

**OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE  
6<sup>TH</sup> SEPTEMBER 2007****SODEXHO SUPPORT SERVICES – ANNUAL SERVICE REVIEW 2006-2007****Purpose of Report**

1. To:
  - (i) Present to Members the Sodexho Support Services Annual Service Review 2006-2007 reviewing Facilities Management services which form the countywide corporate contract.
  - (ii) Consider any key issues raised in the report and recommend remedial or performance improvements that may be appropriate.

**Background**

2. The Corporate Procurement Regulations require all contracts with an annual value in excess of £1 million to be reviewed annually by the relevant Scrutiny Committee.
3. Following the demise of the direct service organisation in 2001 the decision was made to tender the contracts held by Wiltshire Direct Services to ensure continuity of service provision for the services listed:
  - School and Welfare (home delivered meals) Catering
  - Building Cleaning Services
  - Grounds Maintenance Services
  - County Hall Facilities Management (FM) including security and the Byways Restaurant

These services are accessed by:

- Schools
- The Youth and Community service
- The Library service
- The Children and Education services
- Community services
- Administration buildings

This is made up of the following number of sites:

SERVICE	SCHOOLS	COUNTY COUNCIL ESTABLISHMENTS
Catering	112	1
Building Cleaning & Caretaking	59	97
Grounds Maintenance	38	108
<b>TOTAL</b>	<b>209</b>	<b>206</b>

4. In 2001 following a comprehensive tender procedure, the County Council entered into a seven year contract with Sodexho Education Catering and Support Services. The purpose behind a seven year contract was to give the successful supplier a time span in which to recoup set up costs and thus deliver value for money to the Council.

### **Main Considerations for the Council**

5. Under the terms of the contract Sodexho is required to produce an annual report for stakeholders.
6. The services are provided under contract to March 2008. However as the contract end date is approaching Sodexho has included a more detailed description of the services in Part 2 of the Annual Service Review. This additional information will assist schools in considering their options for future provision of the services currently provided by Sodexho.
7. This year's report highlights key achievements and improvements made during the past year. It also raises some of the concerns associated with the four service areas. The main service concern relates to the introduction of new Government Regulations through the implementation of the National Nutritional Guidelines which have impacted on the uptake of meals. This issue has been examined in more depth by the Schools Meals Scrutiny Task Group who have made a number of recommendations for the future. A copy of the Annual Service Review is **circulated to Members**.

### **General**

8. The services provided by Sodexho are important to support the delivery of County Council services. Throughout the past year the contracted services have continued to operate well and have generally met contract standards.
9. As with all contracts of this size and nature, problems have occurred and it has been necessary to issue a number of default notices. The financial implication of these is illustrated in paragraph 39. However, in the context of the overall value of the contract, this remains fairly low.
10. Cleaning, grounds maintenance and County Hall FM performance is monitored through unannounced site visits and regular monthly Management Review Group (MRG) Meetings. These meetings are chaired by the Senior Contracts Officer to evaluate and audit Sodexho self-monitoring systems and deal directly with clients' concerns.
11. Education catering is monitored by Environmental Health Officers who visit sites once every two years. No active monitoring by the County Council of the catering service is made as no resources are currently available. No school catering MRG meetings are currently held with Sodexho as the Department of Children and Education has been unable to appoint a head teacher representative to attend meetings. To try to address this, monthly meetings are held between the Assistant Director, Resources and Improvement, Head of Procurement and the Sodexho Project Director.
12. The County Council administered a much reduced contract monitoring service throughout 2006 due to terminal illness of a member of staff and a recruitment freeze. Therefore quality of performance has not been measured on a regular basis, evidenced by a reduction in the issue of service defaults and variations to the

- contract. Stakeholders have now requested increased contract management support so staff can dedicate their time to delivering public services.
13. During the past year performance has continued to improve with increases in customer satisfaction, evidenced by the Customer Satisfaction Surveys and analysis of Quality Care Review returns managed by Sodexho
  14. Sodexho continue to invest in the training of staff. Service specific and health and safety training is carried out regularly and includes regular update refresher courses for staff.
  15. Members will note the Community Meals element of the contract is not included in the report this year as the service was terminated following a review by the Department of Adult and Community Services. Sodexho was an important partner in the review of this service and have been fully involved in the smooth transition of the Community Meals Service.
  16. Negotiations are currently taking place between Sodexho and the Council with a view to extending the current services provided under the remainder of the contract beyond the present end date of March 2008. The background and outcome of the negotiations will be reported separately to Members later in the year.
  17. A key achievement for the Wiltshire Sodexho team has been the award of Sodexho's Corporate Responsibility STAR Award for environmental management. This is partly attributed to the Wiltshire County Council Sodexho Contract being the only contract in the UK to achieve the environmental ISO 14001 status. Sodexho remain committed to protecting the environment by working in partnership with the County Council to assist in the recycling of waste. With regard to the grounds maintenance service Sodexho has replaced all commercial diesel vehicles with cleaner engines and commenced a programme to identify where they can procure a greater volume of locally sourced products.

#### Education Catering

18. Catering in schools has become challenging for both schools and Sodexho following on from the 'Jamie Oliver effect' and the introduction of the new Government nutritional standards; as a result parents' and schools' expectations have increased. The national trend in school meals has shown in a significant drop in meals uptake since new standards were introduced, resulting in the cessation of some contracts between national meal providers and other local authorities due to the unviable financial environment.
19. During the past year despite the cost of the Wiltshire school meals increasing through Sodexho using higher quality ingredients, the introduction of innovative menus means uptake has been sustained at primary schools in close comparison with the number of meals served last year. However, uptake at secondary schools has fallen. Growing overall meal numbers is vital to sustaining a school meals service and to help achieve this Sodexho offer special promotional days, often linked to the school curriculum; also parents are regularly invited to sample school lunches.
20. The service provided by Sodexho already exceeds the new Regulations by delivering a service in line with the Government nutritional standards which become effective in 2008. Sodexho recipes and menus are analysed by in-house dieticians to ensure the new standard is maintained and Sodexho has worked with schools to develop balanced menus.

21. Sodexo advocate a 'whole school approach' to school meals and has demonstrated a willingness to work with individual schools and parents for innovative service delivery to encourage children to eat more healthily. They also contribute to the School Meals Task Group and continue to work towards the adopted recommendations.
22. Sodexo support the unavailability of confectionery and savoury snacks at lunchtime. However urge caution over a total ban, as it is likely those children at secondary schools without a gated policy will go to the high street for these items.
23. Training on food safety and health and safety is refreshed regularly and delivered to staff. This training is supported by skills development on key topics such as menu and recipe training to allow for children's tastes to adapt to healthier choices.

#### Building Cleaning

24. After a period of little 'client' monitoring active Council monitoring of the service is now taking place following the appointment of a new member of staff, building on the pro-active approach adopted previously and this is building on the contractor and client relationship.
25. The cleaning service is well received by clients and service improvement has improved year on year as demonstrated by the quality survey completed by clients.
26. Periodic cleaning of schools does present challenges to Sodexo, for example, high level cleaning:
  - (i) Sites do not always advise Sodexo of pre-programmed maintenance and building work which can interrupt the schedule of programmed work. This could be alleviated with improved communication from schools.
  - (ii) The revised school terms has reduced the window of time available in which to complete the summer periodic cleans, particularly where specialist access equipment needs to be sourced and supplied.

Both these issues require flexible working and understanding on behalf of both schools and Sodexo. In addition to the restructure of school term times, schools are being encouraged to actively seek broader links with communities through the extended schools agenda and the more flexible approach to the school day and curriculum. This will undoubtedly impact on the building cleaning service in the future. As changes are introduced good communications with Sodexo will be needed to ensure the continuation of the high quality services.

#### County Hall FM Services

27. The introduction of 'Coffee with Principals' has resulted in increased staff use of the Byway Restaurant. The coffee is Fair Trade, organic and Rain Forest Alliance certified and demonstrates a good example of service innovation. The Byway Restaurant is now available for staff to meet with colleagues during the day, away from the working environment. This has provided an additional informal resource, for example, when carrying out Staff Performance Appraisals and resulted in better utilisation of accommodation space.

28. Sodexho, working in partnership with the Council, has achieved financial and environmental benefit regarding the use of electricity and have helped deliver a reduction in the building carbon footprint of 3,251 CO<sub>2</sub> (or 3.2 tonnes CO<sub>2</sub>) for the year. This has been achieved through cleaning teams re-organising their working routines by commencing cleaning on the top floor of the premises and working down; when a floor is cleaned the lights are switched off.
29. A dedicated storekeeper has been appointed, funded by the Council on a temporary basis. The post takes responsibility for receipt of goods delivered to County Hall. Staff have expressed appreciation for the benefit and value delivered by this service through the reduction in lost parcels and speedier deliveries. It has also meant a significant reduction in the time County Council staff chase misplaced deliveries etc.

#### Grounds Maintenance

30. Sodexho has demonstrated continuous service improvement achieved partly through substantial investment in new machinery and increased staff training which is demonstrated by the results in the Quality Care Report survey.
31. Sodexho achieved re-certification of BS EN ISO 9001-200 Quality Management System and BS EN ISO 14001/2004 Environmental Audit.
32. Targets for improvement during the coming year include weed spraying, sports field markings and gang mowing.

#### Key Issues

33. National Nutritional Standards for School Meals have been introduced. The implications are being monitored through the School Catering Task Group.
34. Sodexho continue to have concerns regarding the application of the Retail Price Increase used in the contract as it fails to recognise the full effect of issues such as national minimum wage; this presents a particular challenge regarding cleaning labour rates.
35. Negotiations are currently taking place between Sodexho and the Council with a view to extending the contract beyond March 2008. The uncertainty regarding a contract extension is proving unsettling for staff morale and may lead to recruitment and retention challenges.
36. Sodexho currently source products throughout the United Kingdom. However a move towards greater local sourcing of some products is now under consideration.

#### Environmental Impact of the Proposal

37. There are no direct implications, although continued accreditation to ISO 14001 helps Sodexho to work as an important provider of support services to help minimise the effect of County Council services on the environment.

#### Equalities Impact of the Proposal

38. The contracts dictate services are provided to all users on an equitable basis. Sodexho is also required to ensure compliance with the statutory equal opportunities duties and assist the Council in meeting the Corporate Equal Opportunities Policy.

### **Risk Assessment**

39. Risks associated with the contract were considered during the evaluation of the original contract. Risks associated with the delivery of services are checked as part of normal monitoring processes.

### **Financial Implications**

40. The contract continues to operate within the allocated budget. The annual contract value for each service is as follows:

<b>SERVICE</b>	<b>£ (000)</b>
Education Catering	441*
Building Cleaning	1,630
County Hall Facilities Management	439
Grounds Maintenance	227
<b>TOTAL</b>	<b>2,737**</b>

\* The County Council direct payment for free school meals

\*\* Community Meals has been omitted as this service ceased 31<sup>st</sup> May 2007.

41. Record of contract defaults issued illustrated below:

<b>SERVICE</b>	<b>NUMBER OF DEFAULTS ISSUED</b>	<b>FINANCIAL IMPLICATION ON SODEXHO £</b>
Education Catering	Nil	Nil
Building Cleaning	Nil	Nil
County Hall FM	1	80
Grounds Maintenance	1	80
<b>TOTAL</b>		<b>160</b>

### **Options Considered**

42. The contract is being delivered to the required standards within the agreed budget, no other option has currently been considered as the services are provided under contract until March 2008.

### **Conclusion**

43. The services provided by Sodexho described in its Annual Report currently continue to meet client and budget requirements.

### **Reasons for Proposal**

44. To:
- (i) Provide the Committee with an opportunity to consider the Sodexho Annual Report.
  - (ii) Meet the requirements of the Corporate Contract Regulations.

## **Proposal**

45. That:

- (i) The contents of the Sodexho Annual Review be noted.
- (ii) The continued levels of satisfactory performance by Sodexho under the contract be acknowledged.
- (iii) Consideration be given to whether there are any key issues relating to the performance of the contract on which Members wish to comment.

### **MIKE SWABEY**

Strategy Manager  
Strategy and Partnership

Report Author:

**Mary Higgins**

Senior Contracts Officer

---

**The following unpublished documents have been relied on in the preparation of this Report:**

Contract Correspondence  
Contract Monitoring Information