

---

# School Meals

---

**Report being considered by:** Schools' Forum  
**On:** 9 December 2019  
**Report Author:** Amerie Bailey/Robert Bradfield  
**Item for:** Decision      **By:** All school representatives

---

## 1. Purpose of the Report

To update the Schools' Forum on progress made with school meal arrangements and outline the procurement approach taken/requested by schools. The report confirms the corporate position of WBC around funding. The report also summarises the schools cleaning procurement arrangements.

## 2. Recommendation

Schools' Forum to ratify the procurement approach taken by schools/WBC and note that all funding requirements are to be met through DSG.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
---	-------------------------------	---

## 3. Introduction/Background

A contract with ISS had been awarded in 2012 for five years and reached the end of its initial term in July 2017. The contract contains provision for an extension for up to four years based upon mutual agreement between the Council and the Provider (ISS). In 2017 at the end of the initial term, the contract was extended for two years. In 2019 there was an option to extend the contract for up two further years. In the autumn of 2018 the strategic planning for the tender process commenced and it was agreed to undertake a category management approach to catering services within the Council. This tender was abandoned due to technical issues, and the contract with ISS extended to 31<sup>st</sup> July 2020.

The contract in place with ISS is one in which participating schools agreed to a model of 'cross-subsidy' whereby the more profitable schools offset the costs of schools that do not make a profit. The number of schools participating in this model has reduced over time, with a number of schools now contracting directly with school meal providers.

The fragmentation of the 'cross-subsidy' school meals contract has resulted in 'profitable' schools realising their ability to achieve a meal price below the grant funded level, with some schools achieving substantially cheaper meal prices than the £2.30 grant level. The effect of this has been an erosion of schools participating in the contract let by WBC, and a decrease in margin for the school meals provider.

During the recent abandoned tender process, it became apparent that the schools remaining in the contract (at this point in time) required a subsidy (not cross-subsidy) to enable school meals to be delivered at £2.30 to schools. WBC subsidised the school meal provision to the maximum of £133,606 spread over the two financial years of the extended

## School Meals

contract term to enable school meals contract with ISS to continue through to end July 2020.

A presentation was made by WBC officer to schools in September (hosted by Bucklebury Primary School), that outlined the approaches taken by other local authorities; and market research from providers. Full copy can be found in appendices.

Summary of this research fits with the assertion that a further fragmented pool of schools will likely result with increased school meal prices. This is based on economies of scale that are less likely to be achievable with profit making schools dropping out of the cross subsidised model.

A request for schools to decide on a procurement strategy by the 8<sup>th</sup> November was made. This was to drive a decision that can be taken to Heads Funding Group and the Schools Forum, in time for any subsequent procurement activity to take place in line with the expiry of the existing ISS contract.

An interim survey was sent to schools, with the information provided below.

The date for confirmation of each schools position was extended to the 15<sup>th</sup> November in consultation with Andy Higgs, who communicated this to schools week commencing 4<sup>th</sup> November.

### 4. Supporting Information

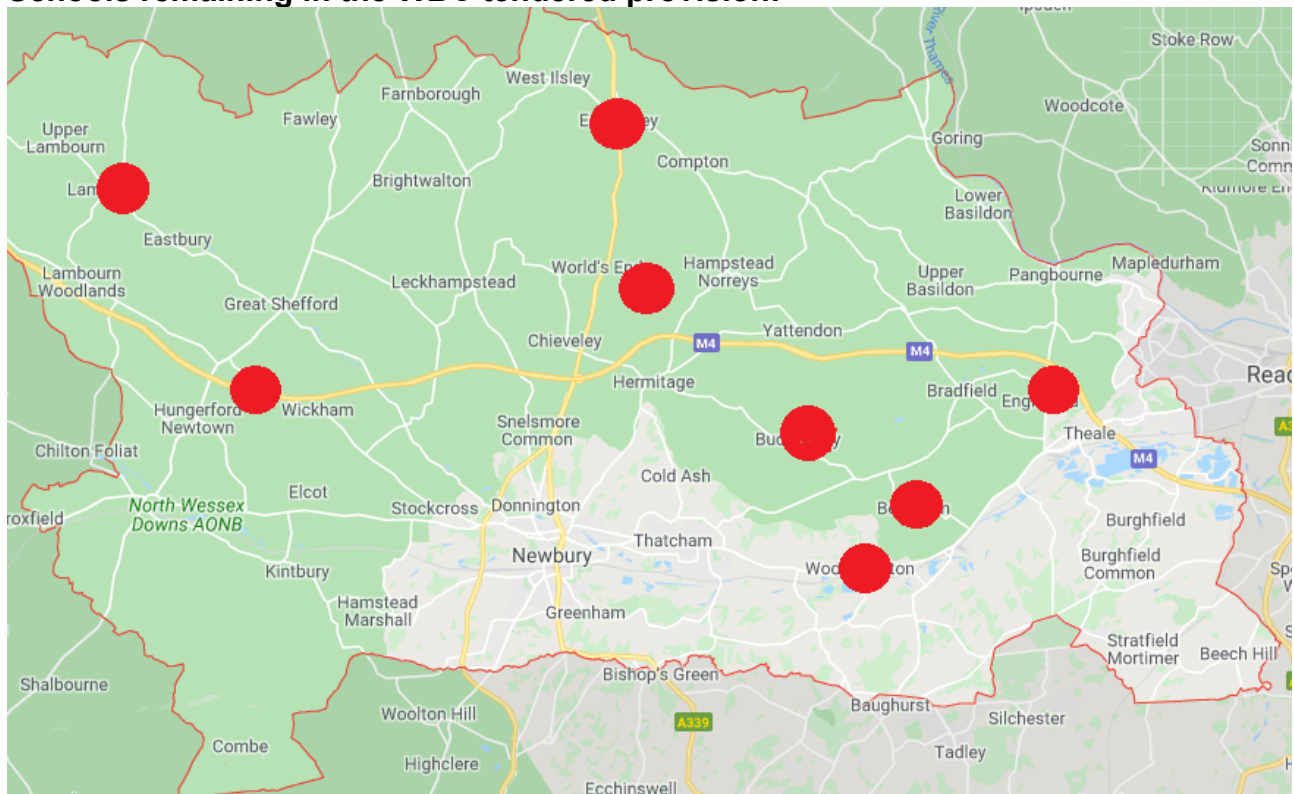
The response from schools to date is outlined below, with 33 total responses to date:

School	Decision
Hungerford Primary	In
Englefield C.E. (VA) Primary School	In
Woolhampton C.E. (VA) Primary School	In
Hampstead Norreys C.E. (VC) Primary School	In
The Ilsleys Primary School	In
Beenham	In
Lambourn	In
Bucklebury	In
Thatcham Park CE	Out
Yattendon	Out
Shaw-cum-Donnington	Out
Pangbourn	Out
St Nicolas	Out
Francis Baily Primary School	Out
The Winchcombe School	Out
Falkland Primary School	Out
Birch Copse Primary School	Out
John Rankin Junior School	Out
Springfield Primary School	Out
John Rankin Infant & Nursery School	Out
Pangbourne Primary School	Out

## School Meals

Mortimer St Mary's C.E. (VA) Junior School	Out
Aldermaston C.E. (VC) Primary School	Out
Stockcross C.E. (VA) School	Out
Welford & Wickham School	Out
Shaw-cum-Donnington C.E. (VC) Primary School	Out
Yattendon C.E. (VA) Primary School	Out
Park House Secondary	Out
Robert Sandilands	Out
Enborne	Out
Theale	Out
Beedon Primary	Out
Compton Primary	Out

## Schools remaining in the WBC tendered provision:



All of the schools opted into a West Berks led tender have indicated they would like to be part of a cross subsidised model. This may be in hope of achieving a cheaper rate through economies shared with other, more profitable, schools. On this basis, a follow on query to schools has been sent (response to be tabled at HFG) asking if they wish to proceed on the basis of this smaller group of schools.

Should these schools wish to proceed, then WBC Commissioning Service will undertake a tender on behalf of the remaining schools.

On the basis of the market research, it will be advised that schools opt for a cross-subsidised model with no cap on rates. A guide can be published to indicate to providers what the schools wish it to be. This will ensure (as best as possible) that schools get a response from the supplier market.

## 5. Options for Consideration

### **Undertake a tender for schools on a cross-subsidised model, with no cap on rates**

Undertake a tender for schools on a cross-subsidised model, with a cap on rates

Undertake a tender for schools on a site by site basis, with no cap on rates

Undertake a tender for schools on a site by site basis, with a cap on rates

## 6. Proposals

Undertake a tender for schools on a cross-subsidised model, with no cap on rates.

## 7. Conclusion

Schools catering contract with ISS will end in July 2020. The number of schools participating in this contract has reduced to 8 (as of Nov 2019).

Commercial viability of a number of schools indicates that prices will need to be higher than £2.30.

West Berkshire Council Commissioning Team are proposing to undertake a tender on behalf of the remaining schools (listed above), on an uncapped basis so as not to restrict interest from suppliers.

Free school meals funding is limited to DSG.

## 8. Consultation and Engagement

Schools; Andy Higgs (lead Head Teacher); Commissioning.

## 9. Appendices

1. Schools cleaning
2. Schools presentation.

Appendix 1:

### Schools cleaning

Schools have a rolling arrangement with Heart cleaning company which will terminate on 31<sup>st</sup> March 2020.

A large number of schools have made independent arrangements. A small number of schools have requested the support of WBC to source cleaning services on their behalf:

In/Out of cleaning tender	School
In	Enborne C.E. (VA) Primary School
In	Hampstead Norreys C.E. (VC) Primary School
In	The Ilsleys Primary School
In	Woolhampton C.E. (VA) Primary School

Sourcing for the schools will commence in January for a service commencement in April 2020.

Appendix 2:

Slide 1

**Supplier Market Engagement and Benchmarking**

---

Schools Catering Provision August 2019  
Amerie Bailey  
Contracts and Commissioning

West Berkshire  
COUNCIL

Slide 2

## Questions That Were Asked

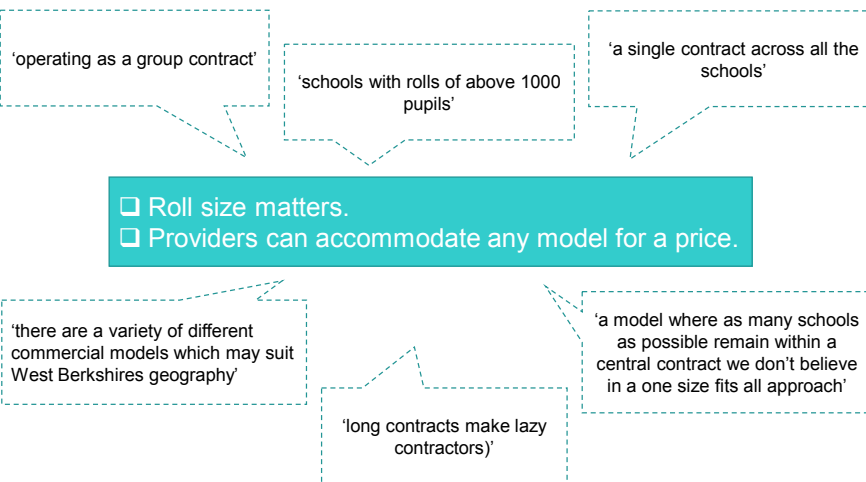
1. In your experience, What model might suit West Berkshire's geography?
2. Would it be more beneficial for schools to be within a central contract or as stand-alone contracting sites?
3. Would a central contract with the same meal price for all school regardless of size or uptake require a subsidy?
4. Would there be a cost implication for single site contracts within the portfolio
5. Where the price exceeds the current grant funding of £2.30?
  - a. How many and which sites are they?
  - b. What models may reduce their cost burden?
6. If a number of other unitary authorities were to tender jointly would there likely be any economy?
7. What service/ model could be provided for £2.30?
8. What inflationary index clauses would you expect to see?
9. In your experience, what savings in terms of the meal price (if any) could be realised by serving a cold food only provision?
10. Would this mean a carried in service versus utilising the existing school food kitchens for preparation?



Slide 3

## Question 1 Takeaway Points

In your experience, What model might suit West Berkshire's geography?



Slide 4

### Question 2 Takeaway Points

Would it be more beneficial for schools to be within a central contract or as stand-alone contracting sites?

'Smaller schools would gain greater benefit'

'encompass all schools'


'schools bound in for the duration'

- Roll size matters.
- Variation in prices unless cross subsidised by schools.
- Economies of scale.
- Schools committed to duration of contact.
- Small schools benefit from central contract with larger schools
- Importance of investment in service at school level (improve uptake).

'accurate pricing'

'smaller schools higher price'

'the only way to drive economies of scale and to minimise any potential subsidies'



Slide 5

### Question 3 Takeaway Points

Would a central contract with the same meal price for all school regardless of size or uptake require a subsidy?

'Depend on the size'

'probably be yes'

'it is impossible to predict'


'whether the funding that schools receive will keep up with inflation'

- All dependent on take up of school meals and overall contract value
- Single price was supported.

'This would depend on that meal price and lots of other factors'

'we would recommend the same meal price across the group'

'Price banding could apply to different sized Schools'



Slide 6

### Question 4 Takeaway Points

Would there be a cost implication for single site contracts within the portfolio?

'There may be varying costs for single site contracts dependent on size'


'Single site contracts will result in a wide pricing band'

'size and employment costs of the school kitchen team'

Independent prices to schools will mean a dramatic variation in favour of larger schools/ take up.

'promotion of the school meals service'

'some form of payback'



Slide 7

### Question 5a Takeaway Points

Where the price exceeds the current grant funding of £2.30?  
A: How many and which sites are they?

'Few of our contracts exceed the grant funding of £2.30'

'(LGPS), London Living Wage and the size of schools'

'price to exceed grant funding of £2.30'

'hard to attract a contractor'

School Participation

take up of meals within each school.


TUPE and other employment costs.

**Minimum on roll requirement between 100 – 250 to achieve target rate. (49 Out of 77 total) This effects 66% of the current schools in the contract.**

'This is impossible to calculate'

'approximately £2.30 is achievable needs to be serving in excess of 180 meals per day'

'In a Group situation, we would endeavour to keep the meal price for all Schools below £2.30'





Slide 8

## Question 5b Takeaway Points

**Where the price exceeds the current grant funding of £2.30?  
B: What models may reduce their cost burden?**

'Keystage 1 feeding'

'increase volume and participation'

'simplified menu'

'sent in service'

'do not believe that there will be a cost to burden'

'Staffing structures'

- Schools supporting attractiveness of offer. Eg theme days and mandatory free school meals.
- Menu choice reduction to smaller schools and carried schools.
- Increased volume and participation.
- Remove Council rebate.


'menus could be reduced to reduce wastage'

'Remove the income requirement'

'Enforce an 'all pupil' dining model'

'Remove the hot meal service from the smallest schools'

'a central / local production kitchen'



Slide 9

## Question 6 Takeaway Points

**If a number of other unitary authorities were to tender jointly would there likely be any economy?**

'We do not believe this would be the case'

'Yes – volumes would be higher'

'once a cluster of schools reaches c.20 our prices have bottomed out'


'No, not really'

- May offer economies of scale – Ref Benchmarking slide.
- Savings potentially on procurement activity rather than delivery

'We would already be charging a heavily discounted management fee for the West Berkshire contract'

'savings are found in the cost of the tendering project'

'More business helps to achieve a better meal price'



Slide 10

## Question 7 Takeaway Points

What service/ model could be provided for £2.30?

'Food For Life Served Here Silver menu for less than £2.30'

'fresh food offer, management of the contract and development of the staff'

'Its not possible to determine'

'TUPE would have the main influence'

'a superb service'


A provider has indicated a subsidy would be required at £2.30 rate.  
 Some have indicated that they think it may be possible subject to school participation levels.

'pupil numbers and meal uptake'

'a requirement for a subsidy in excess of £140,000 per annum'

'option to close the kitchens and deliver cold packed lunches to some of the smaller schools'

'cost of logistics for this style of service often may outweigh savings'



Slide 11

## Question 8 Takeaway Points

What inflationary index clauses would you expect to see?

'RPI and CPI'

'Food inflation clause, which is generally linked to the RPI/CPI inflation index.'

'Labour inflation clause – linked to any statutory increases in minimum wage/London Living wage'


Clauses for food and labour inflation are required. Minimum being CPI

'subject to any significant changes in government legislation'

'beyond our control'

'fix the meal price over the term'

'5p increase per annum'



Slide 12

# Additional Questions

---



Slide 13

## Question 9 Takeaway Points

In your experience, what savings in terms of the meal price (if any) could be realised by serving a cold food only provision?

'a reduction in the labour required on each site'

'savings are often reduced by transport'

'reheated on site using the schools existing facilities'


Logistics outweigh savings.  
 Meal numbers will reduce.

'No real saving.'

'What you save in prep costs you loose in falling numbers'

'potential savings are offset by reductions in throughput / uptake'

'meal numbers may drop significantly especially for KS2 pupils'



Slide 14

## Question 10 Takeaway Points

Would this mean a carried in service versus utilising the existing school food kitchens for preparation?

'This is not an option that ... would proactively promote'

'we never replaced a hot meal service with a cold food only provision.'


'We would estimate both are achievable by a caterer determined to do so'

- Reluctance from providers to deliver this model.
- Census data impact.
- Lowering of quality.
- Decrease in uptake.
- Logistics and cost of facilitating.

'Carried in / delivered food is rarely as good as freshly prepared on site'

'Fridays fish and chips'

'requires the use of a number of well-equipped mother kitchens for the preparation of food'



Slide 15

## Benchmarking


---

**What did we do?**  
We consulted with Other Unitary Authorities.

Reading	Bracknell Forest	Slough	Wokingham	Windsor & Maidenhead
---------	------------------	--------	-----------	----------------------

**Takeaway Points:**

- West Berkshire in comparison has a more challenging geography and demographic, which influences access and take up of meals.
- Role numbers are low across a large number of schools.
- Schools have had to commit in advance to any tender outcomes.
- Schools have paid outside consultants in the region of 4k per school or £750 per day to assist with individual or small consortium procurement.
- A lot of schools have committed to additional theme days etc to improve their take up.
- Some schools have reduced menu choices – however this can have the converse effect.
- Contract end dates are staggered across the area. (Ref Market Testing)



Slide 16

## Procurement

---

### Requirements.

- ❑ Commitment from schools to outcome of tender and duration of contract. No final approval on prices is available to individual schools - however the entire tender can be abandoned at this stage
- ❑ Prices can be fixed or capped but this carries a risk.
- ❑ Subsidy – There are profitable schools that currently support smaller schools within the portfolio
- ❑ The tender can request individual prices for school but these will be variable based on role size/ take up but will vary dramatically
- ❑ Plan B. If a tender is not successful based on the constraints set by schools or volumes available to a provider – a tender may fail.
- ❑ Procurement advice can be offered for any independent route (SLA online).

Slide 17

## What we need from schools

---

- ❑ Agreed delivery model and service specification.
- ❑ Agreed pricing schedule (cross subsidised v independently priced per school).
- ❑ Commitment to outcomes of tender.

We need all this by 8<sup>th</sup> November 2019.

West Berkshire Council can offer Officer support to your working group.