

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 04/01/2021

Subject: Procurement Strategy for School Meals

Report of: Councillor Larry Culhane - Cabinet Member for Children and Education

Responsible Director: Jacqui McShannon - Director of Children's Services

Summary

This report seeks approval of the procurement strategy for School Meals (Appendix A) for services from 06 June 2021 for a period of two (2) years to 05 June 2023 with the option to extend for a further one (1) year up to 05 June 2024.

School Meals are an essential service used by children and young people in the London Borough of Hammersmith & Fulham (H&F) which ensures that school aged children eat at least one nutritionally balanced meal each day.

Recommendations

1. Appendix A and Appendix B are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the procurement strategy at Appendix A of this report to run a mini competition under ESPO Catering Services framework 704_18 Lot 1 (Education). The estimated contract value is as detailed in Appendix A.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Building shared prosperity	Employment of local residents and use of local produce where possible
<ul style="list-style-type: none">• Creating a compassionate council	A range of meal options to suit all students needs
<ul style="list-style-type: none">• Doing things with local	Schools can choose to join the contract or make other arrangements that better suit

residents, not to them	their needs
<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	Cost neutral service to the Council, however economies of scale will help to achieve best value for schools
<ul style="list-style-type: none"> • Taking pride in H&F 	Ensuring students receive a nutritious healthy meal each day and are able to thrive in school
<ul style="list-style-type: none"> • Rising to the challenge of the climate and ecological emergency 	Developing relationships with local suppliers and ethical, sustainable sources and supply chains

Financial Impact

There is no direct financial impact to Hammersmith and Fulham Local Authority (LA) however there are financial implications for schools which will be met by each school's individual schools budget funded from the Dedicated Schools Grant.

Each school that enters into the contract will pay for the service based on the number of staff, overheads and meal prices for their school. Each school will be invoiced directly by the supplier. The model ensures that each school only pays for their own service costs whilst continuing to benefit from the economies of scale generated by being in a large volume contract.

An average cost increase of approximately 11% is expected under the preferred option based on ESPO framework food increases. Any increase in costs is met by schools but should be offset by an increase in meal income that the school would expect to receive from parents and staff. Schools also receive Universal Free School Meal grant and pupil premium grant income which meets a proportion of schools' meals cost within their delegated budgets.

There is no requirement for a school to enter into this new arrangement. If a school decides not to enter into this, it would need to make alternative arrangements which again would be met from their individual school budget.

The current SLA arrangements generate c.£102,000 income for the LA which contributes to posts within the LA commissioning and contract management functions including the School Meal Technical Advisor post. The projected income under the new contract arrangements is c.£84,000 representing a shortfall of c.£18,000 which will require mitigations to be identified to ensure the stability of funding for these LA functions. If mitigations cannot be found, staffing efficiencies will be needed by April 2021 at the latest to offset this loss of income.

Legal Implications

This report recommends that the Cabinet approves the procurement strategy to provide school meals. The value of these services is above the EU threshold for social and other services, which is currently £663,540. The Public Contracts

Regulations 2015 ('PCR') therefore apply in full. As these services fall under the Light Touch Regime, regulations 74-77 PCR apply.

The Council is required by the PCR to undertake a competitive procurement exercise. The use of a framework is permitted in accordance with regulation 33 PCR.

The preferred framework, ESPO Catering Services framework 704_18, has been reviewed by legal. This framework was procured in accordance with the EU public procurement rules and can be accessed by any local authority. It is therefore a compliant procurement route for the Council. It is proposed that a mini-competition is conducted under Lot 1 (Education). Officers must ensure that the rules for the mini-competition stipulated under the framework are followed.

Legal implications completed by Natasha Barlow, Paralegal at Sharpe Pritchard LLP on secondment to the Council, nbarlow@sharpepritchard.co.uk and Hannah Ismail, Solicitor at Sharpe Pritchard LLP, hismail@sharpepritchard.co.uk

Contact Officer(s):

Name: Joe Gunning
Position: Commissioning and Transformation Lead
Telephone: 07769672031
Email: joe.gunning@lbhf.gov.uk

Name: Tony Burton
Position: Head of Finance for Children's Services and Education
Telephone: 07909 004710
Email: tony.burton@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Name: Hannah Ismail
Position: Solicitor at Sharpe Pritchard LLP
Telephone: 07900 681485
Email: hismail@sharpepritchard.co.uk

Background Papers Used in Preparing This Report

N/A

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Officers have conducted a robust options appraisal and considered all options within the available timescales to ensure that a high-quality school meals service can continue to be delivered to all H&F schools that form part of the current contract arrangements. These options are set out below.
2. The recommended option takes account of the ongoing workstreams including Universal Free School Meals Pilot and Fulham College Boys and Woodlane High School.
3. The strategy includes a number of key priorities:
 - Working with schools to ensure no child is too hungry to learn
 - A service that provides high quality, delicious and nutritious food
 - Developing relationships with local suppliers and ethical, sustainable sources and supply chains
 - A key focus on curriculum including healthy eating, allergy awareness and environmental impact
 - Utilising 'grow your own' opportunities wherever possible and working with local organisations to support this work
 - Understanding the wider impact of healthy eating on achievement, attainment and other social settings
 - A flexible and value-added service
4. Providing employment and education opportunities to residents of the borough is a key priority for H&F. This procurement also proposes to include key social value benefits with particular focus on providers maximising local employment and training opportunities particularly recruitment of H&F care leavers and SEN employment pathway candidates as well as supporting student attendance in schools through accredited training or vocational opportunities. The providers method statement for achieving this will be assessed during the evaluation of tenders. Responses from providers should include but not limited to how many care leavers supported, how many SEN employment pathways students supported, what and how many vocational opportunities delivered per annum or for the total duration of the contract.
5. We are considering three procurement options and recommending the most economically advantageous option outlined below.
6. **Option 1 – Recommended**

To provide schools with the choice of three operating models:

Operating Model 1: H&F conducting a procurement through the ESPO framework (Catering Services – Framework 7014_18), for a period of two years with the option to extend for a further 1 year. During the two-year contract it is recommended schools should work together with the support

of the Learning Partnership and colleagues in Education to consider alternative delivery models such as informal clusters/federations to procure their own services or insource their provision at the end of the initial two-year period. This model will support the broader Education priorities of developing independent food resilience programmes within the growing network.

OR,

Operating Model 2: For schools who deem it as a viable option, to insource their School Meals provision at the end of the current contract in June 2021. Head Teachers could contract directly with a support organisation of their choice to assist them in bringing their School Meals service in house.

OR,

Operating Model 3: Schools also have the option to make alternative arrangements outside of the above.

7. **OPTION 2 – (Not Recommended) A complete insourcing model for all schools.**

All schools to insource their School Meals provision at the end of the current contract in June 2021 on a phased approach (*to ensure efficiency of the model and reduce risk on the service*). Schools may choose to contract a support organisation to assist them in bringing their School Meals service inhouse.

Given the current COVID-19 pandemic and school resource required to mobilise new services this option is not recommended. Any schools wishing to explore this as a viable option would need to consider the risks and benefits of such a model. It is also anticipated that this option will see an increase in costs to schools as a result of the increased management overheads. Whilst the increase in costs could be negated through schools forming informal federations and clusters to share the overheads, given the other priorities as a result of COVID-19 and the current contract ceasing in June 2021 it is unlikely this will be viable for many schools at this stage.

8. **OPTION 3 – (Not Recommended) – A complete insourcing model for schools, with a council facilitated management element providing training and support to schools and their chefs.**

Kitchen staff to be directly employed by each school. Managers of the head chefs / kitchen managers in each school to be employed by the Council. The Council would contract a support provider through a competitive procurement exercise to assist with this element of insourcing. The Council would essentially be acting as an intermediary in this arrangement.

This option is not recommended for the following reasons:

- It would increase costs for schools as the additional management overheads would be passed to each school in their annual SLA costs.
- There would also be significant increase in risk to the Council as it would have direct responsibility for the management of allergens and health and safety. These risks are currently managed by knowledgeable and experienced outsourced catering providers. There is also a significant lack of sector expertise and management capacity within the existing structure of the Council which would add further risk.
- The structure would also add an unnecessary layer of management, with schools being the employer of the chef but not holding line management responsibility.

Reasons for Decision

9. Option 1 is recommended for schools to join the Council's contract procured via a mini competition under the ESPO Catering Services framework. This option will enable schools to maintain provision whilst providing time for them to explore the opportunities of alternative delivery models and to develop capacity for such models.
10. It is anticipated that only a small number of schools will be in a position to progress with an insourced / alternative delivery model at the end of the current contract in 2021. COVID-19 has significantly impacted schools capacity to consider such models of creating informal clusters and federations to share the additional management overheads of a different model.
11. School Meals are an essential service used by children and young people in the London Borough of Hammersmith & Fulham (H&F) which ensures that school aged children have access to at least one nutritionally balanced meal each day.
12. The provision of free school meals is a statutory provision within the Education Act 2003. Each governing body has a duty to provide free lunches for eligible pupils and to provide the opportunity for other pupils to buy lunch.

Equality Implications

13. There are no direct negative equality implications for protected groups because of this procurement and approval of payments as set out in the Recommendations, under the Equality Act 2010.
14. It is anticipated that there will be a neutral impact on protected groups through the continued provision of school meals, which will enable children and young people to be provided a nutritionally balanced meal according to their dietary requirements with very few changes to the service.

15. Implications verified by: Fawad Bhatti, Policy & Strategy Officer, tel. 07500 103617.

Risk Management Implications

16. Proposals are aligned to council priorities and ensuring that the key strategy objective that no child is too hungry to learn. Market testing can provide additional Social Value opportunities to benefit local employment and are referenced in 4. Of the detailed analysis. Contract and performance management of contractors are key requirements of the council's approach to being Ruthlessly Financially Efficient and are outlined in the Procurement Strategy along with the timescales and milestones for delivery. Organisations working with the council must take regard of any applicable laws in respect of food safety and are delivered in a Covid-19 safe manner. This means that organisations are to follow industry, health and safety executive and HM Government guidelines.
17. Implications verified by Michael Sloniowski tel 020 8753 2587

Consultation

18. Early indications from schools suggest that the majority are not currently in a position currently to deliver school meals through an alternative delivery model. A meeting was arranged with an example insourcing support provider and Head Teachers to discuss the concept of an insourced delivery model; however, no responses were received so this was postponed.
19. Officers will relaunch engagement with schools in the development and consultation process to support them in exploring and understanding alternative delivery models.
20. Moving forward we expect that schools will form clusters and federations to procure their own school meals service. The new clusters will enable them to procure services based on local priorities and student demographics to ensure a targeted approach.
21. Consultation has also been undertaken with Adult Social Care Commissioning colleagues to explore the synergy between School Meals and the Meals on Wheels service. It was concluded that the services have significant differences and as such there is not any possible alignment.
22. Colleagues in Public Health have been consulted as part of the development of this strategy. Public Health (PH) are commissioning Healthy Weight and Nutrition services. The PH specification includes a requirement for the contractor to equip the wider community with cooking skills and nutrition education to actively promote healthy eating including Plan, Cook & Eat Cookery Clubs. These services will in turn compliment the School Meals commissioning activities in the promotion of healthy and sustainable eating.

List of Appendices:

Appendix A – Procurement Strategy (exempt)

Appendix B – Options Analysis and Financial Analysis (exempt)