

SCHOOLS MEALS CONTRACT – PROGRESS UPDATE

Purpose of the Report

1. To provide the Task Group with an update on progress towards the replacement arrangements for school meal services currently provided under contract by Sodexo. The report also outlines a number of tender options and considers alternative school food delivery methods. However, this remains very much as 'work in progress' and the final process for the new contract will take into account the views of this task group.

Background

2. The current contract for the provision of school meals with Sodexo Education Services Ltd will expire at the end of March 2010. Previous reports to the Schools Catering Scrutiny Task Group have considered the implications of delivering school meals within an environment of high delegation to schools; this has led to a mixed picture of service delivery. Traditionally, this has led to difficulties in establishing common benchmarks and a common specification which can be tendered.
3. With the introduction of the New Nutritional & Food Based Standards this problem has been clarified to a degree as all meals provided under contract will need to meet the standards as a minimum.
4. An outline timetable for reletting the contract is shown in Appendix 1 to this report. In finalising the timetable it will be necessary to include provision for stakeholders' consultation and allow schools to take an active part in shaping the future contract and associated management arrangements. Considerations will also need to be given to the duration of the contract and possible inclusion of other services such as, breakfast clubs, mid service breaks, fruit and smoothie snack bars, etc.
5. Any reletting will take account of the views and recommendations of previous Task Groups, Schools Forum, Consultation groups, etc. It will also encompass the views of this Task Group and other wider advisory groups to the Procurement Project Board.
6. The final report of the School Catering Scrutiny Task Group Issued in Summer 2006 considered a number of possible procurement options. Many of these remain viable but from initial discussions with some schools there appears to be a growing preference for a Countywide Framework Agreement. This would involve developing an overarching contract, available to all schools and Children Centres, offering a minimum standard of service (based on meeting the National Food & Nutritional Standards) but with the number of options to enhance local service and improve choice. These options could relate to choice of menus, local sourcing options and flexibility over the length of the contract.

7. In developing any future contracting arrangements a number of key lessons have been learnt from the existing contract with Sodexo and some key improvements have been identified with schools these include:
- Contract Documents – Simplify the contract documents and standardise where possible. The requirements need to be clear and up front at the commencement of the tender process.
 - Transaction Costs – Consideration to be given to opportunities to reduce management overhead through implementation of electronic payment tools or ‘cashless’ systems.
 - Encourage greater sourcing through local producers
 - Re engineer the contract to achieve the best combination of price and product
 - Involve schools in the tender process particularly contractor open days etc.
 - Improve Contract Management by greater use of benchmarking tools including use of regional networks etc.
 - Consider the use of “lots” within the Framework arrangement.

This will allow small and large providers to compete on equal terms and may help stimulate choice and competition.

8. It is clear from discussions with some schools any future contract would benefit from greater clarity in key issues. These include:
- each party’s responsibilities e.g. Equipment, training, replacement policies, change control, performance monitoring etc.
 - extent of the commitment to purchase (price, quantity, timing etc.)
 - clearly payment policies (including use of subsidies etc)
 - nature and extent of any risk/reward sharing
 - nature of any negotiation process and each party’s rights
 - duration of contract and clarity of ‘let-out’ clauses
 - clear monitoring and complaints’ procedures; and
 - clearly link the contract to major initiatives such as the Healthy School programme. The Healthier Wiltshire Project, School Meals Strategy and all national policies
9. Recent informal discussions with a number of providers (as part of soft market testing) endorse many of the points made in paragraphs 7 & 8. The key message appears to be that providers want certainty of responsibilities, clarity of funding & payment mechanisms and confirmation of demand. Recent articles in professional press appear to support this, as a number of major suppliers have pulled out of high profile school meal tenders through poor specifications and demand profiles. One major national provider has indicated that it will be moving to only ‘Fee Based’ contracts. This will leave schools and contracting authorities holding the risk of meal volumes, menu preparation and supply chain management.
10. In moving forward with the retendering project, a number of issues still remain to be fully resolved. Many of these such as, outdated equipment in schools, inappropriate flooring, poor ventilation of kitchens has previously been considered by this Task Group, but other items, likely to affect contract pricing strategies remain.

11. Key issues recently identified by potential providers include,
- the council's overall strategy towards school meals service (providers are seeking to see if school meals will remain a fully "delegated function")
 - Direction & Prioritisation of the use of target refurbishment grants etc (will they be targeted at schools in any corporate contracts first?)
 - Confirmation of any policies regarding the use of Producing Kitchen – Two potential providers have identified that because of the rural nature of the County and the high number of schools without production kitchens they feel that there is a danger of delivering a 'two tier' standard of contract. They are seeking 'clarification' on whether production kitchens allowing preparation of transported meals will be available.
 - Additional Outputs – One provider has raised the query whether the contract will require them to cost in any "Value Added" outputs. Examples quoted included the use of school produced ingredients (from school growing gardens), Special events, greater involvement of parents etc.
 - Investment Plans – Some providers are keen to understand whether they will be required to invest in kitchen and servery infrastructure as part of the contract. If they are, the preference appears to be towards providing a 'pooled sum' specified in the contract. This would be called on during the life of the contract.
12. These points plus others identified above will need to be further discussed with schools (particularly those interested in any future contract) and with the Director of Children & Education.

Conclusion

13. A lot of preparation work towards facilitating new arrangements for the provision of school meals has already been undertaken but, a number of key issues remain to be resolved. The Task Groups views are sought on items raised above.

Recommendations

14. The Task Group is requested to;
- (i) Note the context of the report & progress to date.
 - (ii) Endorse further discussions with Schools Forum & Individual Schools
 - (iii) Consider whether it has any views on issues raised above and if these should be included as recommendations in the final report.
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Report Author

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