



In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal business case is required for any procurement with a total value above £50,000. The level of approval required for the Business Case depends on the type of procurement and total ascertainable value of the Contract, as indicated in the table below:

1. Level of Approval

State “YES” in the applicable box at either Level 1, Level 2 or Level 3:

Type of Procurement	Level 1		Level 2		Level 3	
	Assistant Director & Director Approval		Executive Approval		Full Council Approval	
Goods and Services	£50k – £500k		> £500k	Yes	Annual Value >£5m or TAV >£25m (if capital >£15m)	
Schedule 3 Services	£50k – £663k		> £663k			
Works	£50k – £4,733k		> £4,733k			

NOTE:

Executive meetings (Level 2) are held each month but the submission of papers is strictly controlled, resulting in a cycle of at least 6-weeks – speak to Democratic Services for assistance.

Full Council meetings (Level 3) are held every second month and submission of papers is controlled as per Executive meetings – speak to Democratic Services for assistance.

2. Project Information

Project / Contract Title	School Meals Managed Catering Service
Project / Contract Description	Pre-procured and centrally managed corporate Contract, which includes the provision of a School meals service, School meal kitchen maintenance and repair or replacement of catering equipment.
Expected Start Date & Duration (months)	01.08.2022 – 31.07.2025
Any Extension/s Allowed (months) <i>(e.g.: 1 x 24m / 1 x 12m + 1 x 12m)</i>	2 x 12 months
Total Ascertainable Value	Approx. £6m (£1.2m per annum)
Procurement Advice <i>Provide a short summary of the advice or attach/append any written advice you have obtained, including the type of procedure, Brexit considerations and if the BC is for setting up of DPS or framework agreement.</i>	N/A as Procurement and Contracts is the procuring service.
Finance Advice <i>Confirm budget availability and add any comments relevant to the budget.</i>	Schools Finance have reviewed our preferred “Option 1” and are happy for us to proceed on this basis.
Source of Funding <i>(revenue or capital or specified other)</i>	This Contract is offered as a buy-back service to Schools; no revenue budget is required. The Council

	allocates capital budget of £100k to this contract via the MTFP.
If procurement is for software, specify outcome of your consultation with IMT and/or Business Change	N/A

3. Project Justification

Link to Service or Corporate Objectives:

This Procurement exercise involves the re-procurement of the Schools Meal Catering Contract which will replace the current 3-year Contract with Caterlink.

This Contract will enable the Council to fulfil and act upon many of the commitments stated in the Corporate Plan, not least through:

- Waste Minimisation – potential bidders should demonstrate the measures they will take (across all waste types) to implement the waste hierarchy – reduce, reuse, recycle, recover, and dispose. This is likely to extend from key business processes (such as accurate and timely recording of waste volumes) to eye-catching innovation (for example – onsite composting for use on School/Council grounds and for educational projects). The Council will expect the Supplier to show a genuine commitment to waste reduction, presenting well-articulated SMART objectives and indicating how they would work to deliver an industry-standard service in this respect. In addition, the Council will wish to understand how the Supplier proposes to respond to forthcoming policy developments (such as the National Waste and Recycling Strategy in 2023 – RAWs) and the challenge of aligning with the aspirations set out in the Council’s Climate Emergency Action Plan.
- Local Supply Chain – the Council recognises that developing local supply chains takes time and effort. However, it will expect Suppliers to demonstrate a commitment to this journey. It is widely recognised that local supply can be instrumental in re-circulating economic and social benefits within a specific area. Money spent with local businesses tends to stay local and helps to create local jobs and support place-based regeneration. The Council will want Suppliers to indicate how, within the mandate cost envelope, they can draw on local Suppliers – from food production and logistics to marketing and consumables.
- Financial target and Service sustainability – the current Contract will generate circa£40,000 as an income paid to the Council. It is therefore imperative that the procurement exercise will deliver an attractive, effective, and efficient product which is customer focused and which Schools want to buy in to.

Project Specific Objectives, Appraisal of Options and Project Timetable:

Summary of Contract/ SLA

The School Meals Managed Catering Service is a pre-procured and Council managed corporate contract, which includes the provision of a school meals service, school kitchen maintenance and repair or replacement of catering equipment for 34 schools within the Borough.

The school meals service is provided via a procured catering supplier, which is responsible for the production and serving of school meals, as well as recruitment and management of the necessary staff for the provision of said service.

The kitchens repair and maintenance service is coordinated and managed by 2 Contract Officers (0.5 FTE each) employed by the Council, reporting into a Senior Procurement Specialist, using specialists contractors procured by the Operational Property team. The Contract Officers are also responsible for the performance monitoring of the school meals provision element of the contract implemented via regular quality audits at the relevant school sites.

In summary, the current traded service offer includes:

- Procurement and contract management of a suite of service contracts
- Access to a fully managed catering service (outsourced)
- Maintenance of heavy commercial catering equipment (e.g. combi ovens, dishwashers, hot trolleys etc)
- Replacement of heavy catering equipment beyond economic repair
- Replacement and sourcing of light equipment e.g. cutlery, trays, etc
- Management of inspection and treatment costs for pest control
- Catering site quality audits
- Coordination of high-level kitchen cleans including return to School following COVID/School holidays
- Coordination of associated kitchen management service Contracts: *Duct cleaning, Gas inspections, Ventilation filter cleans, PAT testing, Fire equipment maintenance, Facilities repair (floor, water pipes), Kitchen drain blockages*
- Menu designed to align to legislative requirements
- Project management of kitchen improvements
- Provision of helpdesk service to report equipment breakdown etc.

Despite the current Traded Service Contract being very comprehensive, and the various services covered by the Contract articulated in the SLA, feedback received suggests that Schools believe the existing Contract is expensive, particularly for smaller Schools.

SLA fee and Over-recovery

Currently, the SLA fee is set at £8550 for Primaries, and £9350 for Secondaries and Academies. This is based on the proportionate costs of the annual spend such as maintenance and the Council’s service charge. For example:

- £8,550: c£6,750 or c80% allocated to spend on maintenance or equipment.
- £1,800 or 20% covering the c£65k Council management charge.

Cost per meal

The current, and historic, meal charges are demonstrated in the table below. The current prices of £2.10 for Primary and £2.30 for Secondaries benchmarks relatively low, and well below the UIFSM funding of £2.34.

Year	Primary	Secondary
2015-2016	£1.95	£2.15
2016-2017	£1.95	£2.15
2017-2018	£2.00	£2.20

2018-2019	£2.05	£2.25
2019-2020	£2.05	£2.25
2020-2021	£2.10	£2.30

Despite the feedback received from Schools in relation to the poor value for money on the Contract, Schools would be open to a small increase in the meal price if the general quality of food provision were to improve, including the provision for those with special diets.

Objectives of new Contract

The new Contract needs to represent value for money for all Schools, regardless of size. The Contract itself needs to be transparent, with clear articulation to Schools of what their fee covers.

The Contract should be clearly split into two parts, with the first part detailing what is received in relation to the procurement and management of the outsourced School meals catering service by the Council. The second part should detail monies allocated to the repairs, maintenance, and replacement of catering equipment.

The new Contract could achieve a sum of c40k to the Council, along with a simple rebate mechanism for Schools. The figure is based on 20 schools that have agreed to participate in the new Contract.

The service provided by the Supplier will need to be flexible for individual Schools to ensure a high-quality service provision. Particular attention must be required of the Supplier in relation those with special dietary requirements to ensure their food offer is of an equivalent standard to pupils without those requirements. Similarly, those Schools with a servery only offer should also not be disadvantaged in the quality and variety of food offered.

Cost Benefit Analysis:

It has been recognised that the current delivery model for this service does not provide the Council with a robust and sustainable platform for future development. Although the model does currently cover the Council's costs and generate a small income to balance the capital budget allocated to this service provision, it offers no effective incentives for either Schools to opt in or for the Supplier (Caterlink) to actively pursue growth and performance improvement.

Option 1: Maintenance Insurance Scheme (MIS) – recommended option

- SLA fee: fixed at £1,900
- Charge per pupil: £6 per annum
- Maintenance fee: Schools with a kitchen £5,000
- Maintenance fee: Servery only schools £4,250
- Schools Rebate 1: Equal share of year-end surplus on Maintenance Insurance Reserve.
- Schools Rebate 2: Payment of £0.03 per meal served during year.
- Schools Rebate 3: Production Kitchens only receive £0.04 per servery meal.
- Servery Charges: £0

Strengths Reduces net annual cost to Schools.	Weaknesses
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<p>Increases transparency around what Schools are paying for. Maintains WBC role in managing maintenance. Council processes and resources configured to support this model. Reliably covers Council costs and generates surplus. More equitable fee contribution model</p>	<p>Change may prompt Schools to review provision resulting in customer attrition.</p>
<p>Opportunities Change of catering Supplier. New offer to attract non-signed up Schools. Increased retention potential for signed up Schools. Service improvement to drive up meal uptake.</p>	<p>Threats Competitor activity stimulated by change. Lack of support from Schools – food quality. Ongoing fragmentation of target market (academisations, mergers into Trusts, formation of ‘buyers groups’). Alternative purchasing options (frameworks etc).</p>

Option 2 – Not to re-tender

Based on the feedback received from Schools, the existing School Meals Managed Catering Contract will not be extended. Schools were, however, open to the Council reviewing the current Traded Service model, therefore taking a decision not to re-tender without having firstly offered a new Traded Service model to Schools would not be a responsible action for the Council to take. Should there be insufficient numbers of Schools committing to a new contract, the Council would provide advice and guidance to Schools so that they can start to make their own arrangements for a School Meals Catering contract.

Recommendation

Option 1

Our recommendation is to offer Option 1 for the following reasons:

1. It will reduce the overall annual cost to Schools.
2. It is demonstrably fair and equitable in relation to its approach to both charging and rebates.
3. It is the least disruptive change option (for both WBC and Schools)
4. It will deliver higher levels of transparency and trust and, therefore, increase traction with Schools.
5. It builds on the strengths of the current scheme and will utilise the existing systems and processes.
6. It does not preclude a change of catering Supplier (which our research suggests will be necessary) and will support service innovation and improvement.
7. It provides refreshed value proposition that will help to retain existing and attract new customers.
8. It will encourage deeper School engagement which will, in turn, help to drive up meal uptake.

Contract Management:

Currently the service is managed with the following personnel:

- 1 x Contract Manager @ £20,000 - 0.30 FTE
- 2 x Contract Officer @ £21,000 - 0.55 FTE

The two dedicated Contract Officers complete quality audits which cover quality of food provision as well as food safety, equipment, cleanliness and health and safety checks. In addition to that, they provide overall coordination of all necessary communication with the School and Caterlink staff, including; Day to day operational management, Monitoring Contract performance and tracking KPIs

- Reviewing Contractor Invoices
- Scheduling Contractors for planned maintenance
- Planning kitchen capex project
- Assisting Helpdesk service team with reactive maintenance, as required

To realise the benefits of the recommended option, the Council must ensure that it can provide the following organisational capabilities:

- Efficient and effective Contract management, including day-to-day administration and end of year reconciliation of rebate payments.
- Effective client-side management of the catering Supplier to ensure that specifications are met in full and that any service development or commercial stretch targets are met.
- Comprehensive customer support that is based on a well-planned and efficiently delivered audit programme.

4. Approval

Please fill in the applicable fields according to the level of approval required.

Note: If Level-2 or 3 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive (and Full Council where appropriate) for final approval.

Level 1

<i>Position</i>	<i>Name</i>	<i>Department</i>	<i>Signature</i>
Assistant Director			
Director			

Level 2

NOTE: Level 1 approval must be completed first.

Please state the date of the relevant Executive meeting or Individual Executive Member Decision at which the Business Case has been approved.

<i>Date of Executive meeting / approval</i>	<i>Item No</i>
Executive Approval	

Level 3

NOTE: Level 1 and 2 approval must be completed first.

Please state the date of the relevant Full Council meeting at which the Business Case has been approved.

<i>Date of Full Council meeting / approval</i>	<i>Item No</i>
Full Council Approval	

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