

LEWISHAM SCHOOLS FORUM			
REPORT TITLE	Catering Contract – Annual Report 2016 - 17		
KEY DECISION	No	Item No.	8
CLASS	Part 1	Date	5 October 2017

1. Purpose of the Report

The purpose of this report is to review the performance and charging mechanism for schools.

2. Recommendation

The Forum agree

- i. To agree to continue to charge Primary, Special and Nursery schools on the current charging basis of pupil numbers and FSM Ever 6 numbers for 2018/19.
- ii. Agree to increase the price of a paid meal from £2.10 to £2.20 from 1 May 2018.
- iii. Note the performance of the contract in year 2 (16/17).
- iv. Note the retendering of the Kitchen Facilities Maintenance contract.

3. Background

In May 2015, Lewisham Council entered into a school meals contract with Chartwells on behalf of schools for five years with the option to extend for two further years subject to the necessary approvals.

The contract was awarded inclusive of payment of the London Living Wage on a phased implementation. There are 72 schools who have bought into the school meals centralised service with contract value of circa £50m, the exact figure will vary due to the number of meals supplied and inflationary pressures.

4. Charging

- 4.1 Due to the phased implementation of the London Living Wage in the first two years of the contract it was anticipated that staffing costs would increase by circa 20% with the potential of further above

inflationary increases anticipated. To avoid primary schools experiencing a steep rise in the costs after the first term and commencement of the second full academic year officers proposed that the current charging at contract commencement should be continued allowing the cost of the school meals provision to be evened out over the life of the contract (first five years). Officers considered a number of variables such as staffing costs, inflation, and some are more predictable than others. A risk remains around national decisions, such as the future of the universal infant free meals. It is likely to mean that an adjustment to this price or charge will need to be made in the future. As the catering contract is run on a self-financing basis the charge could go down as well as up.

- 4.2 Since the commencement of the contract the minimum hourly rate (London Living Wage) for staff has risen to £9.75. This increase has not been reflected by any additional costs being passed onto the schools within the contract.

5. Paid Meal charges

- 5.1 The current charge to a parent for a paid primary school meal is £2.10, however the actual cost of a meal is in an excess of this. Therefore for every paid meal there is a subsidy which is borne by the school.
- 5.2 In February 2016 Schools Forum agreed to permit annual increase of ten pence to the primary paid meal until the price is comparable to the governments agreed price of £2.30 for Universal Infant Free School Meals (UIFSM).
- 5.3 Benchmarking data indicates the uplift still places Lewisham on the low side in London. The current cost of the universal free school meal grant is £2.30. This is more in line with the paid meal charges of other London Boroughs.
- 5.4 Therefore it is recommended that Schools Forum agree to increase the primary paid meal price by 10 pence to £2.20 in 1 May 2018 and agree to consider a further uplift in a years' time.
- 5.5 As noted in 5.1 each paid meal is currently subsidised. Therefore an increase in the charge of the paid meal will reduce the cost of the contract to schools

6. Overview of the Contract Performance (year two)

- 6.1 The school meals contract has been in operation for seven terms and completed two full academic years September 2015 – July 2017. Noted below are some of the benefits realised since last year.

- 6.2 The number of schools within the central contract has increased by one with All Saints School joining the centrally managed contract in the summer term. The take up of total meals provided between April 2016 – March 2017 increased to 3.3 million (171,000 more meals than last year) equating to a rise of circa 5.5%. 1.9 million meals served were Free School Meals (FSM) an increase of 15,000 from the first year of the contract.
- 6.3 The school meals contract employs circa 500 staff with 70% of the workforce being Lewisham residents. Since the commencement of the contract staff will have seen a circa 20% increase in salary to reflect Lewisham Council and our schools commitment to pay the London Living Wage. Further, 2 apprentices from the Mayor's apprenticeship scheme were employed on the contract with Chartwells this year, one in the Lewisham Training Kitchen (NVQ professional Cookery) and another in the HR team started NVQ L2 Business. One graduate was also employed as a nutritionist. All three are Lewisham residents. In addition there are two LTK volunteers (also Lewisham Residents) for the Community Cooks sessions every Friday at the training kitchen.
- 6.4 Chartwells have attained or retained the following;
- Food for Life Silver
 - Sustainable fish city
 - Red tractor
 - Fairtrade
 - Sugar Smart pledge
 - British Lion Eggs
- 6.5 The Council's Education Catering Client team continue to monitor the school meals contract in partnership with Environmental Health to enable increased visits to school and better working relations.

7. Community Involvement

- 7.1 31,319 local residents benefited from community involvement with Chartwells this year including;
- Lewisham People's day (pizza for the people) - a free wood fire pizza making workshops.
 - An annual free Midday meal supervisors accredited HSE and food hygiene training course.

- Bore Place- meet the Grower termly school uptake incentive (free farm trip for 30 pupils)
- 48 Community Cooks sessions
- Sessions at the training kitchen for school and community groups
- A dedicated Nutritionist to support the borough and Public health

8. Kitchen Management

- 8.1 In addition to the school meals contract the Council manage a FM and equipment contract to ensure the school kitchen estate complies with statutory guidance and food safety regulations. The opportunity to tender for this contract is currently available and a new contract will be in place in Jan 2018 for a period of 2 years and 4 months + a possible 2 year extension. This contract is designed to terminate in line with the catering contract.
- 8.2 A conditional survey of 50 school kitchens was carried out this year by KEG and this has led to improvement projects at seven schools with and investment of £163,000. The results of the survey will allow the estate management team to plan and programme the remainder of the required repairs and improvements.

Appendix A: Chartwells Annual Report