



SHEFFIELD CITY COUNCIL

Individual Cabinet Member Report*

Report of: Jayne Ludlam, Executive Director,
Children, Young People and Families Portfolio

Report to: Councillor Jackie Drayton,
Cabinet Member for Children, Young People and
Families Portfolio.

Date: 4 July 2016

Subject: Approval for the procurement of the Drinking Milk
Contract 2017 to 2020

Author of Report: Leah Barratt, Service Manager, School Food
Service; Tel. no. 2734767

Key Decision: YES

Reason Key Decision: Expenditure over £500,000
Affects 2 or more wards

Summary:

The Drinking Milk Contract is procured on behalf of schools and early years settings in order that young children up to the end of the Primary phase can access a daily drink of dairy milk. The current contract expires on 31st December 2016 and another contract will be needed to secure a specialist supplier from 1st January 2017. Over 130 Sheffield schools and settings are currently receiving a service through this method, which has provided 3.677m cartons of drinking milk over the last financial year (190 academic days per year). The contract length will be repeated – 3 years with an optional one year extension built in (2017 to 2020-2021).

Reasons for Recommendations:

The daily service of low fat dairy milk for drinking is part of the school food standards which are a statutory duty for schools (The Requirements for School Food Regulations 2014). The daily availability of drinking milk while schools are in session (190 days per year) was added to the original standards and came into force from January 2015. By procuring a contract on behalf of schools, the statutory duty is met.

Other settings such as stand-alone early years settings and children's residential homes can also take advantage of this contract for a service over 190 days per year. By procuring a service for these settings at the same time for schools, it offers better value for money than individually seeking a supplier.

When a drinking milk service is provided, it is made available free of charge to children under 5 as the service to them is 100% subsidised by an EU subsidy. To those children who are eligible for a free school meal because of their family income, the daily drink of milk must be free according to s512ZB of the Education Act 1996 as amended. By providing such a service, the youngest and the most vulnerable children can receive additional nutrients and hydration during the day, which contributes to their overall health and well-being, growth and development.

Recommendations:

That approval is given to re-tender the Drinking Milk Contract for 2017 to 2020, with an optional one year extension period.

That authority be delegated to the Executive Director of Children, Young People and Families in consultation with the Director of Commercial Services to approve the procurement strategy for the tender for the Drinking Milk Contract 2017 - 2020;

That authority be delegated to the Executive Director of Children, Young People and Families and the Director of Commercial Services to agree contract terms and approve a contract award following the tender process.

Background Papers:

- Timetable for procurement
 - List of schools and settings who currently receive a service
 - Equality Impact Assessment
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Category of Report: OPEN

If CLOSED add 'Not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Liz Gough
Legal Implications
YES Cleared by: Louise Bate
Equality of Opportunity Implications
NO Cleared by:
Tackling Health Inequalities Implications
NO Cleared by:
Human Rights Implications
NO Cleared by:
Environmental and Sustainability implications
NO Cleared by:
Economic Impact
NO Cleared by:
Community Safety Implications
NO Cleared by:
Human Resources Implications
NO Cleared by:
Property Implications
NO Cleared by:
Area(s) Affected
Schools, Early Years settings and Children's Residential Homes
Relevant Cabinet Portfolio Lead
Councillor Jackie Drayton
Relevant Scrutiny Committee
Children, Young People and Family Support
Is the item a matter which is reserved for approval by the City Council?
YES
Press Release
NO

REPORT TO THE CABINET MEMBER FOR CHILDREN, YOUNG PEOPLE AND FAMILIES PORTFOLIO, COUNCILLOR JACKIE DRAYTON

Approval for the Procurement of a Drinking Milk Contract 2017 to 2020.

1.0 SUMMARY

- 1.1 The Drinking Milk Contract is procured on behalf of schools and early years settings in order that young children up to the end of the Primary phase can access a daily drink of low fat dairy milk.
- 1.2 The current contract expires on 31st December 2016 and another contract will be needed to secure a specialist supplier from 1st January 2017. The contract length will be repeated – 3 years with an optional one year extension built in (2017 to 2020-2021).

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 Over 130 Sheffield schools, early years settings and children's residential homes are currently receiving a service through this method, which means that approximately 19,350 children have a daily drink of dairy milk over 190 days per year when schools are in session. This service offers vital nutrients, calories and hydration during the day to a large number of children, supporting their health and well-being and helping them to achieve their potential.
- 2.2 As milk is an important addition to a healthy diet particularly for the youngest children, the service is available free of charge for those under 5 years old to encourage all children in early years settings to have additional milk. This is subsidised 100% by an EU subsidy.

In providing a service in schools, those children who are eligible for free school meals must be able to have their daily drinking milk free of charge. The Council has a duty to provide this service under s512ZB of the Education Act 1996.

So the youngest and most vulnerable primary age children in Sheffield have a daily drink of milk as an important addition to their diet as well as other primary children.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 The outcome will be a continuation of the service to over 19,000 children per day during school session times (190 days per academic year).
- 3.2 The market for large scale Drinking Milk provision for children is a specialist area and the 189ml recyclable cartons are designed specifically for children. It is likely that the market will be more buoyant than last time due to the statutory nature of the daily milk service.

4.0 MAIN BODY OF THE REPORT

- 4.1 The daily service of dairy milk for drinking is part of the school food standards which are a statutory duty for schools (The Requirements for School Food Regulations 2014). The duty came into force in January 2015. By procuring a contract on behalf of schools, this statutory duty is met. When a daily drinking milk service is provided it must be free for those children who are eligible for free school meals according to s512ZB of the Education Act 1996 as amended.
- 4.2 The contract charge is determined initially by the tender exercise and updated and agreed annually with the dairy supplier. The contract charge is currently 18.5p per 189ml carton and the contractor is paid for milk provided each month.

The budget for drinking milk provision is then funded by 3 different methods:

- A subsidised price is in place for the 189ml carton of milk for parents who do not qualify for free meals. Currently this is 17p.
- An EU subsidy is available to support the provision of drinking milk and the School Food Service claims for this EU subsidy each term via the Rural Payments Agency for school age children (1.5p per carton) and the Nursery Milk Reimbursement Unit for early years children (18.5p per carton).
- Schools are charged by the School Food Service for free meal pupils - this element of milk funding has been distributed as part of individual schools budgets since April 2013 and is still required to meet the cost of the service. Therefore for each pupil who is eligible for a free school meal and has milk, the school is charged 18.5p per child.

The outcome is that there is no residual charge that needs to be met from within council resources.

- 4.3 By assisting schools and other settings to provide daily drinking milk for young children this contract supports the council's corporate plan regarding better health and wellbeing. The service seeks to promote good health by offering low fat dairy milk that gives additional calories, nutrients and hydration to children in a care setting or their learning environment.
- 4.4 The procurement of any goods, works or services by the Council must be undertaken in accordance with all relevant provisions of the Council's Constitution including Contracts Standing Orders and all applicable Procurement rules and the Leader's Scheme of Delegations.

There may also have to be formal written legal agreements between the Council and its Partners. Any contracts awarded to successful tenderer/s must ensure compliance with all applicable legislative requirements and

provide for effective service delivery, value for money and ensure the delivery of the project outcomes.

5.0 FINANCIAL IMPLICATIONS

The drinking milk contract is a recurring contract that has been re-let a number of times. It is a straightforward supply contract that gives a cash neutral position for the council. The costs of the service are met by parents, schools (from delegated budgets since 2013) and EU subsidies which support the farming industry.

As part of the service there is an element of EU subsidy allowed which contributes to the overall administration of the subsidy claims process. Based on our current contract price, the price the milk is sold and the volume of cartons, we can claim 1.7p per carton. This subsidy is used to offset the cost of administering the contract by the council – the value for 15/16 was £19,311.

Therefore, there is no inherent risk to the council in re-letting a new drinking milk contract.

6.0 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 The other option is to leave schools and settings to make their own individual arrangements rather than the council brokering the best value service on their behalf. This could have the effect of higher prices for parents if the service is not subsidised due to schools lack of time or inclination to claim for the EU subsidy.
- 6.2 There could also be a reduction in the volume of milk consumed by the youngest and most vulnerable children if schools decide to not provide a daily drinking milk service. To do this would prevent these children from receiving a healthy, nutritious drink during the day to supplement their diet.

7.0 REASONS FOR RECOMMENDATIONS

- 7.1 The daily service of dairy drinking milk is part of the school food standards (The Requirements for School Food Regulations 2014). Further reviews by the government-appointed School Food Review Panel in 2013 recommended that every child should be given the opportunity to have additional calcium and nutrients during the day, provided by milk. Daily provision of drinking milk was therefore made a statutory duty from January 2015 as part of the main body of the school food standards that have been introduced in stages from 2005.

By procuring a contract on behalf of schools, the statutory duty is met.

- 7.2 Other Ofsted-registered settings such as eligible day care facilities including children's residential homes can also take advantage of this contract for a service over 190 days per year. The definition of eligibility is set out in the Nursery Milk Scheme and the School Milk Subsidy Scheme. These Government schemes were created to ensure compliance with [Regulation \(EU\) No 1308/2013 of the European Parliament and of the Council](#) - Articles 22, 26 to 28, and 217. By procuring a service that can include these settings at the same time as schools, it offers better value for money for other day care providers.
- 7.3 When a drinking milk service is provided, it can be made available free of charge to children under 5 due to an EU subsidy. By virtue of s512ZB of the Education Act 1996, those children who are eligible for a free school meal because of their family income, any milk provided must also be free of charge. By providing such a service, the youngest and the most vulnerable children can receive additional nutrients and hydration during the day, which contributes to their overall health and well-being, growth and development.

8.0 REASONS FOR EXEMPTION (if a Closed report)

9.0 RECOMMENDATIONS

- 9.1 That approval is given to re-tender the Drinking Milk Contract for 2017 to 2020, with an optional one year extension period.

That authority be delegated to the Executive Director of Children, Young People and Families in consultation with the Director of Commercial Services to approve the procurement strategy for the tender for the Drinking Milk Contract 2017 - 2020;

That authority be delegated to the Executive Director of Children, Young People and Families and the Director of Commercial Services to agree contract terms and approve a contract award following the tender process.

Author: Leah Barratt
Job Title: Service Manager, School Food Service
Date: 8th April 2016