

## **Children and Families Committee**

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<b>Date of Meeting:</b>	11 July 2022
<b>Report Title:</b>	Schools Catering Service: External Review
<b>Report of:</b>	Deborah Woodcock, Executive Director of Children's Services
<b>Report Reference No:</b>	CF/10/22- 23
<b>Ward(s) Affected:</b>	All Wards

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### **Purpose of the Report**

1.1 The purpose of this report is to inform the committee of a commissioned review into the Cheshire East schools catering service. This report sets out the current operating status of the Cheshire East schools catering service and the overall position in terms of both delivery of the service and the ongoing pressures to work within a balanced annual budget. Based upon this context, it is proposed that an externally facilitated review will take place of the schools catering service to consider the options going forward for consideration by committee.

### **2. Executive Summary**

Over recent years, the year-end position of the schools catering service has seen an overall loss of revenue. Previously, the service provided significant income for Children and Families Directorate some of which was re-invested back into service delivery. There are numerous factors which have caused this overall change. The emergence of multi academy trusts (MATs) locally has seen some schools move away from the service and source alternative providers; this coupled with increasing staffing and food costs in particular has placed pressures on the service to maintain its very high standards of delivery. The impact of the pandemic cannot be underestimated

2.2 The purpose of the externally commissioned review is to help shape the future direction of the service through reviewing current performance and

considering differing delivery models in order that a sustainable and financially viable service is available to our schools.

- 2.3 This report outlines the current delivery model and the proposed scope of the external review which will be undertaken by the Association of Public Sector Excellence (APSE).

### **3. Recommendations**

That the committee:

- 3.1 notes the external commissioning of a review of the schools catering service through APSE which will take place during the autumn term 2022.
- 3.2 that the outcomes of this external review are shared with committee in January for consideration of the future delivery model for the schools catering service.

### **4. Reasons for Recommendation**

- 4.1 The challenges for the service to deliver within budget have continued to rise over more recent years. The pandemic has been a critical factor in this and the increasing rise in prices for food items has seen the pressures of the service continue to mount. Having an external review of the service by sector specialists will enable scrutiny of our current business model, benchmarking with other local authorities and identifying potential delivery models going forward.
- 4.2 The service has, over time, initiated a range of delivery approaches and service level agreements with schools which have attempted to respond to increasing business expertise within schools and the need for value for money principles. Such delivery models, as agreed within service level agreements, have tried to adapt/respond to an ever-increasing competitive market. Whilst this diversification has been helpful, it has also generated a diverse range of approaches.
- 4.2 Overall, the profile of many staff employed within schools has seen some challenges to change practice, embrace new technologies and approaches to menu selections and managing costs. Staffing levels have also been very hard to maintain in some schools with an increasing challenge from staff experiencing long term sickness. Such challenges on a day-to-day basis have put increasing pressures on the service to maintain service delivery especially considering the distances across the borough in needing to have adequate staffing coverage of all schools.

- 4.3 The service has been striving to reduce costs over recent years knowing the increasing pressures on the budget. Staff vacancies have not been filled in some areas and whilst this has helped with overall costs, it has impacted on the monitoring of school delivery by operational managers. In addition, the availability of capital funding to assist in the replacement of major kitchen equipment items has reduced therefore restricting the option to support schools where kitchen upgrades are required.
- 4.4 The service continues to widen its offer in terms of school menus to include more vegetarian / vegan options and catering for those who may have allergies. Such offers have been well received overall by schools/families but again add to costs by having an increased range of foods available each day. The service work hard to update menus on a regular basis to meet both diversity of meals and respond to changes in society as greater consideration of food tolerance and allergies are considered.
- 4.5 The attached terms of reference have been drawn up in discussions with APSE representatives and are presented for consideration in Appendix 1. The number of days to undertake this review have been judged carefully to allow sufficient depth of review and scrutiny. APSE is a leading market provider for this type of public sector service review with the council being an active member of this organisation. This enables benchmarking of our performance against other local authorities which is a key aspect to consider when considering other models of delivery.

## **5. Other Options Considered**

- 5.1 To do nothing and continue with the service delivering with operational costs above income. This cannot continue as the catering service has to operate within available funding.
- 5.2 To undertake an internal review and seek feedback from various stakeholders prior to making recommendations for future delivery models. It is felt that utilising sector expertise who have undertaken similar reviews with other local authorities will give a more holistic review and allow for comparative data to be accessed to generate a richer source of information to be considered.
- 5.3 To progress with decisions regarding the service without a detailed review. This option is felt inappropriate in that this is a complex and wider reaching service delivering across a large number of schools; therefore, needs the benefit of sector expertise to help shape the future options.

## **6. Background Information**

6.1 The schools catering service has the following overarching principles which it promotes in terms of day-to-day delivery of services:

*‘to provide exceptional food and outstanding service*

- *...to put fresh, quality local produce at the heart of every menu*
- *...to listen to feedback and constantly strive to improve what we do*
- *...to work with schools and parents to help up-take of school meals*
- *...to make meal times a valued and important part of the school day’*

*In addition, a key aim of the service is to create a knowledge and enthusiasm for food in schools, providing future generations with the right experience to help them appreciate its importance for the rest of their lives.*

6.2 The service currently provides school meal service for 92 schools across Cheshire East (86 primary schools, 4 special schools, 1 secondary and our Pupil Referral Unit). In addition, it provides commissioned catering services to 2 adult care homes.

6.3 Over many years, the service has been fully committed to combining both high quality ingredients/meals with the education of pupils and families as to the importance of eating healthily. Achieving the status as a ‘Soil for Life’ Gold Award in 2017-18 reflects this commitment with a good percentage of foodstuffs being sourced organically through local suppliers. The service now is judged as Silver for its ongoing commitment to high quality produce; it was unsustainable to maintain the higher standard due to increasing costs to the service

6.4 The service operates with a dedicated core team of 11 when fully staffed. This core team includes an overall team manager, operation managers who liaise with schools on a daily basis in terms of quality assurance as well as an administrative team who oversee orders, marketing, and budget management.

6.5 Across the 92 schools, just over 300 staff are employed with most schools operating with a combination of a kitchen supervisor and kitchen assistant(s) depending upon size of school and daily meal update.

6.6 Current daily meal statistics across contracted schools shows that approximately 13,000 meals are prepared and delivered each day to our children and young people.

6.7 Significant work was undertaken by the service during the pandemic to continue to meet the daily needs of children even when schools were not open. As an example, prior to the national school meal voucher system, the service generated food parcels for schools which included where needed, a delivery system to ensure vulnerable families continued to receive food items

to prepare family meals at home. Feedback from school leaders and parents was extremely positive to the high-quality produce included in the parcels which also included menu ideas.

- 6.8 The selection of APSE as the identified external reviewer was based upon the council already being an active member of this organisation and therefore being able to extend this work with an organisation with considerable experience of undertaking school catering reviews. Procurement documentation has been completed and registered with the procurement service to progress with this review.

## **7. Implications of the Recommendations**

### **7.1 Legal**

- 7.1.1 Legal Services note that a contract for the review has already been awarded to APSE following a procurement process.
- 7.1.2 There are no legal implications of the recommendations in this report. Advice should however be sought from Legal Services in due course as to the legal implications and details of the outcome of the review and consideration of the available options,

### **7.2 Finance**

- 7.2.1 Provisional year end out turn for 2021-22 shows that overall, the service made a financial loss of £95,219. It is not possible to accurately compare this figure to previous years due to the fact that the impact of COVID has not allowed the service to operate at the capacity which it is achieving prior to the pandemic.
- 7.2.2 It is positive to report that based upon budget forecasting for the year 2021-2022, the position was achieved where income was up by almost £70,000 at £5,340,368. This was offset by the increased employee costs of £174,213 compared to budget forecast; a fact explained by the significant need for having to provide additional staff coverage in schools where COVID rates were high and the need to keep schools open meant that additional hours were needed to maintain service delivery.
- 7.2.3 The detailed analysis of service budgets will be an integral part of the commissioned review in being able to scrutinise our performance against similar local authorities and benchmark our work to consider best value principles and assist in shaping future delivery models

### **7.3 Policy**

7.3.1 The catering service have a dedicated website for its customers which outlines the policies/guidance within which is currently operates. The link to this site is shown within the background papers section of this report.

7.3.2 The outcomes of the review and subsequent decision on any recommendations put forward may change policies in critical areas including charging policy, commissioning/procurement arrangements and marketing. Such revised policies would be developed to provide the best sustainable models of delivery that are financially viable, but which allow our schools to access a high-quality catering service.

#### **7.4 Equality**

7.4.1 The external review, will include completion of an equality impact assessment for the proposed recommendations and potential changes to service delivery.

#### **7.5 Human Resources (HR)**

7.5.1 The council currently employees the 300 staff within the schools catering service and therefore all employees are subject to the corporate support mechanisms and conditions of service as per any other council employee. As many of the catering staff are employed on short, fixed term hours in schools, they do not have full access to online resources / communications as they do not have council provided IT equipment. The introduction of a specialist IT system for the management of the catering service has improved communication routes with catering staff in schools

7.5.2 Going forward, if there are any changes in how the catering service is provided/commissioned, consultation processes with HR would be initiated. This would also include early consultation with trade unions.

#### **7.6 Risk Management**

7.6.1 The ongoing management of the schools catering service and its associated risks are currently overseen through regular supervision between the team manager and Head of Service with key actions necessary escalated to the Director of Education & Skills. As outlined, the risks associated with overall budgets are increasing and therefore in need of significant review.

7.6.2 There is a wider risk of overall trading with schools including school catering services due to changing national policy for schools. As more schools move to academy status, there is a risk of schools considering alternative providers for specialist services which may involve other commercial providers rather than through the council. As examples, these include payroll, governor

services, safeguarding and insurance cover. There is an expectation for all schools to be part of a trust structure by 2030 at the latest.

## **7.7 Rural Communities**

7.7.1 There are no direct implications for rural communities although some schools where pupil numbers are smaller have foods prepared off site and transported into school each day.

## **7.8 Children and Young People/Cared for Children**

7.8.1 The service works hard to provide the highest quality service to meet the catering needs of learners whilst at school and to educate families on the importance of healthy eating. Increased diversity of menu options has been made to try to meet the varying needs of learners and to use high quality local food providers to provide confidence in parents that the offer is of the best quality possible within available budgets.

## **7.9 Public Health**

7.9.1 Other many years, the school catering service has undertaken a range of initiatives with Public Health services to promote healthy eating at school and at home. This work has included surveys with families, competitions, and research into the importance of a healthy diet. A contribution of funding from Public Health (£200,000) has been made in recent years to recognise the contribution to educating families around healthy eating but such support will not continue going forward. The Director of Public Health has indicated this cannot continue to be supported moving forward.

## **7.10 Climate Change**

7.10.1 The promotion of commissioning food suppliers which uses local providers will have a positive impact on transportation costs and reducing the impact on the environment.

<b>Access to Information</b>	
Contact Officer:	Mark Bayley Head of Service – Infrastructure and Outcomes <a href="mailto:mark.bayley@cheshireeast.gov.uk">mark.bayley@cheshireeast.gov.uk</a>
Appendices:	Appendix 1
Background Papers:	<a href="#">About   Fresh Catering Services</a>

<b>Services consulted on this report</b>	<b>Name of person consulted</b>	<b>Role of person consulted</b>	<b>Date consulted</b>
Legal	Bronwen Miller	Senior Lawyer	9/6/22
Finance	Steve Reading	Senior Accountant (Education)	23 May 2022
ESLT	Jacky Forster	Education Senior Leadership Team	28 <sup>th</sup> March 2022
DMT	Deborah Woodcock	Executive Director – Childrens Services	6 <sup>th</sup> June 2022
CLT	Lorraine O'Donnell	Chief Executive	