



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

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Report of: *Executive Director of People Services, John Macilwraith*

Report to: *Co-operative Executive*

Date of Decision: *17 November 2021*

Subject: *Re-tender of the School Kitchen Equipment Service and Maintenance Contract 4th April 2022 to 31st July 2025 with an option to extend for two further periods of 12 months each.*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Executive Member Portfolio does this relate to? <i>Education, Children and Families</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Children, Young People and Family Support Scrutiny and Policy Development Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>Sharepoint 590/Amended LB/BK/23/09/21</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>		

Purpose of Report:

This report seeks approval to procure a new School Kitchen Equipment Service & Maintenance Contract from 4th April 2022 for 3 years plus 4 months, to 31st July 2025 with an option to extend for two further periods of 12 months each.

The council will enter into the new contract to support the School Catering Contract and those schools that participate in it. All costs are charged back to schools as part of a traded subscription service.

Recommendations:

That the Co-operative Executive:

1. Approves the procurement for re-tendering the School Kitchen Equipment Service & Maintenance Contracts from 4th April 2022 to 31st July 2025 as outlined in this report with an option to extend for two further periods of 12 months each.
2. Approves the award of the contracts to the most economically advantageous tenderers.
3. Delegates authority to the Executive Director of People Services in consultation with Co-operative Executive Member for Education, Children and Families, the Director of Finance and Commercial Services and the Director of Legal and Governance, to take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in this report.

Lead Officer to complete:-							
1	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">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.</td> <td style="width: 50%; vertical-align: top;"> Finance: Helen Damon </td> </tr> <tr> <td></td> <td style="vertical-align: top;"> Legal: David Cutting </td> </tr> <tr> <td></td> <td style="vertical-align: top;"> Equalities: Bashir Khan </td> </tr> </table>	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: Helen Damon		Legal: David Cutting		Equalities: Bashir Khan
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	Legal: 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	EMT member who approved submission:	John Macilwraith
3	Co-operative Executive Member consulted:	Councillor Jayne Dunn
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: Leah Barratt	Job Title: Service Manager, School Food Service
	Date: 2 November 2021	

Background Papers:

Project Mandate – to set out the scope of the project to re-tender the current contract.

1. PROPOSAL

- 1.1 The proposal is to engage specialist, accredited contractors to deliver a high-quality solution for managing the kitchen environment for schools who participate in the School Catering Contract. Currently, 91 schools have selected that contract method to discharge their statutory school meals duty. This contract solution gives best value for schools and a consistent standard of service that supports the catering services operating in all participating schools.
- 1.2 The maintenance of school kitchen premises and commercial catering equipment has been independently managed by the school meals service since the early 1990s, prior to catering being outsourced. Since 2001, following the outsourcing of the catering service, the council has offered schools a 'buy back' option for school meals and has continued to broker successive catering contracts from the private sector on behalf of participating schools. Part of this offer to schools was also to include management of the kitchen environment. The School Catering Contract secures a skilled education catering company to produce the food and provide the catering staff, whilst the School Kitchen Equipment Service & Maintenance Contract directly links with it to support and underpin the safe and effective delivery of the catering contract objectives. The current contract has been in operation since 1st April 2017. It has also provided some commercial catering equipment support for SCC corporate buildings, community buildings and other non-school sites.
- 1.3 The current School Kitchen Equipment Service and Maintenance Contract is split into 2 lots which are delivered by 2 specialist contractors. It is proposed to offer the contract in the same way so that prospective tenderers can choose to bid for one or both Lots:
 - Lot 1: Kitchen ventilation & Air Handling Units – Testing, servicing, maintenance and responsive repairs.
 - Lot 2: Kitchen Gas and Electrical Equipment – Testing, servicing, maintenance, approved purchase and responsive repair.
- 1.4 The Council will run a bespoke open tender process using the Council's tailored specification and contract terms.
- 1.5 The new contract will run from 4th April 2022 to 31st July 2025 with an option to extend for two further periods of 12 months each.
- 1.6 The pricing structure will be to request a fixed price for a service and maintenance programme for the four month period, 4th April 22 to 31st

July 2022 and for the following 12 month period, 1st August 2022 to 31st July 2023. Each year thereafter will be subject to a review of prices until 31 July 2025.

- 1.7 The annual value of the contract is approximately £289k. For the length of the contract set out in 1.5 above, including both extension periods, this gives a whole contract value of potentially £1.54m.
- 1.8 There will be flexibility built-in to the contract to allow for any fluctuation in numbers of participating school sites.
- 1.9 The School Food Service (acting on behalf of schools) will manage the contract(s) to minimise risks for individual schools as part of the schools catering provision.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 In line with its aims to support the health and well-being of children and families, and to promote a vibrant, sustainable and strong economy, the School Food Service has recently procured and manages a strategically important school meals contract on behalf of schools. It delivers approximately 20,000 meals per day across participating Sheffield nurseries, Infant, Junior, primary, secondary and special schools, as well as the University Technical College sites both here and in Derby in line with the high standards and statutory obligations set by national and local government.
- 2.2 The new School Kitchen Equipment Service & Maintenance contract will continue to be an essential part of ensuring that the kitchen facilities of participating schools are safe, suitable, efficient and effective work environments that underpin the ability of the School Catering Contract to achieve its required objectives.
- 2.3 The health & safety risks are managed and minimised for the catering contractors' employees who operate in each of the participating school kitchens. The risk of disruption to the production of school meals due to mechanical failure and/or safety concerns are reduced.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 This was done as part of the wider consultation on the School Catering Contract as the proposed contract underpins that activity. Consultation was conducted with schools during 2018-19 with the School Catering Contract commencing 1st August 2021. Locality meetings have been attended that cover all schools and academies as well as specific individual meetings with groups of school staff and individual headteachers. Schools were also surveyed to see if they wished to have a 'whole kitchen' catering offer from the council which included the management of the kitchen. For some schools, this was particularly

important and a key reason to participate in the School Catering Contract.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Support for Equality of Food Provision

The School Catering Contract is open for all schools and academies to participate in, with the exception of PFI schools, who operate under different contract terms. With the School Catering Contract comes equality of provision for those pupils who are entitled to receive a free meal due to their family's income. Medical dietary needs can be safely met and managed and religious requirements can also be catered for when requested by schools in line with council policies. The School Kitchen Service & Maintenance Contract underpins this catering contract to facilitate an inclusive service that represents the diverse nature of the city. There is a hot, nutritious meal available for all pupils who request one, in line with the legal and equality requirements, every day of the school year.

4.1. A Shared Risk Approach.

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The School Food Service manages the kitchens and equipment on behalf of schools, ensuring that all Health & Safety and Food Safety legislation is followed, as befits the commercial kitchen environment. The school kitchens therefore are always accessible so that the education catering contractor can fulfil their contract obligations to serve hot, nutritious food to all pupils who want a meal throughout the year.

By the underpinning of the School Catering Contract arrangements, school leaders can concentrate on teaching and learning, rather than managing the various aspects of running a high risk, specialist and legislatively challenging facility.

4.2 Financial and Commercial Implications

The School Kitchen and Equipment Service & Maintenance Contract is procured on behalf of schools that have elected to join the School Catering Contract. It is funded entirely by those schools via the Dedicated Schools Grant as a subscription charge based on the kitchen size and managed by the Peoples' Strategy and Commissioning teams.

The new School Kitchen and Equipment Service and Maintenance contract will be let for a minimum of three years and four months to bring it in line with the length of the School Catering Contract.

The current value of the contract is £289k per annum, which is fully recovered from the schools in the School Catering Contract. It is anticipated that the costs of this contract will continue to be fully recovered from these schools and therefore there is no cost to the Council's budget.

Commercial Considerations

The Council has a duty to ensure that all of its procurement is based on value for money principles, achieving the optimum mix of quality and effectiveness for the least outlay. In addition to this duty the value of the services in scope and the overarching Public Contract Procurement Regulations (PCR) relating to transparency and equality of treatment, the value of the services in scope is above the PCR threshold and so requires a number of specific procedural steps to be followed. In undertaking the tender process the Council will ensure compliance with the necessary legal and regulatory provisions relating to procurement, whilst encouraging innovation and competition from the market and allowing the Council to choose the optimum solution for our specified products based on a balance of quality and price.

The Procurement Strategy has explored our best value options via a full open Sheffield City Council tender route or direct award or mini competition under an existing PCR compliant framework.

All the third party compliant Framework providers are not for profit procurement consortiums established to serve the procurement needs of the corporate and housing maintenance clients.

All the identified Frameworks are compliant with the Procurement Regulations. This means as potential clients we would not have to openly advertise the opportunity or follow the full procedural rules. Some Frameworks are not however always a seamless fit with our requirements.

A Framework approach has previously been considered for these areas of activity, however Frameworks are very much a "one size fits all" approach & therefore contain a generic specification.

The frameworks that currently exist and where only part of our requirements could be met are not costed, they are generalist and non-specific in their offer. The contract size, unique needs and specific circumstances of our requirements for contracted schools mean that a broader market should be sought, which could also include more locally based providers and the incumbents.

The service provided to schools by SCC via these contracts is an integral - and critical - part of the Council's School Food Offer to educational establishments, hence it's essential that a service level of sufficient quality is achieved & maintained. This is accomplished via SCC's utilisation of a bespoke specification - therefore the usage of a Framework would not provide the required outcomes in this case without much additional work.

Sheffield City Council is also committed to ensuring a high standard of ethical practice across our supply chain.

The Council expects all internal staff, partners and suppliers to work to these augmented 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.

It is for the reasons above that the recommendation is to compete these services under a Council run bespoke tender using our tailored specification and contract terms and that this will then satisfies both the legal requirements of Contract Standing Orders, PCR compliance and the clients third party health, safety and service level requirements.

4.3 Legal Implications

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

The provision of free school meals by maintained schools and academies 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. Therefore, schools have a duty to provide catering facilities with the consequent responsibilities under Health & Safety at Work Act 1974, Workplace (Health & Safety & Welfare) Regulations 1992 and all other associated regulations specific to the catering environment.

The Localism Act 2011 at section 1 provides local authorities with a 'general power of competence' which enables them to do anything 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 school catering facilities by the Council (acting on behalf of schools) conforms to this power by helping schools maximise their economies of scale, and access to economical but high-quality kitchen maintenance services.

The proposed procurement outlined in this report has a value in excess of the threshold for contracts for services under the Public Contracts Regulations 2015 and will be procured and awarded to comply with those Public Contracts Regulations and the Council's Contract Standing Orders.

4.4 Other Implications

- 4.4.1 There are no HR implications as staff employed as commercial kitchen specialists are not transferred to the council for the purposes of this contract. They are therefore not considered subject to TUPE.

The contract operates in both locally maintained and academy premises and all insurances and liabilities are covered within the terms and conditions of the contract to protect all parties.

There are no direct Public Health implications.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 **Including Kitchen Equipment contracts in the School Catering Contract obligations**

During the first School Catering Contract with the private sector (2001 to 2006), it was decided to make kitchen maintenance part of the obligations of the catering supplier. It was a poor decision as it led to repairs being delayed or postponed and replacement equipment put on hold for lengthy periods. This element of the work was an area where funds could be saved, whereas covering labour and food costs were essential, so repair to and replacement of equipment was often curtailed. It is also not the area of skill for education catering suppliers and the work was subcontracted out by the catering contractor at the outset of the contract. The council had little or no control over decisions made and therefore were at risk if site safety became compromised through accidents with equipment or lack of a robust servicing regime. When the contract ended, and an inventory was carried out, extra funds were needed to bring sites back up to a proper operating level, ready for the next education catering supplier.

5.2 **To Not Provide the Kitchen Equipment element for schools The Do Nothing Option**

Part of the offer to Headteachers when catering was outsourced was that they had a full 'buy back' option available to them as they did not wish to deal with equipment issues or kitchen safety, alongside managing a food service. It also makes the catering operation very difficult to manage if an essential part of that function is dependant on a decision by a Headteacher to spend resources on repairing or replacing equipment. Site safety would in many cases be compromised and some services temporarily halted while decisions to release funds for essential maintenance were confirmed. The caterer would then not be able to fulfil their contractual duties. Schools would have to make their own arrangements for kitchen maintenance and the council would have to navigate through many different arrangements with individual school staff

to ensure safety was not compromised.

Headteachers agreed to sign up for a catering offer that has a 'whole kitchen' approach, with all the responsibility for the service managed by skilled and knowledgeable contractors, overseen by the council's School Food Team. To not do this would mean informing Heads that they would need to find a solution themselves by April 2022 which would create a problem for schools not used to managing this element of the service.

6. REASONS FOR RECOMMENDATIONS

- 6.1 By procuring and managing Kitchen Equipment Service and Maintenance directly with the specialist commercial kitchen industry, the council has better control, operationally and financially. Although the premises are managed by the schools, and in the case of academies, owned in entirety, schools understand the need to keep the two elements of catering and equipment safety running in close harmony. It makes for safer premises and a safer catering service, while ever the school opts to participate in the School Catering Contract. This arrangement has always worked well in the past and in consulting with schools, this element of the offer was a major consideration when electing to join the School Catering Contract.
- 6.2 With this contractual arrangement, schools can then focus on teaching and learning and not become involved in kitchen premises issues. The on-site catering teams have instant access to specialist and accredited kitchen maintenance contractors, and repairs, maintenance and replacements are managed smoothly. This keeps all school kitchens in operation during term time providing hot lunches for thousands of pupils every day, as well as swift action when problems occur.
- 6.3 As a direct result of letting this contract, other SCC corporate buildings, community buildings and other non-school sites can have their kitchen premises serviced by agreement.

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