozelle and Tempe from 1 July 2020. This request followed the decision by Inner West Council to cease operating their Meals on Wheels service from 30 June 2020. The expansion of the City's service area was approved by Council on 18 May 2020.
4. The City receives funding from the Commonwealth to provide our Meals on Wheels service. In 2023/24, the total amount of funding to the City is \$712,055.56. This comprises \$200,221.79 for the suburbs of the inner west and \$511,833.77 for the City of Sydney local government area.
5. Referrals for the City's Meals on Wheels service are made through the Commonwealth Government My Aged Care portal or via the National Disability Insurance Scheme (NDIS).
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. The City's Meals on Wheels service provides a diverse menu of healthy and affordable meals and offer clients the choice of chilled, frozen and hot meals or a combination of both. While many other Meals on Wheels services have moved to frozen meals only, the City considers it important to continue to provide options to clients and sees this offering as a point of difference and a vital component of our service. Annual surveys conducted over a four-year period show Meals on Wheels clients reporting an average satisfaction rate of 97.25 per cent. The City's current food provider, Master Catering Services Pty Ltd, is the only provider to respond to the Request for Information that is capable of providing all of these options.

8. The current 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). Both of these extension periods were exercised.
9. A resolution of Council (12 December 2022 Item 6.9) approved the exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for a further 12-month period (18 May 2023 to 18 May 2024 respectively). The contract is due to expire on 18 May 2024.
10. The purpose of the resolution was to provide the City with time to research the market and develop strategies to align with the proposed Commonwealth Government's aged care reforms, and to tender for a new contract.
11. Following the contract extension being approved, the Commonwealth Government has advised that a new model of Support at Home program for older people which was meant to be rolled out from July 2024 has now been delayed until July 2027. This program will replace the current Commonwealth Home Support Program (CHSP) and is likely to change the way services are funded in the future. These delays mean the City is unable to make any strategic operational changes or to undertake the required research at this time.
12. A Request for Information (RFI) conducted in 2023, was undertaken to better understand the current food supply market and validate going out to tender. Further information is provided in Confidential Attachment A.
13. Extending the current meal provision contract will allow the City to continue providing Meals on Wheels in its current form until 30 June 2027. It will also provide sufficient time for the Commonwealth Government to communicate its aged care reforms and for City to research and develop any new operational strategies, and to tender for a new contract period.
14. 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.
15. The tender for a new supplier of meals will take into account any implications, changes to funding or decisions of Council.

Financial Implications

16. There are sufficient funds allocated for this service to cover the costs associated with this contract in the current years' operating budget.

Relevant Legislation

17. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
18. 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.
19. Attachment A contains 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.
20. 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

21. As the current contract with the meals supplier ends on 18 May 2024, to ensure the City can continue the Meals on Wheels service it is critical that Council supports an exemption from tender at the March 2024 Council meeting. Not proceeding with the current contract would render the City unable to continue to provide Meals on Wheels to priority populations from 1 July 2024.

Options

22. No other alternative viable options have been identified during the process.

EMMA RIGNEY

Director City Life

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