

**TO: SCHOOLS FORUM
14 JULY 2011**

**SERVICES TO SCHOOLS;
SCHOOL MEALS
Director of Children, Young People & Learning**

1 PURPOSE OF REPORT

- 1.1 To advise and consult Schools Forum on the arrangements for the re-tendering of the school meals contract.

2 RECOMMENDATIONS

That the Schools Forum:

- 2.1 **NOTES the reasons for the re-tendering of the school meals contract.**
- 2.2 **AGREES the proposal to re-tender the school meals contract.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 **It is appropriate for the Forum to be aware of, and where relevant, comment on these contractual matters.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 These are set out in the supporting information.

5 SUPPORTING INFORMATION

Background

- 5.1 The current school meals contract with ISS Education is due to end on 31st July 2012. A school meal's working group has been established to review the tendering procedure in order to inform the specification and renew the contract.
- 5.2 The current contract was on a cost plus basis, which means that the contractor's operating costs are established however many meals are sold. This means that there is an imbalance of risks between the contractor and the school in favour of the contractor.
- 5.3 Schools Forum will recall that when the contract was last tendered in 2006 it was a suppliers market and no bids were received. The current contract had to be negotiated on a one supplier basis. Clearly this is not ideal and steps are being taken to address this.
- 5.4 The current contract expires in July 2012 following extension by a year after consultation with schools in 2010.
- 5.5 The final year of the current contract has been totally re-negotiated at terms that are more financially advantageous to schools. In addition we have sought

to transfer an element of risk to the company and by providing rebates where meal sales exceed an agreed target of 4% above existing sales figures directly back to school budgets.

- 5.6 The current contract continues to perform well with few issues of concern raised by schools about operational issues. Primary school meal uptake increased to 30.7% of the school roll between April 2009 and March 2010 compared to 28.5% in the comparable period the previous year.

Current arrangements for provision of school meals in BFC

- 5.7 School meals catering is provided under a range of arrangements by schools in BFBC. 28 primary schools have signed up to the contract arranged by the Council through ISS Education which commenced on 1 August 2006.
- 5.8 The remaining three primary and five secondary schools make their own arrangements with other contractors or employs cooks directly. One secondary school, Garth Hill College joined the ISS Education contract from September 2010.

Tender process for a new contract

- 5.9 In June 2009 the Berkshire Procurement Shared Services Unit conducted a market analysis of the school meals market.

It identified that there were a considerable number of potential school meals suppliers. They suggested that there was some support for more collaboration in the tender process in particular a common advert and prequalification process could be beneficial to both authorities and suppliers in preventing duplication of effort.

- 5.10 Accordingly, the council has agreed to jointly tender for a new school meals contract with West Berkshire Council with an aim to achieve economies of scale and help make the contract more attractive to the market.
- 5.11 The contract term has yet to be finalised but is likely to be 3 years with the potential to extend by a further 2 years. The longer the contract term the more attractive the contract will be to potential suppliers as it provides a certain amount of financial stability. It will also encourage the successful contractor to invest over a longer period of time, in our contract.
- 5.12 The contract will be advertised on the South East Business Portal and does not need to be advertised in OJEU.

Features of a new contract

- 5.13 Food standards are set by government and must meet national "Nutrient Based Standards". These ensure that children are provided with a healthy, balanced diet incorporating all the essential 14 nutrient groups. The standards require the following:
- High-quality meat, poultry or oily fish regularly available.
 - At least two portions of fruit and vegetables available with every meal.

- Cereals and potatoes regularly available with bread every meal

5.14 The specification is currently being drafted in consultation with schools and West Berkshire Council, however the main features of the contract are expected to be:

- Meals will meet the Caroline Walker Trust guidelines for school meals which includes the minimum portion sizes.
- At least one main meal choice and at least one dessert choice each day will be prepared from scratch (homemade).
- Low sugar and low fat levels alternatives used
- Free of artificial colours and additives wherever possible.
- Herbs, spices and garnishes to make meals more tasty and appetising.
- Vegetarian options to be imaginative and offer variety.
- Fresh and seasonal produce to be used in menus.
- Local sourcing of foods if possible.
- Wrist band ordering system to reduce waste.

We are also interested in proposals from suppliers for on-line systems that enable parents to pay electronically.

Financial implications

- 5.15 In academic year 2009/10 – the most up to date accounts available at this time – there was a net cost to schools from the school meals catering contract of £236k. Under the terms of the extended contract with ISS Education the level of subsidy is expected to fall to £78k in 2011/2012.
- 5.16 It is expected that schools will continue to need to provide subsidy to make the contract financially viable and attractive to tenderers.

Tendering Programme

- 5.17 The tender timeline is;
- Pre qualification – 17th October to 19th December 2011.
 - Tender period – 11th January 2012 to 20th February 2012.
 - Evaluation – 21st February to 20th March 2012.
 - Award – 9th May 2012.
 - Mobilisation – 2nd July to 24th August 2012.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Any legal issues are discussed elsewhere in this report.

Borough Treasurer

- 6.2 The financial implications arising from the extended contract have been built into the 2011/12 base budget. The terms of the new contract will need to be built into the 2012/13 budget, if they are known before the budget has been set.

Impact Assessment

6.3 This is attached as Appendix 1.

Strategic Risk Management Issues

6.4

Issue	Risk	Comment
The tender is more expensive	Medium	A joint tender and therefore value of tender should hopefully result in competitive prices.
No tenders.	Low	The tender should attract considerable interest in the current economic climate.

7 CONSULTATION

Principal Groups Consulted

7.1 Bursars have been consulted about re-tendering the contract.

Method of Consultation

7.2 Bursars were briefed at the support meetings on 27th January and 17th March 2011.

Background Papers

None.

Contact for further information

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