

MINUTES OF THE OVERVIEW AND SCRUTINY EDUCATION BUSINESS PANEL

Tuesday, 5 May 2020 at 8.10 pm

PRESENT: Councillors Bill Brown, Sakina Sheikh, Peter Bernards, Juliet Campbell, Patrick Codd, Liam Curran, Jim Mallory, Joan Millbank, John Muldoon and Luke Sorba

ALSO PRESENT: Monsignor N Rotheron and Clive Caseley.

8. Minutes

RESOLVED that the minutes of the open meeting held on 2 October 2018 be confirmed as an accurate record.

9. Declarations of Interests

None was declared.

10. Exclusion of the press and public

Noted.

The following is a summary of the discussion at the closed meeting.

11. Decision Made by the Mayor on 25 March 2020 - closed session

School Meals Contract Extension

The Chair informed Panel Members that Councillor Sorba, Chair of the Children and Young People Select Committee, had sent six questions to the Senior Contracts Officer in advance of this meeting. The officer responded to these questions at the meeting as follows:

Q1. To what extent were the performance deductions taken into account when deciding to extend Chartwells' contract to July 2021?

A1. The decision to further extend the contract is driven by school leaders, many of whom would like more time to decide if the model could work for them and give thought to how they would resource and manage it in the longer term. During the ongoing negotiations regarding extension, a considerable amount of discussion and negotiation continues on the PMS (Performance Management System). The contractor feels that the system does not offer enough incentive to carry out and report back on remedial measures. Any points above 100 attract the maximum deduction and as the points are often running in the thousands it makes the area managers feel helpless to reduce it enough to stop the penalty. It is hoped that this review, along with a new member of staff dedicated to rectifications, will improve performance during the extension period.

Q2 The Council agreed to change its penalty system. Is the new sliding scale more or less strict than the current capped monthly deduction model?

A2. The new system will identify critical performance indicators e.g. special diet management, temperature testing, continuing to penalise failures in these key areas but will reduce the weight of non-critical factors, e.g. menu on display, theme days. The current maximum cap will remain the same although falling under this should be more manageable for Chartwells. The deduction will be applied separately for each school inspected instead of the current system which totals the points lost across all schools.

Q3. A survey of Lewisham schools' satisfaction rating with Chartwells had previously shown that a low percentage of schools were against contract extension but that now schools were largely in favour. Please detail what changed their minds?

A3. When schools responded to the initial survey, many were largely of the opinion that the alternative to contract extension was a return to market and a continuation of outsourcing. One of the features of the insource models included the management of kitchen staff by (most likely) school business managers and for a large number of the schools included, this is a daunting prospect. Some Heads do not feel there is capacity to absorb this task amongst their senior management teams and are also reluctant to import the risks associated with the delivery of the service. Some schools have given notice to withdraw from the central arrangement as they continued not to be in favour of the extension and have returned to tender exiting the current arrangement in July 2020. This includes 8 primary schools and 7 secondary schools.

Q4. The London Living Wage has gone up by 2%. Chartwells are raising prices per meal by 15%. What persuaded the Council to accept this as reasonable?

A4. Although the price per meal paid to Chartwells had been uplifted over the term to reflect increases in the London Living Wage, the payment for other on costs including food and overheads had not increased from the tendered price. The meal price includes items such as utilities, waste removal, deep cleans, and pest control and these costs were underestimated in the original tender. The pricing proposal is transparent and back up evidence has been supplied to support the increased pricing proposal. The increase can be broken down as follows;

Labour Costs

Some of this is due to a change in LLW from £10.55 to £10.75. An additional increase has been applied to reflect the real costs of providing absence cover and back up evidence has been supplied. Some continued discussion on this element is ongoing.

Food Costs – The national average according to a survey by APSE in 2018 is 80p and so the increase would not seem unreasonable. It also falls below the increase in food costs reported by the ONS since 2015.

Overheads – The contractor has provided some back up information to support the proposed increase including e.g. Utility costs, deep cleans (sub contracted), software, soil association, filter changes etc.

The management fee per meal is unchanged.

Q5. Schools strongly support maintaining a centralised arrangement for catering. Lewisham's agreed corporate strategy commits us to a presumption of in-sourcing services when contracts end. How successful do you think we have been in promoting the in-house catering option? Might it not allow schools more flexibility in the use of their kitchens such as for after school events?

A5. The advantages of the insource model remain, including the use of kitchens after school, and officers have made every effort to identify and promote the wider implications to school leaders. Despite the obvious benefits to the local economy, pupils and the staff employed in kitchens, schools remain concerned about the resources they are required to manage for the service day to day and the additional pressure they feel it puts on already stretched members of staff. Schools are autonomous in deciding how they procure the school meals service and despite the offer of the insource model from the authority, may go in a different direction. A minimum of 40 schools would be required to keep the insource model affordable. The option has not been dismissed but schools have been given until July 2020 to decide if they would like to take up the offer. This is the reason for the longer extension being sought. If the insource model is not taken up, an outsourced contract may take up to another year to put in place.

Q6. In-house catering offer to schools involved back-room staff being employed by the Council and on-site staff being employed by the schools. How feasible and how popular might an arrangement be where all catering staff were employed by the Council?

Q6. Feedback from schools is that this would be a much more popular arrangement but this option was originally dismissed due to cost. The tiers of management required to service a work force of circa 450 kitchen staff and the additional cost of accommodation, IT, pensions, and payroll would be substantial.

Councillor Sorba said that in the report, Chartwells is recognised as having consistently provided poor performance and failed to rectify problems, yet it claims that it is easier to incentivise improvement with less punitive sanctions. Councillor Sorba did not understand the logic of this. He had also considered the break down for the reasons for the increase of 15 % for the cost of meals. One of the reasons claimed for the increase was a rise in overheads, which they calculate are going up by 35% which he considered to be exorbitant. In conclusion, he considered that Lewisham's school children deserve a better service than Chartwells are providing and further discussions should be held with Headteachers regarding the long term provision of school catering.

Councillor Sorba asked about the future of training kitchens. The Green Man provides training for school catering staff and he asked whether this was part of this contract. The contract officer said that this comes within the contract. If

Chartwells fail to deliver this service, the training kitchen would be returned to the authority or awarded to another provider.

The contract officer said that she did not disagree with Councillor Sorba's comments. She had recommended the in-source model and still believed that this is the best option for providing food to Lewisham's school children, however, it was for schools to make a decision on how they want food delivered and they had stated clearly that they want this extension.

The contract officer said that the 35% increase in overheads had been on the original tender not on the original cost.

Monsignor Rotheron said that post virus, consideration would need to be given to how things will be managed in the future, particularly with regard to protecting staff serving food in the canteen and in the kitchens. He said that the extension of the contract will be for an extra year and asked what funding would be available to address these needs. The contracts officer said that serving staff were still going to work and social distancing had been difficult to maintain. Risk assessments continue, Chartwells are responsible for managing staff. There had been attempts to serve children at several different times during the day, particularly in the larger schools. Chartwells had put forward some proposals about how and where children could be served and this will continue to be reviewed prior to all children going back to school.

RESOLVED that the report be noted.

The meeting ended at 8.31pm

Chair