



Author/Lead Officer of Report:
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Report of: Laraine Manley, Executive Director, Place

Report to: Cllr Terry Fox, Cabinet Member for Finance, Resources and Governance (Deputy Leader)

Date of Decision: 21/10/2020

Subject: Catering Service

Is this a Key Decision? If Yes, reason Key Decision:-

Yes ☒ No ☐

- Expenditure and/or savings over £500,000

☒

- Affects 2 or more Wards

☐

Which Cabinet Member Portfolio does this relate to? Finance, Resources & Governance

Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken?

Yes ☐ No ☒

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information?

Yes ☒ No ☐

The Appendix to this Report is not for publication because it contains exempt information under Paragraphs 1 & 3 of Schedule 12A of the Local Government Act 1972 (as amended) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Purpose of Report:

To outline the options for the Catering Service going forward and to seek a decision from the Cabinet Member as to the preferred option.

Recommendations:

The Cabinet Member is recommended to consider the options for future delivery of catering and to decide which option they wish to pursue.

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Paul Schofield</i>
		Legal: <i>Sarah Bennett</i>
		Equalities: <i>Annemarie Johnston</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Cllr Terry Fox</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Chris Richardson</i>	Job Title: <i>Head of Facilities Management</i>
	Date: 16/10/20	

1. CURRENT POSITION

- 1.1 The Council currently purchases any events catering and hospitality for meetings it requires from a supplier that has a concession contract to operate a catering service from the Town Hall and Moorfoot. The company also runs two venues (one at the Town Hall and one at Moorfoot) from which staff and visitors can purchase food and drinks.

- 1.2 The details of the current arrangements are:

Supplier

- Argent Catering Solutions Ltd

Contract Term

- 1 July 2016 to 30 June 2020 (2 years plus 2 year extension which has been taken up). The contract has then subsequently been extended to 31st October to deal with the immediate issues of the pandemic and to allow, in light of the pandemic, the options for the longer term to be explored.

Services Offered:

- Events catering – catering support for the delivery of events at the Town Hall and other venues
- Staff catering – catering is offered to SCC staff and visitors from two key sites: at Flavours at Moorfoot and the Whip Inn at the Town Hall
- SCC hospitality – catering provision for SCC meetings and Civic activities

- 1.3 Due to the COVID 19 pandemic, in agreement with the Council, Argent are not currently operating any of the services that they have the right to operate under the contract. Flavours and the Whip Inn are currently closed and there are no imminent hospitality requirements at the Town Hall.

- 1.4 Although the lockdown position has eased since March and small weddings are able to take place demand is still low. In addition, as at 28th August, the current SCC employee occupancy levels at the Town Hall are only 11% and at Moorfoot are only 9% and the Council's current instruction to all SCC employees is to continue to work from home wherever possible. There are no plans for this position to change in the near future, therefore there will not be any foreseeable increase to building usage leading to a requirement to open either Flavours or the Whip Inn.

- 1.5 The City Centre External Events team have also confirmed that there are only 4 events scheduled to take place in the Town Hall during 2020, and there is not a catering requirement for them. The first scheduled catering requirement for 2021 is in April.

- 1.6 Argent currently employs nine catering members of staff who are contracted to work at Moorfoot and the Town Hall.

2. OPTIONS AVAILABLE

2.1 There are four options for the future of the catering service: extend the current arrangements, procure new arrangements, allow the current contract to expire and insource the service. However, extending the current arrangements for a longer period of time could present an issue from a procurement law perspective and Argent have also indicated that this is not something they are interested in. It is also highly unlikely that there would be any interest in a new procurement given the current very low demand for catering and the unpredictability of the pandemic/potential for further restrictions. In the circumstances these two options are not explored in more detail in this Report.

2.2 Option 1 Allow the current Catering Contract to expire and do not replace it at this time

2.2.1 Given that there is currently very low demand for any kind of catering from staff, from the Council or from external hirers one option would be to allow the current contract to expire after a short extension to facilitate a smooth exit including compliance with applicable legislation.

2.2.2 The Council has no statutory duties that require a catering service and should demand rise in the future then consideration can be given at that point to the best way of meeting that demand. If necessary, the External Events team could seek catering suppliers on an 'as and when' request basis providing potential benefit to local suppliers and a vending offer could be considered for the Town Hall and Moorfoot. There is the potential for this to be procured at no cost to the Council. However, this option would mean that for the time being there would be a very limited food offering at Moorfoot and the Town Hall for staff and visitors. Procuring events and hospitality catering on an ad hoc basis might also be less cost effective, particularly for basic meeting hospitality, because there are no economies of scale.

2.3 Option 2 - SCC to bring service in-house after a short extension to the current contract to facilitate the transfer

2.3.1 Although there is currently limited demand for these kinds of services the circumstances are changing all the time and demand could feasibly increase. Insourcing these services would provide the Council with greater flexibility to respond more quickly to the ever-changing circumstances of the pandemic and the Council is arguably better placed to deal with the uncertainty and to work flexibly than a commercial enterprise.

2.3.2 An insourced service also gives the Council more control about the nature and extent of the services that it wishes to provide to itself and offer to others and it can vary these as it sees fit.

2.4 Further details, including HR implications are set out in Appendix A.

3. HOW DOES THIS DECISION CONTRIBUTE ?

- 3.1 Due to the pandemic, it has been necessary to extend the current contractual arrangements to allow the Council to reconsider what it wants and needs from a catering service at this time. However, the current holding arrangement now needs to be brought to a satisfactory end. This decision will facilitate that and to provide more certainty for staff, the contractor and the Council.

4. HAS THERE BEEN ANY CONSULTATION?

- 4.1 The Council is not required to consult on the contents of this report. If the decision is taken to insource this service appropriate consultation will take place with relevant staff and trade unions with support from Legal, Human Resources and Finance and Commercial Services.

5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1 Equality of Opportunity Implications

Option 1

- 5.1.1 Existing catering employees would remain as employees with Argent. If there are any potential redundancies then it would be the responsibility of Argent to the contractor to manage this (see closed Appendix A regarding redundancy liability and estimated cost implications). Any redundancies may result in a negative impact on poverty/financial inclusion.

Option 2

- 5.1.2 There is a potential positive impact on poverty/financial inclusion due to the continuity of employment. Due to small numbers effected (less than 10 employees), no workforce profile information has provided due to the potential to identify individuals. An EIA should be completed as part of the TUPE in process, to ensure good consultation/communication will take place with the transferring employees and to mitigate any equality implications and issues.

5.2 Financial and Commercial Implications

- 5.2.1 Detailed financial and commercial implications for each option are set out in Appendix A. Both options incur a cost. Option B is the greater cost being up to £0.2m per annum. Option A will incur a one-off cost in 2020/21 of up to £0.13m. There is no budgetary provision for the cost of either option so it will add to the Council's projected overspend of £18.5m as at Month 5 which is ultimately a draw on the City's reserves, or, require reprioritisation of resource from other budgets to fund it.

5.3 Legal Implications

- 5.3.1 The Council has no duty to provide catering services of the kind described in this Report. However, it does have a number of relevant powers including s111 of the Local Government Act 1972 (the power to do any thing calculated to facilitate, or that is conducive or incidental to, the discharge of any of its functions) alongside functions such as s122 of the Local Government Act 1972 (appointment of staff), s133 of the Local Government Act 1972 (Power to provide buildings for offices and for public meetings and assemblies), s144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities), s145 of the Local Government Act 1972 (provision of entertainments). The general power of competence in s1 of the Localism Act 2011 would also be relevant to the extent that the services are not permitted or prohibited by other legislation. The Council must also comply with the provisions on charging and trading in specific legislation, the Local Government Act 2003 and the Localism Act 2011.
- 5.3.2 If the services are insourced and the catering provision was to continue largely as delivered by Argent then the Council will need to comply with the provisions of the Transfer of Undertakings (Protection of Employment) regulations (TUPE).

6. REASONS FOR RECOMMENDATIONS

- 6.1 The options set out for consideration by the Cabinet Member are those that are felt to be deliverable in all of the circumstances. A further extension of the current arrangements or procurement of a new contract are not felt to be deliverable for the reasons stated at paragraph 2.1.