

## **Cabinet Member for Education & Skills**

### **Primary Free School Meals (FSM) and Universal Infant Free School Meals (UIFSM) Procurement, plus catering arrangements for Special Schools**

**May 2015**

**Report by Executive Director of Residents' Services and Director of Strategic Planning and Place**

<b>Ref No: ES01(15/16)</b>
<b>Key Decision: Yes</b>
<b>Part I</b>
<b>Electoral Divisions: N/A</b>

#### **Executive Summary**

The contract with Chartwells for the primary sector free school meals (FSM), paid meals and Universal Infant Free School Meals (UIFSM) service ends on 31 July 2016. The contract is currently worth approximately £12.7m per annum and is used by 218 schools including academies, the alternative provision college, County Council nurseries and free schools.

The County Council also entered into separate school contracts with the catering company Easy Lunch to provide a localised delivered-in hot FSM, paid meals and UIFSM service to 8 primary schools and one alternative provision college.

The current contracts are at the end of their legally permissible contract periods and cannot therefore be extended. The County Council is legally required to provide access to a FSM service for maintained schools and a UIFSM service for infant aged pupils.

Following consultation with special school head teachers and governing bodies initial responses indicate that the preference for those schools is for the existing in-house provision to continue.

The project planning for the letting of the catering contract is underway and project governance arrangements are in place. Schools are being consulted regarding their participation in the procurement process and seminars provided for schools and governors have been helpful in capturing schools' aspirations for the new contract requirements.

The procurement process needs to start in May 2015 to ensure that new catering arrangements are in place by the start of the new school year in September 2016. This will allow a sufficient period to let the contract and for the new contractor/s to mobilise the service in good time. The key procurement milestones are set out in appendix 1.

#### **Recommendation:**

The Cabinet Member for Education and Skills is recommended to approve:

- (1) The commencement of a procurement process for the provision of Free School Meals and Universal Infant Free School Meals.

- (2) That meals for Special Schools be delivered 'in house' pending further consultation and review, and that consideration will be given to provide flexibility into the UIFSM and FSM contract to enable Special Schools to join the contract at a future date should it become necessary.
- (3) To delegate authority to the Director of Strategic Planning and Place to let the tender and to extend if appropriate in accordance with Standing Orders on Procurement and Contracts and subject to this being affordable within the limits of the planned budgets.

## 1. **Background**

- 1.1 The Chartwells contract, including Steamplicity, Simplicity, Cygnet and the packed lunch service comes to an end on 31 July 2016. Steamplicity is delivered from small school kitchens and utilises microwave energy to provide steamed meals. Cygnet is a delivered in hot meals service that requires vegetables to be steam cooked in a microwave at the school site. Simplicity is a mixture of the two services where there is limited on site food preparation and hot food is cooked by a regeneration trolley using dry heat
- 1.2 The service provided by Easy Lunch comprises a delivered in complete hot meal service, requiring no cooking at the school site.
- 1.3 The remaining schools that only provide a packed meal service will be transferred to hot meals by January 2016. Providers will continue to be required to provide packed meals for school trips and for contingency purposes
- 1.4 Procurement regulations do not allow for the Chartwells contract to be extended further than the current 10 year period and it must therefore be retendered. Similarly, the Easy Lunch contracts are due to terminate at the same time and legal advice states that the current term of the contracts does not allow for an extension period.
- 1.5 The current contract arrangements cover the statutory FSM and UIFSM services as well as providing a paid meal service. School governing bodies are responsible for ensuring that the necessary arrangements are in place to deliver FSM and UIFSM and the role of the County Council is to provide an optional arrangement that schools can use to meet this need.

## 2. **Catering arrangements for Special Schools**

- 2.1 In April 2014 the Cabinet Member for Children – Start of Life approved decision CH01(14/15) – Contract Award for the Outsourcing of Catering Provision in West Sussex County Council Special Schools. The decision was to “approve the award of the Special Schools Catering contract to the service provider Chartwells”.

- 2.2 This decision was not enacted because subsequent detailed examination indicated that the price proposed was not financially viable. Therefore the meals for special schools continue to be provided by the County Council.
- 2.3 The continuation of this current arrangement is subject to on-going consultation with Special School Head teachers and Governing bodies. A partnership arrangement is being proposed between the County Council and Special Schools to oversee the management of the service and allow a joint review of the service arrangements at agreed intervals. However, in order to provide flexibility within the UIFSM and FSM contract, officers are exploring the opportunity to enable special schools to join this contract at a future date should it become necessary.

### 3. **Proposals**

- 3.1 The anticipated procurement milestones, attached at appendix 1, which are taken from the more detailed procurement timetable, set out key actions and dates to ensure that the new catering contract arrangements are in place by 31 July 2016.
- 3.2 Following initial consultation with schools and the market sector, consideration is being given to the following proposals:
- The introduction of online ordering to minimise food waste regarding FSM and UIFSM services;
  - The transfer of the maintenance and replacement of kitchen white goods and kitchen accommodation maintenance from the County Council to the catering provider, which will considerably streamline current arrangements;
  - Letting the contract in two lots: one lot covering the delivered-in catering provision currently provided by Easy Lunch and Cygnet and the second lot comprising the rest of the county;
  - The catering provider to be responsible for the recycling arrangements for food packaging and food waste;
  - That the Government UIFSM grant funding is directly allocated to schools and the delegated FSM funding is retained by schools and no longer forms part of the Service Level Agreement buy-back arrangements with the County Council. This proposal is being introduced to mitigate against the risk identified in clause 8.5 and 8.6 of this report;
  - That the invoicing arrangements will be between the catering provider and schools directly rather than with the County Council;
  - The catering provider's infrastructure arrangements are kept as local as possible to support local sourcing of goods, local employment, menu flexibility, supported employment, apprenticeships and in order to reduce carbon miles.
- 3.3 Following initial consultation with the market and schools, it is proposed that the procurement is undertaken by creating two lots. Lot one will include schools which have a delivered-in meal service and affects 23 schools which are currently served by Easy Lunch and Cygnet. Lot two will include the rest of the schools currently involved with Steamplicity. This approach could allow for smaller local contractors to be able to bid for some schools whilst maintaining a

larger procurement platform to maximise capital investments to meet County Council priorities identified in the final bullet point of paragraph 3.2 of this report. The approach also allows for caterers specialising in delivered in hot school meals to bid for these schools and ensure we gain the required outcomes for this complex type of catering service.

#### 4. **Alternative Options Considered**

- 4.1 The current contract arrangements cannot be extended and the County Council has no choice other than to undertake a procurement process. This has been confirmed by both the County Council legal services and procurement services.
- 4.2 The option of establishing a full in-house primary phase catering solution was considered and discounted at this stage due to infrastructure and direct staffing costs. Notwithstanding this, the procurement process will look to ask the market for a number of solutions that they may bring forward to deliver a quality, cost effective service for the future. This may involve some form of partnership hybrid if deemed to provide good value for money.
- 4.3 The Special School catering arrangements had been subject to a procurement during 2014 which resulted in one non-compliant bid. In light of the poor market reaction to the procurement, it is proposed that the service be delivered in-house pending further consultation and review, and that consideration will be given to provide flexibility into the UIFSM and FSM contract should the Special Schools wish to join in the future. Continuation of the in-house provision is subject to the successful development of a partnership arrangement that requires the service to remain self-funding.

#### 5. **Consultation**

- 5.1 The proposed procurement arrangements have been consulted upon with the following groups:
- 5.2 **Members** – The Cabinet Member for Education & Skills was briefed and consulted on the procurement proposals and has requested updates at key milestones in the procurement timetable should any significant matters arise. The Cabinet Member for Finance has also been consulted and endorsed the proposals. The Children & Young People’s Services Select Committee were consulted on the procurement proposals at their meeting on 15 April 2015. The Select Committee endorsed the proposals and asked the Cabinet Member for Education & Skills to explore ways in which uptake for the UIFSM service could be increased.
- 5.3 **Internal** – officers in procurement, legal, finance, the learning service, Executive Director for Care Wellbeing and Education and the Strategic Commissioner for Learning. Consideration was given as to whether the school meals contract could support the recently commenced Meals on Wheels (MoW) procurement but research with the market confirmed that these are fundamentally different businesses. However, it may be possible to add an option clause to the schools meal contract to allow the County Council the facility to enter into direct negotiations with the successful bidder to support the MOW service, should this be required at some future stage.

- 5.4 **External** - The County Council undertook a market consultation in February 2015 to inform the procurement process. In response to adverts placed in catering publications, five companies completed a questionnaire and participated in meetings with the County Council to inform the future catering provision. The feedback from the consultation will be shared with all schools.
- 5.5 **Schools** – Schools Forum has been consulted on the need to start the catering procurement and to seek comments on how to effectively engage schools in the process. In addition, Primary Heads Executive has agreed to the setting up of a virtual team of headteachers to work with the County Council to inform the procurement from a school perspective. Seminars involving head teachers and members of the governing bodies were undertaken in February 2015 to identify the changes that they would like to make to the current arrangements and to advise on the most effective ways for schools to engage with the procurement process. Wider consultation with schools is planned after the Easter holidays. Special schools are being consulted as detailed in paragraph 2.3.
- 5.6 **Public** – The County Council is proposing to work with schools and the new catering provider/s to market the new service to parents. This could include changes to the ordering arrangements and menu setting. Consideration is being given to parent involvement in meal tasting sessions that will form part of the bidders' evaluation process.

## 6. **Resource Implications and Value for Money**

- 6.1 Funding for the service is met from the Dedicated Schools Grant (DSG) for FSM and Department for Education (DFE) grant funding for UIFSM. The combined FSM and UIFSM service currently costs £12.7m per annum.
- 6.2 The special school catering arrangements are wholly funded from the DSG, the approximate spend is £0.72m per annum. The service employs approximately 40 members of staff who are employed by the County Council. These positions are part time and term time only. The continuation of the in-house arrangement for Special School catering must be completely self-funding and not impact on County Council budgets.

## 7. **Risk Management Implications**

- 7.1 The UIFSM grant funding provided for infant aged (four to seven years) pupils was initially for a two year period up to 1 September 2016. The funding is approximately £8.4m per annum. There are no guarantees that, post the general election, the Government will continue with this funding beyond the two year period.
- 7.2 The Government may, in accordance with its own Schools' Food Plan, not only continue with UIFSM funding but extend the free school meal provision to primary phase pupils over the age of 7 years. This could increase meal volume by up to 30,000 meals per day, which would require an additional £13m per annum of Government revenue funding. It is likely that details relating to the UIFSM funding and the scope of free school meal funding will be provided by

the Government at its next autumn spending review later this year. The stated Schools' Food Plan enjoys cross party support.

- 7.3 To ensure that the County Council is able to predict future costs it is proposed that bidders will be asked, at the outset, to indicate the price that would apply should the UIFSM service cease, and also the price that would apply should the service be extended to cover the whole of the primary phase.
- 7.4 In order to maximise the potential for capital investment into the service by the contractor and maintain an affordable meal price, the contract period will be for an initial five year period with the option to extend for a further five years subject to the necessary approvals.
- 7.5 Both FSM and UIFSM meal requirements are ordered by schools directly with the contractor. The contractor is paid by the County Council on the number of meals ordered. The County Council receives the UIFSM funding based on take up averaged across two census days in October and January when Schools are requested by the Government to record the number of eligible pupils taking a meal on those two days. The funding is allocated on a £2.30 per pupil basis which is multiplied by the number of school days to provide the UIFSM budget.
- 7.6 It has become apparent that a number of schools are over ordering UIFSM. To reduce the likelihood of over-ordering, operational measures have already been introduced to support schools to order meals more accurately. These measures require schools to communicate directly with their kitchen team leader in order to evaluate wastage sheets and historical take up data to inform weekly orders. Schools are required to send the order pro-forma containing the requested meal numbers directly to Chartwells on a weekly basis. If accuracy in meal ordering does not improve, this could create financial risk to school budgets which will impact on the County Council.
- 7.7 In order to manage the risk in the longer term, it is proposed that, as part of the new contract arrangements, funding for UIFSM will be provided to schools on the basis of the census numbers. FSM funding is delegated to schools through the funding formula. Schools would be invoiced directly by the contractor for both FSM and UIFSM. The County Council is currently reviewing the ordering arrangements for UIFSM and consideration is being given to allocating the funding to schools from September 2015 rather than waiting for the start of the new contract.
- 7.8 The County Council intends to work closely with schools and parents regarding the proposed introduction of online ordering for both FSM and UIFSM services. The Government identifies the provision of UIFSM as a pupil entitlement and so does not require an ordering procedure to be place. However, the County Council is proposing on-line ordering as a means of preventing over-ordering and minimising food waste.

## **8. Impact of the proposal**

- 8.1 The proposed procurement allows the County Council to meet its statutory duty to provide to schools a free school meal arrangement. The proposals could

support the County Council's priorities relating to giving children the best start in life, recycling, apprenticeships and supported employment.

- 8.2 An Equality Impact Report has been undertaken and is attached at appendix 2.
- 8.3 **Crime and Disorder Act Implications** – No implications.
- 8.4 **Human Rights** – No implications.

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### **Appendices**

Appendix 1 Procurement timelines  
Appendix 2 Equality Impact Report

### **Background Papers**

Previous decision reports:

- CS20(05/06) – Contract for the provision of primary and secondary school catering services. Published on 15 Nov 2005.
- CYP15(06/07) – Contract for the provision of primary school catering services. Published on 20 June 2006.
- ES02(14/15)- The Introduction of the Universal Free School Meal. Published on 27 June 2014.

**Primary School Meals Contract  
Procurement Timetable**

<b>Event</b>	<b>Details</b>	<b>Date</b>
Market consultation days	Face to face (individual/group)	10/11/12th February 2015
Cabinet Member decision	Submit for decision	May 2015
Schools to confirm indicative involvement in contract		June 2015
Issue Press Adverts, OJEU Notice and ITT documents published	Trade journal WSSC website Publish on e-Sourcing portal	24th August 2015
Return of tenders	Bids submitted	19th October 2015
Tender evaluation period/schools sign up		20th October - December 2015
Contract award approved	Received from Executive Director	December 2015
Bidders informed of decision		January 2016
Mobilisation period		1 February 2016 – 31st August 2016
Contract start		1st September 2016

## Equality Impact Report

<b>Title of proposal</b>	Primary Phase Catering Procurement	
<b>Date of implementation</b>	1 August 2016	
<b>EIR completed by:</b>	<b>Name:</b>	Martin Clarke
	<b>Tel:</b>	0330 222 4295
1. Decide whether this report is needed and, if so, describe how you have assessed the impact of the proposal.		
<p>The current contract arrangements for primary phase schools ends on the 31 July 2016. The contracts cannot be legally extended and the County Council is required to retender the service. A Cabinet Member decision is required during May 2015 to commence the procurement process. The County Council has a statutory duty to provide arrangements for the provision of a free school meal (FSM) and Universal Infant Free School Meal (UIFSM) service. The current service is also required to consider the special dietary needs for pupils with regard to:</p> <ul style="list-style-type: none"> <li>• Religious beliefs</li> <li>• Food allergies</li> <li>• Medically prescribed special diets</li> <li>• Vegetarianism and veganism</li> </ul> <p>The new contract arrangements will continue to support the special dietary needs for pupils and look to develop the service during the contract period.</p>		
2. Describe any negative impact for customers or residents.		
<p>The introduction of the UIFSM service has led to some parents that are currently entitled to free school meals (FSM) to stop registering. This has impacted on the amount of funding that schools receive via the Pupil Premium and reduced funding for eligible pupils to support their learning and help towards the cost of school trips, buying educational equipment and purchasing school uniforms. The county council will continue to urge schools to promote continued FSM registration to eligible parents.</p>		
3. Describe any positive effects which may offset any negative impact.		
<p>Under the terms of the current contract over 23,000 FSM and UIFSM meals are served on a daily basis. The majority of primary schools in West Sussex enjoy a hot, nutritious school meal. The meal provides at least two of the suggested five a day portions of fruit and vegetables and meets the Government's school food standards. There is a growing body of evidence to suggest that a nutritious and healthy diet boosts children's performance at school. Children sitting down with their friends to enjoy a hot meal also supports the development of interpersonal skills.</p> <p>The new contract will also require the provider to deliver a paid meal service to Junior aged pupils. This will be a benefit to parents and carers with children who are in this age range.</p> <p>The new arrangements will look to continue to develop the above service and will meet the latest Government requirements for food standards and subsequent amendments.</p>		

4. Describe whether and how the proposal helps to eliminate discrimination, harassment and victimisation.
The continued delivery of the FSM and UIFSM service under the new contract arrangements support the removal of the perceived stigma around the uptake of free school meals that prevent some parents in receipt of benefits from registering.
5. Describe whether and how the proposal helps to advance equality of opportunity between people who share a protected characteristic and those who do not.
N/A
6. Describe whether and how the proposal helps to foster good relations between persons who share a protected characteristic and those who do not.
N/A
7. What changes were made to the proposal as a result? If none, explain why.
None. The new service will continue to deliver a FSM and UIFSM service that is available to all children within the specified age range and children who require specialist diets will be covered by the new contract arrangements.
8. Explain how the impact will be monitored to make sure it continues to meet the equality duty owed to customers and say who will be responsible for this.
Catering arrangements for special diets along with FSM and UIFSM service provision are monitored in accordance with the contractual arrangements.

**To be signed by an Executive Director or Director to confirm that they have read and approved the content.**

Name

Colin James

Date

April 2015

Your position

Director of Strategic Planning and Place