

TO: DIRECTOR OF CHILDREN, YOUNG PEOPLE & LEARNING
DATE: 29 DECEMBER 2016

SCHOOL MEALS CATERING SERVICES AWARD OF EXTENSION OF CONTRACT
Chief Officer Strategy, Resources & Early Help

1 PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek approval to extend the school meals contract with ISS Facility Services Education from 1st August 2017 to 31st July 2019.

2 RECOMMENDATION

- 2.1 **That the school meals catering service that is due to end on 31st July 2017 is extended by a further 2 years to end on 31st July 2019 subject to satisfactory negotiations with the contractor.**

3 REASONS FOR RECOMMENDATION

- 3.1 **The contract value is over £2m and under the Council's Contract Standing Orders requires Director approval.**
- 3.2 **Schools were consulted in July 2016 about whether to extend or re-tender the school meals contract with the majority who responded opting to extend.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 A consultation was undertaken with schools to gauge views on the following options:
1. Extend the current contract by a further 2 years
 2. The council arrange to re-tender the school meals contract
 3. Each school to re-tender individually
 4. Each school to take the service in-house

5 SUPPORTING INFORMATION

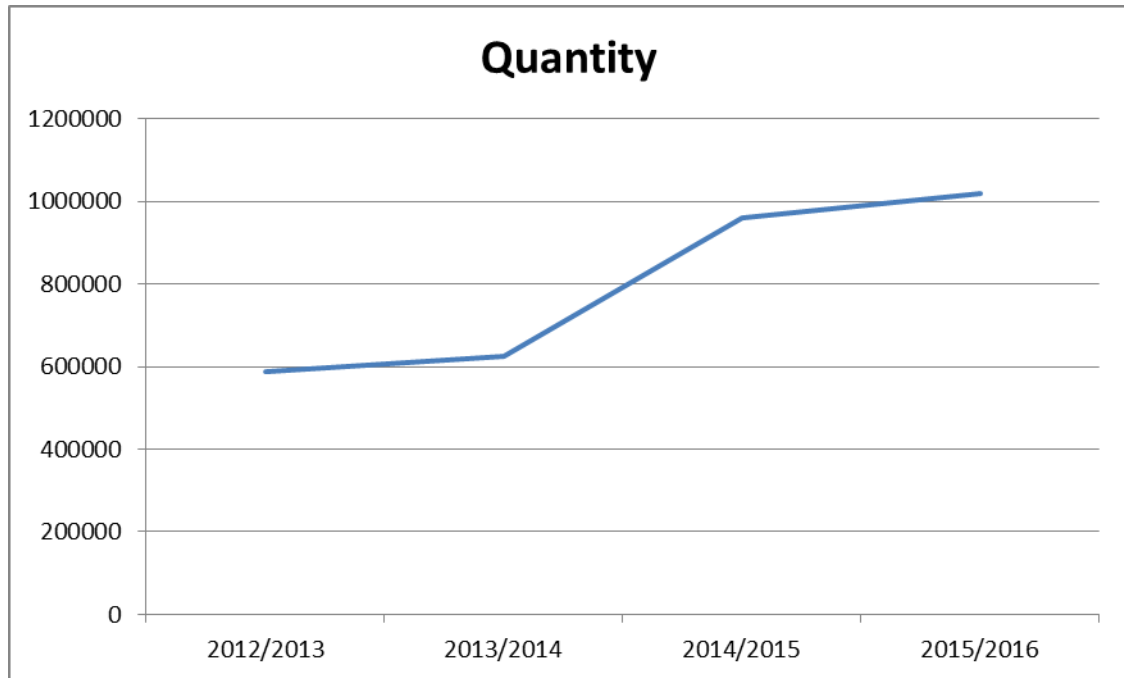
Background

- 5.1 Where delegated, as is the case in Bracknell, governing bodies are responsible for securing the provision of school meals and have a statutory duty to provide meals for pupils eligible to a free meal and all infant pupils. To help schools in this, the Council arranges through a paid Service Level Agreement (SLA) for a contract to be put in place that schools can enter into if they wish. The current council managed contract for school meals was tendered in 2012 and expires in July 2017.
- 5.2 This has been a popular and successful SLA. A total of 30 out of 31 Primary/Infant/Junior, and Kennel Lane School participate in the current contract which is with ISS Facility Services Education. 1 primary school provides an in-house service. 1 secondary school has a separate contract outside this arrangement with ISS with the remaining 5 Secondary and 1 Primary in the borough make their own

Unrestricted

arrangements for school meals by a combination of individually tendered contracts and in-house delivery.

- 5.3 Since the contract began, the number of meals sold has risen from 587,554 in the 2012/2013 academic year to 1,017,999 in the 2015/2016 year.



- 5.6 Whilst some of the increase in meal numbers can be explained by an increase in the school roll number from 8,796 in 2012 to 9,641 in January 2016, the percentage of children taking a meal has also increased. When the current contract began in September 2012 meal uptake was 31% of the school roll. By September 2014 when the Universal Infants Free School Meal (UIFSM) scheme began which offered free meals to children up to Key Stage 2, meal take-up had increased to 36%. Since UIFSM, take-up for all children paid and free in the 2015/2016 academic year has increased further up to 56% of the school roll.
- 5.7 The contract allows for an annual increase in the price of school meals paid by parents linked to factors including the CPI inflation index. The meal selling price to parents was increased in September 2016 to £2.10 per meal. The school meal price had previously been held since September 2014 at £2.05 per meal. Schools were notified of the increase at the end of June. The meal price charged is 20p below the £2.30 paid by DfE for UIFSM which provides further scope for schools to achieve a financial benefit from the contract.
- 5.8 Another key feature of the contract is the billing process. This involves a consolidated monthly invoice being presented to the council for settlement with relevant amounts then re-charged to individual schools. This has significant benefits to the contractor from the number of client accounts to manage, billing and debt management and general administration. Schools benefit from a more efficient billing process that removes the need to settle monthly invoices.
- 5.8 The contract value for a two year extension is expected to be circa £4.3m.
- 5.9 Features of this contract introduced since the contract began include;

Unrestricted

- All schools now participate in the on-line system that allows parents to pre-order and pre-pay for school meals.
- All schools except Kennel Lane use the caterer's software to allow children to order meals via the classroom whiteboard.
- To date, five schools are working towards introducing cashless payment only for school meals.
- The caterer sponsors school fayres with hampers and food items such as a pop corn machine.
- Every school is being given a grant of £250.00 to help towards the cost of their gardening club
- The caterer held a FEED event at Easthampstead Park in May where children were given talks and demonstrations about how food is produced to encourage healthy eating with a further event planned for 2017.
- The caterer's food development chef attends schools to demonstrate cooking and to encourage an interest in food matters.

5.10 In September 2014 the government introduced the Universal Infants Free School Meal scheme (UIFSM) allowing children up to the Key Stage 2 year group to take a school meal without charge. This was successfully introduced by the caterer with around three quarters on average taking up their entitlement in the 2015/2016 academic year.

5.11 The cost of meals has continued to remain below the parental selling price returning a surplus to schools. In addition, schools receive 1% of the contract value back as a rebate. The value of these has increased substantially as the popularity of school meals has grown. In the last school year because meal sales now exceed 5,200 per day, this has triggered a new level of rebates. The value of the rebates in the 2015/16 academic year will return £44k to schools

6.0 SERVICE LEVEL AGREEMENT

6.1 The council offer a service level agreement for the provision of school lunches in which 32 out of 38 of our schools participate. This generates an income of £92,316 per annum. Of this £72,500 is used to pay for the purchase, maintenance and repair of kitchen equipment and regular hygienic cleaning of kitchens with the residual balance of £19,816 contributing towards BFC officer costs.

6.2 In return for this income, the council SLA includes the following services to schools;

- Contract monitoring
- Purchase, maintenance and repair of kitchen equipment on behalf of the school.
- Setting and implementation of policies and standards
- Liaison with Environmental Health Officers, and advice on their recommendations.
- Advice and guidance on food handling and hygiene.
- Pricing and payments.
- Purchase and/or retendering of catering contracts (e.g. high level cleaning)
- Procurement and/or retendering of the catering contract, taking into account all EU legislation and Local Authority Standing Orders.

7.0 CONSULTATION

Unrestricted

7.1 In July 2016, head teachers and governors of the participating schools were consulted in writing about the future of the school meals service and asked to respond by 21st October. Schools were given 4 options;

Option 1

Extend the contract by a further 2 years to end on 31st July 2019.

Option 2

To re-tender the school meals contract.

Option 3

For each school to re-tender individually and find another provider.

Option 4

For each school to take the service in-house.

7.2 A total of 15 schools responded to the consultation, the results of which are as follows;

Option	Schools	Number
Option 1 – Extend the contract by a further 2 years	Ascot Heath Infants Ascot Heath Juniors College Town Infants Cranbourne Primary Kennel Lane School New Scotland Hill Primary Owlsmoor Primary Sandy Lane Primary St Margaret Clitherow Primary St Josephs Primary Whitegrove Primary Wildridings Primary	12
Option 2 – to re-tender the school meals contract	Crowthorne Primary Harman's Water Primary Meadow Vale Primary	3
Option 3 – for each school to re-tender individually and find another provider		0
Option 4 – for each school to take the service in-house		0

7.3 With 80% of respondents (47% of primary and special schools) indicating a preference to extend the current contract, and with the statutory duty for the provision of school meals resting with governing bodies, the expectation is that there is insufficient time for schools to make alternative arrangements and all schools will

Unrestricted

want to buy back into the contract including those that did not respond to the consultation. The proposal is therefore to accept the decision of the majority of schools and seek to extend the contract.

Risks

- 7.4 Subsequent to the consultation, Crown Wood Primary indicated that following their planned change to academy status they would be making alternative arrangements through their MAT and would not participate in an extension of the school meals contract. There is also an increased likelihood of other schools converting to academies during the contract extension period and re-considering their position, although it should be noted that St Margaret Clitherow Academy have indicated their intention to accept the 2 years extension.
- 7.5 ISS Facility Services Education is happy to extend the contract but reserve the right to review this should there be a significant reduction in turnover. This is because the loss of one of the larger primary schools will significantly reduce income to cover management costs. Before the extension is agreed, detailed negotiations will need to be undertaken with the contractor to establish the extent to which schools can withdraw from the contract before it becomes uneconomic. Options to manage this could include an increase in meal price, reduction in rebates or withdrawal from the contract from ISS Facility Services Education, which is currently estimated to be an issue by the council at the point of a 30% reduction in the number of schools.
- 7.6 Should this occur, there is a risk that ISS might seek redress from the council for loss of opportunity or profit, but it is expected that this can be mitigated through negotiations to extend the current contract. Alternatively, individual schools could be required to enter into direct contractual relations with ISS. This will include the requirement that schools are invoiced directly instead of via the council, removing the current processing benefits and putting at risk schools need to continue to purchase the council's SLA. This approach will need individual legal agreements and in addition the caterers administrative cost will increase as they will be required to raise 30 plus invoices instead of one. The cost of this will need to be negotiated with ISS but will be paid for by schools through the cost of the contract.

8 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 8.1 The Director is authorised by Contract Standing Orders to authorise the first contract extension provided for in a contract. Any subsequent extensions must be approved by the Executive Member on a written report.

Borough Treasurer

- 8.2 Provided schools continue to purchase the SLA, no significant financial implications are anticipated from agreeing the proposed contract extension, subject to successful pre-extension negotiations with the contractor.

Contacts for further information

David Watkins
01344 354061

Chief Officer: Strategy, Resources and Early Help
david.watkins@bracknell-forest.gov.uk

Unrestricted

Chris Taylor
01344 354062

Head of Property
chris.taylor@bracknell-forest.gov.uk

David Eagle
01344 354004

Contracts Monitoring Officer
david.eagle@bracknell-forest.gov.uk

Signed off under delegated authority by:

Name	Signature	Date
Nikki Edwards, Director of Children, Young People & Learning		