

**Single Member Cabinet Decision****Executive  
Forward Plan  
Reference****E3046****Provision of Catering Services to Schools**

<b>Decision maker/s</b>	Cllr Charles Gerrish, Cabinet Member for Resources Cllr Paul May, Cabinet Member for Children and Young People
<b>The Issue</b>	<p>The Council has for many years been the main provider of meals to schools but schools are now deciding to procure this service elsewhere. As schools convert to academies there is often a change in their purchasing decisions and alternative suppliers are being chosen to deliver meals to schools and Multi Academy Trusts (MATs)</p> <p>Currently there are 55% of schools who converted to academies and by September 2018 it is anticipated 76% of local schools will have become academies. The schools governing bodies make the choice of conversion and request the Regional Schools Commissioner (RSC) for permission to convert. The RSC can also instruct a school to convert to an academy if certain performance issues are identified. The Local Authority does not have decision making powers in this process.</p> <p>The reduction in the Council's economies of scale are making the service less economic and price increases have been made in prior years with further price rises becoming inevitable. Schools have been made aware of this and helped to assess the market and make their own decisions.</p> <p>The price rises needed to overcome the dis-economies being observed will make the service unviable and consideration of ceasing to provide the service is required. The Council now needs to support the remaining schools in the area to complete their procurement of this service from elsewhere.</p> <p>The decision required is about the Council's role as a provider of a catering service and needs to reflect the impact of academy conversions, previous decisions by schools together with the economics affecting the service. The decisions about the meals themselves rest with the schools and it is not intended that there need be any direct impact on children that receive school meals.</p>
<b>Decision Date</b>	On or after 2 <sup>nd</sup> March 2018
<b>The decision</b>	<p>The Cabinet Members agree that</p> <ol style="list-style-type: none"><li>1. Agree that as it is estimated that only a few of the 81 schools in the area will now use this service from 1st September 2018, and as the economics of this service now make it unviable in its present form, the Council role as a direct provider of school meals will cease operation on 31st August 2018, in line with the operational plan of the council.</li></ol>

	<p>2. Schools that still use the service will be advised of the changes and supported to find alternative suppliers</p>
<p><b>Rationale for decision</b></p>	<p>1.1 The Council has for many years been the main provider of meals to schools but schools are now deciding to procure this service elsewhere. As schools convert to academies there is often a change in their purchasing decisions and alternative suppliers are being chosen to deliver meals to schools and Multi Academy Trusts (MATs)</p> <p>1.2 Currently there are 55% of schools who converted to academies and by September 2018 it is anticipated 76% of local schools will have become academies. The schools governing bodies make the choice of conversion and request the Regional Schools Commissioner (RSC) for permission to convert. The RSC can also instruct a school to convert to an academy if certain performance issues are identified. The Local Authority does not have decision making powers in this process.</p> <p>1.3 The reduction in the Council's economies of scale are making the service less economic and price increases have been made in prior years with further price rises becoming inevitable. Schools have been made aware of this and helped to assess the market and make their own decisions.</p> <p>1.4 The price rises needed to overcome the dis-economies being observed will make the service unviable and consideration of ceasing to provide the service is required. The Council now needs to support the remaining schools in the area to complete their procurement of this service from elsewhere.</p> <p>1.5 The decision required is about the Council's role as a provider of a catering service and needs to reflect the impact of academisation, previous decisions by schools together with the economics affecting the service. The decisions about the meals themselves rest with the schools and it is not intended that there need be any direct impact on children that receive school meals.</p> <p>It is apparent that the financial pressures being observed by the service cannot be allowed to continue</p>
<p><b>Financial and budget implications</b></p>	<p>The catering services financial plan shows the increasing costs being borne by the service along with a diminishing client base. The need for schools to make their own decisions has not been resisted, and in fact they have been assisted with procurement issues. The Council is only one of many providers and given the availability of choice this is not a core service, but rather it's a traded service in a challenging market.</p> <p>In order to ensure that the Council does not make significant losses, and to avoid an unsustainable trading position with significant price rises well above market level, schools will need to be required to make alternative arrangements from a specified date. For most this is a choice they are already making but for a few it involves a timetable for change being agreed.</p> <p>The Schools that are still supplied by the catering service pay £2.60 for each pupil meal ordered. Schools that have made alternative arrangements in their provision over the past few months have achieved savings of between 30p and 60p per meal depending on the specification used in the tender, and the circumstances of the facilities available in the school.</p> <p>The volatility of the service over the past few years has been</p>

	<p>substantial. This has increased the risk being borne by the Council and has resulted in temporary losses. The Council also increasingly has less capacity in key support services to manage the demands that arise.</p> <p>As schools change supplier the employees directly involved in the delivery of meals to the schools will TUPE transfer their employment to the new supplier. Once all schools have changed supplier there will be some individuals who will not transfer to alternative employers as their work patterns are such that TUPE would not apply. These individuals will be redeployed into alternative employment or made redundant. It is anticipated that the redundancy costs would be about £150k and would be charged to the council's severance reserve</p>
<b>Issues considered (these are covered in more detail in the report)</b>	Social Inclusion; Customer Focus; Sustainability; Human Resources; Young People; Impact on Staff;
<b>Consultation undertaken</b>	Cabinet colleagues; Trades Unions; Overview & Scrutiny Panel; Staff; Other B&NES Services; Service Users; Other Public Sector Bodies; Section 151 Finance Officer; Chief Executive; Monitoring Officer
<b>How consultation was carried out</b>	<p>The council's operational plan has been consulted on widely, and sets out clearly the proposals to reduce or withdraw from service delivery where business reviews show schools making decisions to buy service from alternative suppliers.</p> <p>Communication has been provided to schools to explain the need to increase the price of school meals from September 2017.</p> <p>Further consultation has taken place about the need for future changes as outlined in the survey results set out here.</p> <p>Staff consultation on the future of the catering service will run in parallel with consultation with schools. Staff are already aware of the need for change.</p> <p>Head teachers are generally aware of the LA's plan to assess all services. Following guidance from Cabinet it is intended to continue with general consultation with Head Teachers, Chairs of Governors and Trustees of MATs to explain the likely changes that may occur for catering services.</p> <p>School Meals Catering ran a well-attended event in November 2017 to explain the procurement issues of catering and the specific legal requirements that schools will need to ensure their new suppliers adhere to should a school decide to utilise a different provider.</p> <p>A toolkit has been prepared for schools to support them in procuring catering services. The toolkit emphasises the benefits of good catering facilities to schools and pupils. It also promotes the Public Health agenda of hot meals for pupils and healthy living</p>
<b>Other options considered</b>	<p>The option of outsourcing the service had been considered but rejected as it contradicts with schools led approach.</p> <p>Continued delivery with a plan to find alternative clients to ensure economies of scale was rejected as the need to supply to a relatively local market would require clients in reasonably small distance. This was actively tried in prior years and additional clients had been obtained from cross boarder activity. However, those</p>

	schools have also all found alternative suppliers.
<b>Declaration of interest by Cabinet Member(s) for decision, including any dispensation granted:</b>	
<b>Any conflict of interest declared by anyone who is consulted by a Member taking the decision:</b>	
<b>Signatures of Decision Makers</b>	
<b>Date of Signature</b>	
<b>Subject to Call-in until 5 Working days have elapsed following publication of the decision</b>	