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**Meeting:** Executive  
**Date:** 7 December 2010  
**Subject:** Review of centrally commissioned and managed School Meals Contract  
**Report of:** Cllr Steve Male, Portfolio Holder for Customers, Systems and Assets  
**Summary:** The report proposes to begin consultation with schools on alternative options to deliver the school meals service after March 2011.

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**Advising Officer:** Richard Ellis, Customer and Shared Services  
**Contact Officer:** Ian Brown, Assistant Director Assets (Interim)  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/  
exemption from call-in  
(if appropriate)** N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The proposed consultation will allow the Council to respond to the financial challenges facing the public sector, to ensure that the future service is provided in a cost effective manner aligned with the Council's overall priority to "educate, protect and provide opportunities for children and young people"

### **Financial:**

As set out in the report there is a £210k budget pressure this year, rising to £414,500 in 2011/12 against a total income budget of £1.222m and a forecast cost of £1.322m

### **Legal:**

None

### **Risk Management:**

An extension of the existing contract will have to be negotiated if the service extends beyond 8<sup>th</sup> April 2011. the risks of delegating the responsibility to schools would include:  
Non compliance with CBC Procurement Rules, Beach of EU Procurement Rules, Failure of CBC to discharge its statutory responsibilities, lack of skill sets within schools to negotiate and manage contracts.

**Staffing (including Trades Unions):**

Not continuing with the service would affect 3 FTE's directly

**Equalities/Human Rights:**

The requirements of the Equality Act 2010 and any school meals provision will need to take into account the dietary requirements relating to children with disabilities, children from ethnic minority communities and religion and belief groups.

**Community Safety:**

None

**Sustainability:**

None

**RECOMMENDATION(S):**

- 1. That schools be consulted at the earliest opportunity on future options for delivery of the school meals service.**
- 2. That a further report on options for the service be brought back to the Executive once consultation feedback is received from schools.**
- 3. That following the outcome of the consultation with schools, the Director of Customer and Shared Services in consultation with the Portfolio Holder for Customers, Systems & Assets be authorised to agree to a negotiated extension of the school meals' service with Eden Food Services until the end of the schools' summer term, 22 July 2011.**

*Reason for Recommendation(s): So that arrangements can be made for school meals when the current contract comes to an end in March 2011.*

**INTRODUCTION**

1. Following the disaggregation of the County Council, the School meals contract was taken on by Bedford Borough, who manages the provision to Central Bedfordshire Council schools via a shared service agreement. The cost for Bedford Borough to manage the contract on the Council's behalf is £23k p.a.
2. The contract with Eden Food Services was extended for a further two years as part of the unitary process and comes to an end on 8 April 2011.
3. The Council needs to agree its preferred option for the delivery of the school meals service beyond April 2011.
4. Currently 102 schools buy back the service with 37 schools making their own arrangements. In the last two months a further 6 schools have given notice of withdrawal from the service from April 2011.

5. Grants totalling £214,500 supporting School Food Standards currently paid to the Council, will not be available, instead £170,000 will be included in schools baseline budgets in 2011/2012. The balance of £44,500 in grants will no longer be available.
6. The Council currently provides free meals to eligible pupils, paid lunches where parents request them, complying with national nutritional standards, All schools budgets include an amount in respect of meals and other refreshments. The duty rests with the school's governing body for the provision of a meals service.

#### References:

- s.512 of the Education Act 1996, amended by s201 of the Education Act 2002
- The Education (Transfer of Functions Concerning School Lunches etc.) (England)(No.2) Order 1999 (SI 1999 No. 2164)
- The Education (Free School Lunches) (Prescribed Tax Credits) (England) Order 2003 (SI 2003 No. 383)
- The Education (School Lunches) (Prescribed Requirements) (England) Order 2003 (Statutory Instrument 2003 No. 382)

#### **FINANCE**

7.
  - The schools Catering Budget assumes that the service would generate a surplus of £110k.
  - The school meals contractors' charges to the Council this year are forecast to be £1,322k, against a forecast income of £1,222k.
  - This results in the service being subsidised to the tune of £100k, generating a total budget pressure of £210k in 2010/11.
  - Given the known position in respect of grants being withdrawn the financial position will deteriorate further in 2011/12 to £414.5k of pressure.

#### **OPTIONS**

8. The School Meals provider market is well developed with a number of operators providing services to a wide range of schools.
9. Procurement Advice and support could be provided to schools as to the options available, e.g. engaging other known public sector service providers from neighbouring local authorities, Hertfordshire, Cambridgeshire or Luton, to provide a service on an individual basis. In addition there are a number of private sector contractors, with organisations such as Compass, Initial Rentokil and Chartwells being key providers in the school meals' market.
10. There are a number of options for the future provision of a school meals' service. These are to:

- (a) Re-tender a new stand alone centrally let contract just for Central Bedfordshire schools. The implication would be that the centrally funded service would continue to be a financial pressure on the centrally held budget part of which will be administrative costs.
- (b) Continue the shared service arrangements with Bedford Borough. Again the implication would be a pressure on the centrally held budget. (The Borough is in the process of re-tendering the contract for school meals). Their timescale is to commence a new contract at the start of the summer term 2011. This would also carry administrative costs.
- (c) Cease the centrally provided school meal service and allow schools to make their own arrangements. The benefits of this approach are that:
  - Schools could choose the type of service best suited to their needs, deciding whether to provide a service themselves or by contracting the service to an external provider.
  - The implications of allowing schools to make their own arrangements for school meals will eliminate any future financial pressure on the Property and Asset budget, though the pressure is identified in the preparation of the 2011/2012 budgets.
  - It is consistent with the Coalition Government's intention that schools should be independent.

## **Conclusions and Next Steps**

- 11. The Council needs to consider future options for delivery of the School Meals Service, given that the existing contract comes to an end in April 2011.
- 12. There needs to be early consultation with schools with regard to the service options available, and the increasing financial pressures facing the Council.
- 13. In the interim the Council will seek to further extend the existing arrangements with Eden Food Services to the end of the summer term to allow schools sufficient time to arrange alternative provision for school meals to commence at the start of the autumn term 2011.

*Draft Timetable for Consultation with schools:*

*November / mid December 2010:*

*Preparation of Consultation Paper for Schools with the Consultation Group and:*

- *Children's Services*
- *Schools & Corporate Finance including schools' Financial Advisors*
- *Selected Schools' Representatives (Heads and Governors)*
- *Property & Assets (FM)*
- *Procurement*

November / December 2010:

Assets (FM) to engage with:

- Other Local Authority Catering Providers
- National / Local School Meals Providers
- Local Authority Caterers Association.

Mid December – mid/end January 2011:

- Consultation with schools – highlighting potential budget issues for 2011/12 and suggesting a range of service delivery options available to schools.

January 2011:

- Consult with Schools Forum
- Receive and evaluate responses from schools.

Mid February 2011:

- Prepare results of Consultation.

March 2011:

- 15<sup>th</sup> March submission of follow up report to Executive as to the results of the consultation
- Assets to hold a “School Catering Seminar” involving School Meals providers and CBC schools that already undertake their own catering. Include Environmental Health and Health Colleagues.

December 2010 – July 2011

- Assets (FM) to provide advice and support to schools – responding to questions and provision of appropriate support.

22 July 2011:

- Centrally managed negotiated contract extension with Eden food services ends

July / August 2011:

- July / August Mobilisation of new arrangements

1<sup>st</sup> September 2011:

- New arrangements commence.

**Appendices** – None

**Background Papers:** (open to public inspection)

None