

Brighton & Hove City Council

Children, Families & Schools Committee

Agenda Item 11

Subject: School Meals Contract

Date of meeting: 12 June 2023

Report of: Executive Director Families, Children & Learning

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 This report outlines proposals to re-tender the School Meals Contract to take effect from August 2024. The current contract provides for the delivery of school meals in the majority of the City's primary schools, all special schools and the Pupil Referral Unit.

2. Recommendations

- 2.1 That the Committee grants delegated authority to the Executive Director, Families, Children and Learning to take all necessary steps to enter into a contract for the provision of school meals for an initial term of four years with an option to extend for a further two periods of 12 months.
- 2.2 That the Committee grants delegated authority to the Executive Director, Families, Children and Learning to extend the contract subject to satisfactory performance of the contractor.

3. Context and background information

- 3.1 The provision of school meals is a responsibility of a school's governing body. In the City, the Council provides the option of delivering a centralised contract on behalf of schools who take the decision to buy into the service.
- 3.2 The current school meals contract was let on a 4+2 (extension able to be 1+1) basis with the first 4 year term due to finish on 31 July 2022 but decisions were taken to extend this for a further 24 months in total, to provide more time, post Covid and during the economic downturn and period of international uncertainty, to explore the options available to governing bodies and the Council to make the provision of school meals in primary and special schools.
- 3.3 Secondary schools in the city make their own arrangements to provide school meals.

- 3.4 The school meals provision is funded through a mixture of government grants and parental charges. In addition to the meals served there are also costs associated with the collection of dinner money, the maintenance/ replacement of heavy equipment, and the maintenance of kitchen areas to ensure compliance with the Food Safety Act. The value of sales of meals from the provision of universal infant school meals, free school meals and paid meals is approximately £3.5-4.0m per annum.
- 3.5 Any shortfall of funding must be met by school budgets in just the same way unallocated funding remains the responsibility of schools. The Council seeks to advise schools on appropriate budgeting to ensure that long term issues in relation to the provision of school meals are anticipated and do not present additional funding pressure.
- 3.6 Whilst the effectiveness of the tendering of the service provides the means to secure best value for public funds it is important to remember that the provision of a school meal has a significant impact on pupils in school and therefore consideration as to the method of meal service, the variety of the menu and the quality and provenance of the ingredients is also a significant factor.
- 3.7 The current contract was let with the following level of staffing in kitchens:
- | | | |
|--------------------|-----------|---------------------|
| Cooks | 59 staff | 1806 hours per week |
| Assistant Cooks | 1 staff | 30 hours per week |
| General Assistants | 202 staff | 3371 hours per week |
- 3.8 The school meals procurement board ('the Board'), chaired by Jo Lyons Assistant Director Education & Skills, has been working on a consultation, analysis of options and recommendations since November 2021. The function of the Board has been to take responsibility for the strategic direction and management of the programme including the preparation of this report to the Procurement Advisory Board.
- 3.9 The top priority has been identified as the delivery of a balanced menu, using good/high quality ingredients to deliver an enjoyable safe meal service that enhances the school's meal-time arrangements.
- 3.10 It is important to note that the concerns that have developed through the course of the current contract have been operational issues however consideration must be given to the procurement process and specification that was used to identify a successful bidder. Learning from the current contract arrangements, the main areas for improvement has been identified as being in relation to:
- Overarching Quality Assurance System (ISO 9001 or equivalent),
 - Food Safety Management systems
 - health and safety systems of the provider including arrangements for the safe provision of school meals to those with special or restrictive diets due to allergy or intolerance.
 - the primacy of the nominated representative across the City-wide contract.

- 3.11 The Board identified that all of these areas can be addressed through changes in the service specification and setting clear evaluation criteria rather than the procurement method.
- 3.12 In determining that there is a role for the Council in the provision of school meals the Board was mindful of relevant studies and reports that considered the impact of changes at national level.
- 3.13 The Procurement Advisory Board (PAB) met on 3 April 2023 and resolved to provide the recommendations in this report to the Children, Young People & Skills Committee (Appendix 1).

4. Analysis and consideration of alternative options

- 4.1 The weekly wage bill is calculated at approximately £53k. The contract requires staff to be paid the Living Wage Foundation wage. If the service was brought in-house the move to Council pay scales would be expected to cost, at least, an additional £6.8k per week as a result of the Council's lowest pay scale being £11.59 per hour.
- 4.2 With approximate on-costs of 30% this would be in the region of £9k. Assuming cooks and General Assistants are paid at a differential rate the actual additional cost would be higher than this.
- 4.3 In addition, the staff in school kitchens are supported by a local management team and services from its national company which would need to be replicated should the contract be delivered in-house. Functions currently undertaken at a regional or national level include the functions of an executive chef, nutritionist, learning & development, Health & safety, supply chain procurement and payroll functions.
- 4.4 As a rough estimate, this would be expected to add an additional £1.100m per year to the costs of running the service.
- 4.5 Should either the Council or a school undertake to deliver school catering services directly there are several issues to consider, additional duties and responsibilities to meet and extra staff functions to perform. Areas for consideration include the following:
- Compliance with food safety and health and safety legislation
 - Meals served meet the Government's School Food Standards – nutritional analysis would be required
 - Compliance with procurement regulations and the Council's Standing Orders as appropriate.
 - Collect and account for income and manage administration process
 - Manage the process for procuring food and other provisions, cleaning materials, equipment and furniture and operate payments systems for invoices
 - Management of food costs and stock control
 - Sourcing and undertaking ongoing reviews of appropriate suppliers for food, provisions and cleaning materials
 - Preparing & costing menus
 - Marketing to parents & pupils

- Staff training, including food safety to meet legislative requirements and ongoing staff supervision
- Arranging and budgeting for staff cover (sickness, maternity cover and statutory holiday pay).
- Procurement of replacement kitchen equipment and dining furniture

4.6 The Board concluded that in-house was not a viable option to take forward and this approach was supported by PAB.

4.7 In addition, several procurement routes to market have been assessed. Details of each including the preferred option is detailed below.

Option	Description of Option	Relative Advantages/Disadvantages
Option 1 – Preferred Option	Further Competition under ESPO framework for Catering Services	<p>ESPO (a public sector owned professional buying organisation) have already carried out a compliant procurement process, prequalifying a list of suppliers.</p> <p>A shorter procurement process than an Open/Restricted tender, saving on cost and efficiency.</p> <p>Terms and Conditions of contract have already been compiled by ESPO.</p> <p>The framework offers approx. 30 suppliers to deliver services to the South East, including the incumbent.</p>
Option 2	Open Tender Process	<p>Time consuming and resource intensive across service area and procurement.</p> <p>Could result in a long evaluation period as the tender would be open to the whole market, no pre-vetting of suppliers would apply.</p>
Option 3	Restricted Tender Process	<p>Same disadvantages as option 2 but as a 2-stage process would allow the Council to shortlist suitable suppliers before requesting responses to the ITT.</p> <p>This is not an advantage compared to option 1, as the framework has</p>

		already carried out the shortlisting process.
Option 4	Do Nothing	Not a viable option as the service needs to continue.

5. Community engagement and consultation

- 5.1 Following previous representations regarding the menu of dishes provided to pupils under the current school meals contract, adaptations to the meals on offer has increased the availability of non-meat and meals of plant origin (suitable for vegans) so that 60% of the current dishes on the 3-week menu contain no meat and there is a vegan option available each day. There is one meat/ fish free day per week and a ratio of 5:1 vegan to vegetarian options. Just 30% of the available dishes contain meat and 10% contain fish.
- 5.2 Our achievements to date are inline or ahead of other Local Authorities in terms of meat free days and meals of plant origin (suitable for vegans) and show the commitment to reducing the carbon footprint of the contract, whilst retaining choice, stimulating customer interest and maintaining the uptake of meals.
- 5.3 We will be seeking to award the contract to a provider who is committed to developing innovation alongside the Council and its partners who are prepared to generate imaginative approaches to improve their operation to enhance the environmental sustainability of the service provided.
- 5.4 To further inform the details of the Council's school meals specification an engagement activity is being undertaken to understand the views of residents, governing bodies and pupils about the provision of school meals. This will be through a targeted parent questionnaire, through feedback from a survey undertaken by pupils in the school setting and direct feedback from schools to cover key areas of the contract specification.

6. Conclusion

- 6.1 The report outlines the conclusions of the work undertaken to date to consider the Council's role to support schools to deliver school meals to pupils.
- 6.2 It is proposed that the Council enter into a call off contract through the ESPO Catering Services Framework, under Lot 1 for the provision of school meals for an initial term of four years with an option to extend for a further two periods of 12 months.
- 6.3 There is on-going work to develop a Brighton and Hove school meals specification that will be used in the procurement exercise to ensure that the City's schools have a suitable school meals service to use should governing bodies determine to be part of a future Council contract.

7. Financial implications

- 7.1 The report details the next stages to secure a school meals contract. The current budget for the contract is £3.800m. At this stage it is not possible to determine the final pricing, as there are several costs (e.g. food inflation) which are currently very volatile but it should be noted that the contract is tendered on behalf of schools who meet the full cost.
- 7.2 The possibility of providing the service in-house is detailed in section 4. It is difficult at the present time to accurately calculate the costs of this option, however, based on the experience of other Local Authorities and taking account of the additional costs of directly employing staff on BHCC terms and conditions, it is estimated that bringing the school meals service in-house could add £1.100m to the cost of delivering the service. This could be higher as it would be difficult to mitigate fixed costs associated with nutritionist, chef, trainers etc, that external providers are able to do by spreading costs across multiple contracts.

Name of finance officer consulted: David Ellis Date consulted: 19/04/23

8. Legal implications

- 8.1 By using a framework, the Council is complying with the Public Contracts Regulations 2015 in relation to the procurement and award of contracts above the relevant financial thresholds for services, supplies and works and the Council's contract standing orders (CSO's). In order to comply with CSO 3.1 authority to enter into these contracts in excess of £500,000 must be obtained from the relevant committee.

Name of lawyer consulted: Manjinder Nagra Date consulted: 24/04/23

9. Equalities implications

- 9.1 There is a legal responsibility on governing bodies to ensure that school meals can be provided to pupils attending the school. The Council is proposing to support schools by undertaking a procurement activity to determine a provider of a centralised service under a 4 + 2-year contract.
- 9.2 The specification that the companies will be required to meet will conform to all national standards and the successful contractor will be required to provide a suitable menu and daily service to meet the needs of the City's pupils.
- 9.3 There has been on-going consideration as to the method of meal service, the variety of the menu and the quality and provenance of the ingredients in developing the new specification and it is expected that any provider on the ESPO Catering Services framework will be able to meet the needs of pupils' disability, religion or beliefs. As a result, no equalities impact assessment was undertaken for the purposes of this report.

10. Sustainability implications

10.1 The School Meals service provides approximately 9400 meals each day.

10.2 The School Meals Service will require its suppliers to conduct their operations in a sustainable manner, in line with the Council's Environmentally Sustainable Procurement Policy. It is intended that:

- sustainability requirements will be detailed in the specification, which will form part of the contract, to include food waste, local procurement standards, carbon reduction and social value.
- environmental sustainability will form a proportion of the tender evaluation process of no less than 10% of the quality criteria.
- the contract will include Key Performance Indicators (KPIs) linked to reducing environmental impact.

10.3 Through the Brighton & Hove Food Standards, the Council is committed to:

- ensuring public food and catering procurement meets the government's Buying Standards
- delivering and meeting its commitments made in the City-wide food strategy "Brighton & Hove Food Strategy Action Plan – 2018 to 2023" which sets out how the City is working:
 - towards a healthier more sustainable food system
 - to reduce food poverty
 - to support local food businesses
 - to reduce the environmental impact of the way in which we produce, consume and dispose of our food

10.4 The Food Strategy Action Plan is committed to:

- Aim 1: Champion healthy and sustainable food
- Aim 2: Take a preventative 'upstream' approach to food poverty and ensure equal access to healthy food
- Aim 3: Nourish a vibrant, diverse and skilled community food sector
- Aim 4: Improve sustainability and security in urban, rural and marine food production
- Aim 5: Encourage a vibrant and sustainable food economy
- Aim 6: Transform catering and food procurement
- Aim 7: Become a 'food use' not a 'food waste' City
- Aim 8: Ensure healthy, sustainable, fair food is embedded in policy and planning, and has a high profile right across the City

10.5 The Council is committed to continue working towards the provision of three plant-based days (only) per week when practically possible. We aim to encourage/nudge pupil choices through education to reduce the demand from pupils for meat products, without losing sight of the fact that ultimately school meals could be the one hot, nutritious meal a child receives each school day.

- 10.6 We will be seeking to award the contract to a provider who is committed to developing innovation alongside the Council and its partners who are prepared to generate imaginative approaches to improve their operation to enhance the environmental sustainability of the service provided.
- 10.7 The Council's good food standards are a minimum expectation and a partnership spirit, rather than aspirant key performance indicators is the key element that we will want any evaluation exercise to identify.
- 10.8 As outlined in Paragraph 5.1, 60% of the current dishes on the 3-week menu contain no meat and there is a meal of plant origin (suitable for vegans) option available each day. There is one meat/fish free day per week and a ratio of 5:1 vegan to vegetarian options. Just 30% of the available dishes contain meat and 10% contain fish.
- 10.9 The draft specification reflects the need to ensure that a child's dietary and health needs are supported whilst also seeking to maximise the uptake of a hot meal in school and the minimisation of food waste from uneaten or discarded meals.
- 10.10 As pupils continue to be educated to make informed choices about their behaviour and the need to protect the world in which they live, there is a need to ensure that the provider of school meals plays their part to educate and encourage pupils to think about the impact of the food that they eat whilst avoiding making value judgments on the choices made. It is also essential that the provider demonstrates awareness of issues to do with food tolerance and food sensitivity of pupils are considered alongside aims to reduce the negative impact of food preparation, transportation and consumption.
- 10.11 To evaluate the environmental sustainability of the contract, 10% of the quality weighting will be applied to this. The reason for this being that to meet health, climate and nature commitments we need to see reportable evidence of an increase in fruit, vegetables and fibre; a decrease in high fat, sugar and salt foods and less and better meat as set out in the National Food Strategy – The Plan.

11. Other Implications

Social Value and procurement implications

- 11.1 It is relevant and proportionate to include social value requirements within the procurement when the value, contract length and equality impact are taken into consideration.
- 11.2 The School Meals Service provides significant funding in the order of £3.5m pa to the local and wider economy through its school meals contract. The contract requires employers delivering services on the Council's behalf to pay the Living Wage Foundation Living Wage.
- 11.3 The procurement process will ask suppliers how they intend to deliver social value to support the objectives in the City Plan and outcomes of the Social Value framework.

- 11.4 Under the current contract the provider outlined their approach to support the Council to try and reduce the impact of food poverty through supporting CHOMP at low or nil cost, provide adult/child cookery sessions and through the training and development of skills.
- 11.5 Social value will form a 10% proportion of the tender evaluation process of the quality criteria.
- 11.6 It must be recognised that a consequence of a Framework arrangement is that operators can potentially join the framework from any part of the country. In reality there are a small number of large operators who make the provision for central/larger school meal contracts across the majority of schools in the country.
- 11.7 The criteria for admission to the ESPO framework includes the requirement for operators to meet the national School Food Standards but this will not provide all the requirements of a service to Brighton and Hove schools, as detailed above. However, it is unlikely that a local service provider has the capacity, skills and expertise, at this time, to deliver on a contract across 53 schools and serving 9400 meals daily.
- 11.8 We will be seeking to ensure the social value outcomes include increasing access to healthy, sustainable, affordable food and giving children the best start in life and to reduce inequalities.
- 11.9 We will discuss and agree appropriate Social Value outcomes with a range of stakeholders to include - public health, skills & employment team, governors, sustainability and social value procurement manager, procurement and contract officers. Taking into account survey responses from parents/pupils which will be undertaken later in the academic year.

Crime & disorder implications:

- 11.10 There are no crime and disorder implications in relation to this report.

Public health implications:

- 11.11 It is important for families to be able to have access to a school meals for their children that meets the nutritional standards set out by Government and takes account of their religious beliefs or disabilities.
- 11.12 It is proposed that the Council will undertake a procurement exercise to ensure that a centralised contract is available to schools who wish to take part.
- 11.13 The specification that the successful contractor is required to deliver will take account of the nutritional and dietary needs of the City's pupils as outlined in the body of the report.

Supporting Documentation

1. Appendices

1. Report to Procurement Advisory Board 3 April 2023