



Mayor and Cabinet

Report title: School Meals Contract Award Report

Date: 9th June 2021

Key decision: Yes

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for CYP, Director of Law, Governance & Elections, Group Finance Manager CYP

Outline and recommendations

This report follows a number of previous submissions to Mayor and Cabinet including a report in November 2019 recommending an insourced model for delivery of school meals, an extension of the current contract in March 2020 which allowed it to continue to July 2021 and report to the Director of Resources asking permission to procure an external contract via the ESP framework for a reduced number of schools in October 2020.

The contract is not at a direct cost to the Authority as all funding including management is collected from schools to meet the expenditure. The contract is procured and managed on behalf of maintained, voluntary aided and academy schools.

After extensive consultation, it became clear that there was insufficient support from schools for the insource model and a number of schools gave notice of their intention to procure and manage future outsourced contracts via a commercial provider. A continued central contract has important advantages in terms of finance, food quality and health (including vegetarian and vegan offers). Accordingly,

Mayor and Cabinet are recommended to;

- Award a central contract for school catering for a period of 4 years with an option to extend for a period of up to 2 further years to Chartwells, a subsidiary of Compass Group UK subject to sufficient schools signing up to the provision via Governing Body Agreements

Timeline of engagement and decision-making

- March 2019 – September 2019 – School Meals Options Appraisal
- September 2019 – October 2019 - School Leaders Consultation
- 20 November 2019 - M&C report – The Future Delivery of School Meals
- 26 November 2019 – School Leadership Forum
- 13 January 2020 – Chair of Governors Briefing
- 16 January 2020– School leaders catering options conference
- 14 February 2020 – Detailed Catering Briefing Document with financial analysis sent to School leaders
- 25 March 2020 – M&C Extension Report
- March 2020 – July 2020 – Further briefing and consultation to improve contract features and specification with school leaders and governors.
- October 2020 – M&C Report- The Future Delivery of School Meals – Part 2- Permission to procure an outsource model for 25 schools across 28 sites
- 9 June 2021 – M&C Report – Award of Contract
- 31 July 2021 – End of current contract

1. Summary

- 1.1 The Education Act 1996 requires a Local Education Authority or School governors to provide school meals. 'A school lunch must be provided for pupils where a meal is requested and either the pupil is eligible for free school lunches, or it would not be unreasonable for lunches to be provided' – therefore lunch provision is a necessity in all Lewisham schools.
- 1.2 Schools receive Government funding to provide a free school meal to all pupils in Key Stage 1 i.e. Universal Infant Free School Meals (UIFSM)
- 1.3 The current school meals delivery contract with Chartwells, a subsidiary of Compass Group UK, commenced in May 2015 and following an extension agreed by Mayor and Cabinet in March 2020 expires on 31st July 2021. It has a value of around £6 million per annum.
- 1.4 School Meals are currently delivered to 51 schools through the centralised contract between the Council and Chartwells. This number has dropped from 65. Those schools that participate enter into a Governing Body Agreement (GBA) with the Council. 2 Secondary Schools are currently included. The 25 schools that did not want to remain part of the centralised contract are using a commercial provider to deliver procurement and clienting services for catering from August 2021. The remaining 25 schools across 28 sites are included in the procurement process for a new centrally (Lewisham Council) provided contract. These are listed in Appendix 1.
- 1.5 A centralised service provides advantages to schools and school children across the Borough including increased economies of scale in terms of cost, time, standardisation of systems/services and compliance. There are School Food Standards for school meals as well as statutory requirements in terms of equipment testing and a wide range of food safety regulations to comply with. In addition the centralised service operates a financially supportive model for schools. There may be wider advantages for the local economy in having control of food providence and closer adhesion to the corporate priorities.
- 1.6 Only one bid was received as a result of the current procurement exercise from the incumbent provider Chartwells. However, a number of changes have been made to the specification and resulting submission in order to improve the service.
- 1.7 Additional full 3 week menus such as halal and vegan have been provided as options for schools individually or collectively and a selector menu containing 50 optional meals will be available for schools individually to replace items not proving popular with children.
- 1.8 The price per meal is lower than our current service offering some savings for schools
- 1.9 The clienting regime has been reviewed and will include some less in depth but more frequent visits to schools to ensure the contract meets its requirements and quality is assured at every site.
- 1.10 This Part 1 report provides information on the proposed contract award. The accompanying Part 2 report provides commercially sensitive information in relation to the synopsis of the bid and the financial evaluation.

2. Recommendations

Mayor and Cabinet are recommended to;

- 2.1 Approve the award of a centralised school catering contract for a period of 4 years with an option to extend for up to an additional period of 2 years subject

to a sufficient number of schools signing up to the contract via Governing Body Agreements. The contract will have a maximum value of £20 Million over the 6 year period.

- 2.2 Delegate the approval of the final terms of the contract to the Executive Director for Children and Young People on the advice of the Director of Law, Governance & Elections.

3. Policy Context

This proposal addresses Lewisham's Corporate Strategy 2018-2022 as follows;

3.1 Open Lewisham

On examining the proposal for the delivery of the catering service with this corporate priority in mind we note the following;

- Improvements have been made to the contract specification to better allow for the cultural diversity of pupils in our schools. The submission includes a full 3 week vegan menu and a full 3 week halal menu should schools wish to implement these individually or collectively.
- A largely centralised service can include a financially supportive option for schools. This means that contract costs are recharged to schools so that each pays the same amount per meal rather than individual schools cost for delivery and is particularly beneficial to schools with high numbers of SEND pupils as meals at these schools are much more expensive to deliver due to a) the smaller number of students, b) the high number of special diet requests and c) the labour intensity required to prepare and serve. This recharging method is also favourable for smaller schools whilst the increased cost for larger schools is offset by economies of scale offered by staying in as large a group as possible.

3.2 Giving Children and Young People the Best Start in Life

- The contract would continue to deliver a nutritious hot meal each day.
- Funding for Universal Infant Free School Meals (UIFSM) to reception, year 1 and year 2 pupils enables more pupils to enjoy a nutritious meal without charge to parents, helping with Lewisham's focus on Child Poverty. A centralised offer ensures that this funding is used only for nutrition as any surplus is used within the meal service and any shortfall is covered.
- Skills and expertise employed within the current provision ensures that menus are compliant with the Schools Food Standards, and Silver Standard Food for Life Partnership level. This contributes towards Lewisham's Health and Wellbeing Strategy in terms of improving health and achieving a healthy weight. Lewisham has a higher than average level of childhood obesity - a healthy, well balanced menu complete with a salad bar, milk and fruit offers provides good framework for healthy living and additionally aids concentration in afternoon lessons. The food for life silver standard is delivered currently and this will continue.

3.3 Building an inclusive Local Economy

- The current catering contract is one of the largest employers in the Borough (3rd) with over 300 employees currently. The contractor would continue to pay London Living Wage.
- A centralised offer helps to protect and preserve employee's terms and conditions uniformly across the Borough.
- Employees receive the London Living Wage as a minimum. This has been found to help to stimulate growth in the local economy and improve health outcomes.

3.4 Delivering and defending health, social care and support

- Currently signed up to 'sugar smart', the new contract would continue to deliver on this commitment.
- The improved specification and submission delivers allergy aware menus as well as bespoke special diets for those children who require specific tailoring of their diet.

3.5 Making Lewisham Greener

- In line with Lewisham's recognition of the climate emergency, and commitment to radical action to reduce carbon and other emissions that contribute to global heating, the contract will offer 2 'meat free' days per week.
- The submission includes a commitment to be carbon neutral by 2030. Waste oil at schools is used to fuel delivery vehicles. Consideration has been given to efficient trucks/reduced emissions, more efficient deliveries etc. This action assists in Lewisham's focus on improving air quality. 84% of produce is from farmers and suppliers in the UK reducing on transport and all beef products are sourced from British and Irish farms

4. Background

- 4.1 The school meals service has been outsourced to Chartwells since 2009 and prior to that Scolarest (a previous subsidiary of Compass Group UK) since 1999.
- 4.2 The Chartwells contract is cliented centrally by the Lewisham Catering Management Team who carry out regular inspections measuring performance against a wide range of KPI's including quality of the food service, food safety, compliance with legislation, health and safety measures and complaints resolution. Additional catering contract inspections are carried out by colleagues in Environmental Health. A performance management system is in place and the contractor receives financial penalties when that performance falls below the standard required and fails to rectify within the prescribed rectification period.
- 4.3 The current school meals contract has around 300 employees.
- 4.4 During March – September 2019 an Options Appraisal was carried out for the delivery of these services as a result of which, in November 2019, Mayor and Cabinet agreed the recommendations to;
- Insource the delivery of school meals in line with the model described for September 2020 subject to sufficient numbers of schools signing up to the model.
 - Extend the current catering contract on the existing terms and conditions with Chartwells for 3 months until 31st July 2020 at a maximum cost of £2.6 million in order to allow time for the insource model to be implemented and mobilisation to take place over the summer holidays.
- 4.5 Full insourcing of a centralised service (Insource Model A) was explored and dismissed

in the Options Appraisal. This option would have meant the full service being insourced to a central Lewisham team including all of the staff and the support services. Financial analysis of this model was carried out and the cost of labour including kitchen staff, supervisors, area managers and any other support required to manage the teams was considered to push the cost beyond what is affordable for schools.

- 4.6 In order to mitigate the increased labour costs in Insource Model A, a second insource model was devised – Insource Model B. Although an insource model, kitchen staff would not have been managed centrally as in option A and would be managed by the school they were based in. This arrangement would have provided an opportunity to insource with less cost than the fully insourced and centralised option. There would be a requirement for schools to resource the management which would involve moving some management cost directly to the school but it was considered that some responsibilities might be incorporated into existing roles and offer saving. The need for centralised management tiers above the 300 kitchen staff would be removed giving control of the service back to school leaders and the Authority. However schools would have been required to take on a number of additional responsibilities including HR, TUPE, payroll, line management of kitchen staff and risk associated with delivery. The current contract was extended for 12 months to July 2021 in order to allow more time for schools to consider their options and with very little interest in pursuing Insource Model B, it was finally dismissed.
- 4.7 A further 25 schools have proceeded with a commercial provider outside of the Local Authority to procure and manage an outsourced contract.
- 4.8 The remaining 25 schools across 28 sites have proceeded with a procurement managed by officers and this has now concluded.

6. Tender

- 6.1 On 15 February 2021 the Executive Director for Resources approved the use of the ESPO framework to tender the contract. The Framework had a good selection of suppliers who had already fulfilled some of the pre selection criteria.
- 6.2 An invitation to tender was issued to all companies that were on the framework agreement on behalf of 25 schools split as follows and detailed in Appendix 1:
- 2 x Secondary Schools
 - 18 x Primary Schools (17 Kitchens)
 - 3 x SEND Schools - (4 sites with kitchens) including 2 additional dining centres for delivery only
 - 2 x Nursery Schools – (1 kitchen) including 1 dining centre for delivery only.
- 6.3 There were 12 replies to the invitation but only 1 bid. Those companies that did not end up bidding indicated a variety of reasons for not doing so. 4 indicated they could not meet the timescale, 3 indicated insufficient resources, 2 indicated they would be unable to submit a competitive bid, 1 indicated they could not meet our requirements and the final respondent was too small a company to deliver on the project.
- 6.4 The single submission was from Chartwells who are the current supplier.

- 6.5 The bid was evaluated using the criteria published in the Invitation to Tender as follows.
- | | |
|-------------------------------------|-----|
| (a) Financial | 50% |
| (b) Food Menus and Service Delivery | 18% |
| (c) People and Administration | 6% |
| (d) Contract Management | 7% |
| (e) Quality Assurance | 4% |
| (f) Equality, Diversity & Inclusion | 2% |
| (g) Health and Safety | 2% |
| (h) Social Value | 8% |
| (i) Climate Change Commitment | 2% |
| (j) Covid Arrangements | 1% |
- 6.6 The criteria were weighted 50% for financial and 50% for non-financial including 8% for social value to reflect the need to secure services which are economic whilst providing high quality delivery of overall service standards. A competency threshold was set for critical areas.
- 6.7 Tenderers were asked to submit a description of their proposal in the form of method statements in order to test their understanding of the service requirements laid out in the contract specification.
- 6.8 The method statements provided by the successful tender will form part of their contract documentation against which their performance will be monitored.
- 6.9 The successful bidder met and, in almost all cases, exceeded the minimum thresholds required. The overall qualitative score following evaluation was 36.8 out of a maximum score of 50.
- 6.10 The procurement has been carried out on behalf of the 25 schools listed in Appendix 1. However if the number of schools using the centralised contract drops too low to cover the cost of the contractors central management team and a client service within the Council, it may become unviable and materially different to that procured in this tender. Therefore schools may need to source the service independently or consider a fully insourced model. Should this happen a further report will be presented to Mayor and Cabinet with a full options appraisal.

7. Synopsis of bid

- 7.1 A full synopsis of the bid received is contained in the confidential appendix at Part 2 of this report.

8. Financial Evaluation

- 8.1 This section is contained in the confidential appendix at Part 2 of this report.

9. Financial Implications

There are no financial implications arising from the award of this contract. The contract is tendered on behalf of schools who meet the full cost including the associated contract management costs.

The cost of meals at each school is variable but when recharged all schools will pay the same meal price.

The total cost will vary depending on uptake and will be recharged to schools in full based on meals taken at each site.

The contract incorporates key performance measures which the contractor must achieve, where they fail to do so, the contract allows for appropriate penalty clauses

10. Legal implications

- 10.1 The Council's Constitution contains requirements about how to procure and manage contracts. These are in the Contract Procedure Rules (Constitution Part IV). Some of the requirements in those Rules are based on the Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations ("the Regulations") with which the Council must comply. Given the value of the contract the Regulations apply.
- 10.2 The report proposes the establishment of a contract for four years with an option to extend for up to a further 2 years. The potential value of the contract including the extension is above £500,000, which means that this is a Category A contract for the purposes of the Council's Contract Procedure Rules and one which is to be awarded by Mayor and Cabinet.
- 10.3 This contract has been procured through a compliant framework agreement which complies with the requirements of the Regulations and the Council's Constitution. If the proposal to award the contract is approved, award notices must be published in the prescribed form.
- 10.4 The report explains the evaluation approach and process applied to the bid and the reasons for recommending the bidder for approval. Should school take up for the centralised contract be low, meaning that the contract becomes financially unviable and/or materially different in nature from that originally procured, then the Council will be entitled to abandon the process as set out in the Invitation to Tender. A further report with options included will need to be presented to Mayor and Cabinet.
- 10.5 This decision is a Key Decision under Article 16.2 (c) (xxiii) of the Constitution as it has a value of more than £200,000. It is therefore required to be contained in the current Key Decision Plan.
- 10.6 In taking this decision, the Council's public sector equality duty must be taken into account. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 10.7 In summary, the Council must, in the exercise of its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and those who do not; foster good relations between people who share a protected characteristic and those who do not.
- 10.8 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made bearing in mind the issues of relevance and proportionality and understanding the impact or likely impact of the decision on those

with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

- 10.9 The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.
- 10.10 The EHRC has issued five guides for public authorities in England giving advice on the equality duty. The 'Essential' guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

11. Equalities implications

- 11.1 The Council's Equalities objectives would be fully considered and addressed throughout the term of the contract.
- 11.2 The method statements include an equalities and diversity submission.
- 11.3 Chartwells intend to implement equal opportunities and had a range of actionable policies and commitments including the Race at Work Charter and a Cultural diversity Employee Network. They partner with Springboard to help people from disadvantaged backgrounds to gain skills and enter employment. There was a commitment to effective recruitment, training, and monitoring and 'Dignity at work' training is provided as part of the company induction. Compass have launched women in food and pride in food programmes and carry out internal audits on gender, leadership, diversity and ethnicity, based on recruitment and employee feedback

12. Climate change and environmental implications

- 12.1 In line with Lewisham's recognition of the climate emergency, and commitment to radical action to reduce carbon and other emissions that contribute to global heating, the contract will offer 2 meat free days and intends to extend and develop more vegetarian / vegan food options. The submission included a full 3 week vegan menu should schools choose to provide this as a service individually or collectively.
- 12.2 Chartwells identify that they have developed a bespoke tool to calculate the carbon impact of the food served and will use this to analyse recipes and add carbon footprint labels to menus.
- 12.3 Chartwells delivery arrangements via Brakes means that all deliveries chilled, frozen and ambient can be made on one vehicle, lowering emissions and reducing traffic. Chartwells partake in a range of programmes and accreditations including Food for Life, MSC, Red Tractor and WRAP, all of which have focus on climate change.

12. Crime and disorder implications

No crime and disorder implications arise from this report or the proposed contract extensions

13. Health and wellbeing implications

- 13.1 Skills and expertise employed within the provision will ensure that menus are compliant with the Schools Food Standards, and Silver Standard Food for Life Partnership level. This contributes towards Lewisham's Health and Wellbeing Strategy in terms of improving health and achieving a healthy weight. Lewisham has a higher than average level of childhood obesity - a healthy, well balanced menu complete with a salad bar, milk and fruit offers provides good framework for healthy living and additionally aids concentration in afternoon lessons. The food for life silver standard will continue to be delivered.

The contract will continue to deliver a nutritious hot meal every day.

The contractor is signed up to sugar smart

Meals will continue to be delivered in line with national 'school food standards'

14. Background papers

School Meals Options Appraisal

The Future Delivery of School Meals – M&C report - Nov 2019

Extension Report – M&C report - March 2020

The Future Delivery of School Meals Part 2 – permission to procure externally – M&C report - October 2020

Permission to use a Framework – Executive Director for Resources report – Feb 2021

Glossary

Term	Definition
LLW	London Living Wage
FSM	Free School Meals
UIFSM	Universal Infant Free School Meals – available to all children in Key Stage 1
APSE	The Association for Public Sector Excellence

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Appendix 1

Schools included in Contract

Name of School	
Nursery Schools	
1	CHELWOOD NURSERY (Dining Centre)
2	CLYDE EARLY CHILDHOOD CENTRE
Primary Schools	
3	ASHMEAD PRIMARY
4	CHILDERIC PRIMARY
5	DOWNDERRY PRIMARY
6	ELIOT BANK PRIMARY
7	GORDONBROCK PRIMARY
8	GRINLING GIBBONS*

9	HOLY TRINITY PRIMARY
10	KELVIN GROVE PRIMARY
11	KILMORIE PRIMARY
12	LUCAS VALE PRIMARY
13	MYATT GARDENS PRIMARY
14	PERRYMOUNT PRIMARY
15	RATHFERN PRIMARY
16	ST JAMES HATCHAM PRIMARY
17	ST WINIFREDS PRIMARY
18	STILLNESS INF (One kitchen for both schools)
19	STILLNESS JRS (One kitchen for both schools)
20	TORRIDON PRIMARY
Special Schools	
21	DRUMBEAT 6TH FORM & OUTREACH ANNEXE (BROCKLEY)
	DRUMBEAT SCHOOL & ASD CENTRE (DOWNHAM)
	ROCKBOURNE CENTRE (Dining Centre, meal deliveries only)
22	NEW WOODLANDS SPECIAL SCHOOL
23	WATERGATE SPECIAL
	LADYWELL CENTRE (Part of Watergate School, Dining Centre, meal deliveries only)
Secondary Schools	
24	ADDEY & STANHOPE SECONDARY
25	DEPTFORD GREEN SECONDARY