



Executive Director/Director Non-Key Executive Decision Report

Author/Lead Officer of Report: Leah Barratt,
Service Manager, School Food Service

Tel: 07711799131

Report to: *Executive Director*

Date of Decision: *18 June 2021*

Subject: *Award of the School Catering Contract 1st August 2021 to 31st July 2025*

Which Executive Member Portfolio does this relate to? Education, Children and Families

Which Scrutiny and Policy Development Committee does this relate to? Children, Young People and Family Support

Has an Equality Impact Assessment (EIA) been undertaken? Yes No

If YES, what EIA reference number has it been given? 590

Does the report contain confidential or exempt information? Yes No

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

The Appendix is not for publication because it contains exempt information under Paragraph 5 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings - of Schedule 12A of the Local Government Act 1972 (as amended).

Purpose of Report:

This report seeks approval to enter a school catering contract with Taylor Shaw Ltd for the period 1st August 2021 to 31 July 2025 ("**New School Catering Contract**"); this follows their selection following a full procurement process. The Council will enter the New School Catering Contract on behalf of the participating schools.

Recommendations:

That the Executive Director in the exercise of his delegated authority given in the Cabinet decision taken on 9 October 2019:

1. Acknowledges that the Existing School Catering Contract and its extension will come to an end on 31 July 2021;
2. Authorise the Council to enter the New School Catering Contract with the successful bidder, Taylor Shaw Ltd, from 1 August 2021 to 31 July 2025 and do so in line with terms and conditions that include an option to extend for a period of 24 months, if agreed between the Council and Taylor Shaw Ltd.

Background Papers:

- 1 Cabinet Report 'Re-tender of the School Catering Contract 1st August 2020 to 31st July 2025' – 9th October 2019

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: Liz Gough/Helen Damon
	Legal: Marcia McFarlane /David Cutting
	Equalities: Bashir Khan
<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	Lead Officer Name: Leah Barratt
	Job Title: Service Manager, School Food Service
Date: 10th June 2021	

1. PROPOSAL

At its meeting on 9th October 2019 the Cabinet approved the Council going out to tender for a new School Catering Contract (“New School Catering Contract”) on the following basis, that:

- a single contract arrangement would be used and the Council will enter into the Contract on behalf of all Participating Schools who have the statutory duty to deliver a school meals service to their pupils or who have chosen to receive the school catering service under the New School Catering Contract;
- the New School Catering Contract would run from 1st August 2021 to 31st July 2025 (inclusive) with an option to extend for up to 24 months;
- all Participating Schools may be entitled to terminate their catering service at the end of the 3rd year of the New School Catering Contract;
- both the Council (acting on behalf of Participating Schools) and the contractor will manage the service jointly in order to minimise risks for individual schools.

However, due to the advent of Covid-19 in March 2020 the intended procurement exercise was suspended affecting the proposed contract term and commencement date, and the Council awarded, by way of a waiver, a direct award to Taylor Shaw as the incumbent provider. This was to ensure interim continuation of the provision of school meals.

Subsequently, in November 2020 the procurement exercise was recommenced and a restricted tender procurement exercise was undertaken – meaning that only a number of pre-selected suppliers were invited to bid - utilising the Procontract online procurement portal. The timeline for the procurement process was as follows:

- Jan – March 2020 – The initial supplier selection was undertaken to create the shortlist of potential bidders. 4 bidders were selected and taken forward to the tender, Caterlink, Chartwells, ISS & Taylor Shaw.
- March 2020 – November 2020 – Procurement was put on hold as a result of the Covid-19 pandemic
- November 2020 – Engagement with suppliers undertaken to test their position to restarting the tender and continuing from the point it was left. Following these meetings, a decision was made to ‘reactivate’ the tender and proceed on the original basis.
- 13th January 2021 – The Invitation to Tender was issued to all 4 suppliers with the closing date of 9th Feb 2021.
- All 4 suppliers submitted bids before the deadline.

- March 21 – Evaluation of tenders was undertaken
- It was evident during the commercial evaluation that some providers had not submitted prices strictly in accordance with the pricing document and further clarification was required from all bidders to clarify this.
- April 21 – Evaluation complete. Decision to award to Taylor Shaw as the highest scoring bidder from the cost / quality evaluation.
- 19th April – Standstill letters were issued.

Following this exercise, the tenderer that was determined as having submitted the most economically advantageous tender was, Taylor Shaw Limited. The overall scoring method weighted the two key areas of Quality and Price at 70% and 30% respectively.

Taylor Shaw's Quality weighted score was 60.75, which is 87%. Overall, their weighted score on Price was 29.81, which is 99%. Together with their Quality score, they were evaluated as the highest scoring bidder, scoring 90.56 out of the maximum of a possible 100 marks.

2. HOW DOES THIS DECISION CONTRIBUTE?

In line with its aims to promote a vibrant, sustainable and strong economy, the Council procured a citywide large catering contract on behalf of schools. By agreeing to enter into this contract with the bidder submitting the most economically advantageous tender the Council can ensure that:

- a significant number of pupils (approximately 22,000 meals a day pre-Covid-19) will be able to eat a school meal that meets the high standards set by national and local government;
- the contract specification and delivery is influenced by the Council and take into account public health and wellbeing strategies;
- the Council shows support for all the city's children and young people regardless of whether they attend a locally maintained school or an academy.
- It makes the most of economies of scale while ensuring that the delivery model is flexible enough to be aligned with individual school's needs. The service will be able to provide for a range of medical diets and religious requirements as well as providing a wide choice of foods.

3. HAS THERE BEEN ANY CONSULTATION?

Consultation occurred in advance of the contract being procured and details of that consultation are in the Cabinet report of 9th October 2019.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

The Equality implications are reported in the Cabinet report of 9th October 2019

4.2 Financial and Commercial Implications

The New School Catering Contract has been tendered on behalf of schools that have elected to join the council's contract. It is funded entirely by schools via the Dedicated Schools Grant as a subscription charge, organised and managed by the Peoples' Business Strategy teams. Other funding streams are via an external grant made by the Department for Education to schools i.e., universal infant free meals.

The current value of the contract is £8.5m per year.

The agreed Contract Charges reflect a price reduction for both Primary and Secondary sectors.

4.3 Legal Implications

The legal responsibility for the provision of school meals transferred to the governing bodies of schools with the delegation of school meals funding as a consequence of the School Standards and Framework Act 1998.

The provision of free school meals by maintained schools, academies and free schools to pupils of all ages that meet the criteria is a statutory provision within the Education Act 1996 (as amended) and the Children and Families Act 2014. Each school governing body has a duty to provide free lunches for eligible pupils and the opportunity for other pupils to buy a lunch each day.

The Localism Act 2011 provides local authorities with a "general power of competence" which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need. The arrangement for the existing school catering service by the Council (acting on behalf of schools) has proven to be a good way to help schools maximise their economies of scale and access to the most economical but high quality catering service.

Under the Public Contracts Regulations 2015 ("PCR") catering services are a 'light touch' service as set out in regulations 74 to 77 of PCR and the procurement was carried out in accordance with those provisions. More detailed legal advice is appended to this report (Appendix).

If approval is given the Council will enter the New School Catering Contract on behalf of Participating Schools. The contract will be executed as a deed and will continue for 5 years from 01/08/2021 – 31/07/2025 with the option of a 2 year extension.

Participating Schools subscribe to the New Schools Catering contract by way of a Proforma, signature of which commits them to becoming a school benefitting from the catering services. Participating Schools will have the option to leave the contract after 3 years.

The New School Catering Contract includes an obligation on the contractor to identify new or potential improvements to the Services and allows the council to suspend performance of the contract in circumstances that adversely impacts the delivery of the services including issues relating to health and safety and substantially substandard services.

4.4 Other Implications

4.4.1 Staffing and Human Resources

Regarding schools currently participating in the Schools Catering Contract, there will be no TUPE implications for the Council as Taylor Shaw Ltd are the incumbent provider and consequently TUPE will not apply. However, there may be TUPE implications for the Council if after contract award, maintained schools with council employed catering staff subsequently join the contract.

4.4.2 Property

There are no implications for property as all equipment and kitchen premises are managed on school's behalf and the contractor has the right to occupy free of charge while they are invited in to provide the service.

4.4.3 Public Health

The contractor will work with the Council to further any public health initiatives either locally or nationally.

4.4.4 Environmental Sustainability

The contractor will work with the Council on any environmental and sustainability initiatives that have been adopted, including the reduction or elimination of single use plastics as far as possible. This is an area of development in terms of the type and use of plastics that suppliers to the catering industry are actively reviewing and implementing. Recycling and re-using waste food are a feature of the New School Catering Contract.

4.4.5 Ethical Procurement

The Council has recently agreed an ethical procurement framework which will be adopted as part of this contract. It will enable the Council on behalf of schools to:

- maximise the Council's ability to use its discretion to apply ethical standards to behaviour throughout the supply chain

- to increase the social value and benefits for local people and businesses

The Council expects all internal staff, partners and suppliers to work to these standards which assure we will:

- trade with those who comply with an Ethical Code of Conduct
- exclude suppliers committing acts of Grave Misconduct
- improve Social Outcomes for the citizens of Sheffield
- increase the power of procurement and its Local economic impact

5. **ALTERNATIVE OPTIONS CONSIDERED**

An option would be to abandon the procurement and then consider the two following alternative options, however, neither is advantageous to the council nor to the schools and both carry significant risks:

5.1 Insource the service – for the Council to be able to manage the service directly there would need to be changes to the structure within the portfolio. This change will need to be agreed with the schools. Statutory responsibility for delivering school meals rests with the governing bodies and they may choose to put alternative arrangements in place. The service has been delivered via private sector education catering specialists for 20 years and the level of training and expertise to manage a city wide service would need to be acquired. As this is a school's contract and not all schools join it, it would be hard to see what benefits there would be to the Council for funding such a change. All the costs of the service are funded by the schools that elect to join it – the Council does not fund any aspect of the service to schools. This option is therefore not recommended.

5.2 Not offer a service to schools – this would effectively mean that schools would have to manage the provision of a catering service directly or procure their own contracts. Both options may detract from their core purpose of teaching and learning. There may be increased costs for schools with this option due to them having to buy in expertise on due diligence checks for food safety, food labelling (e.g., 14 statutory allergens), traceability as well as managing catering teams, and procurement activities. Smaller primary and special schools would be disproportionately disadvantaged as they do not have the capacity in their administrative teams. This option is therefore not recommended.

6. **REASONS FOR RECOMMENDATIONS**

The majority of schools wanted the Council to procure a catering contract on their behalf. Schools pay for the services of a contractor, a client team and all procurement costs from their individual budgets. There is no specific council funding in the delivery of the contract.

The Council benefits by having public health initiatives built into the specification.

All risks associated with this large scale catering contract both in relation to the aspects of food and finance, are contained and managed by the contractor and the client team, using expertise from within the Council's Resources teams i.e., legal, commercial and financial.

Following the procurement process Taylor Shaw submitted the most economically advantageous tender which is why it is recommended that they should be awarded the contract.