

Agenda Item No: 8(k)

DERBYSHIRE COUNTY COUNCIL

CABINET

22 November 2016

Report of the Strategic Director for Children's Services

ELECTRONIC KITCHEN MANAGER SOLUTION – (Children's Services)

1. Purpose of Report

To seek approval to use the Yorkshire Purchasing Organisation (YPO) Framework number 684 to procure an Electronic Kitchen Manager Solution.

2. Information and Analysis

Derbyshire Catering Services provides meals at 380 primary, special and secondary schools in Derbyshire, including Academies. Apart from the 25 secondary schools, none of these schools has any electronic connections back to Derbyshire County Council.

Of the 355 primary, special and nursery schools 99 do not have kitchen facilities and meals are administered through their export feeder school. Therefore, the kitchen manager solution would only be required at these remaining 256 sites plus 5 for administration offices.

The electronic kitchen manager solution will provide software to help with processes that take place with the running of a kitchen such as recording meal numbers, hygiene due diligence, health & safety, ordering of food supplies, communication and other administration functions.

To establish a compliant procurement process, officers considered various procurement options and concluded that the most appropriate route to market was to use an external YPO Framework, number 684. This framework is compliant with EU procurement regulations and is open to all local authorities.

The merits of using the YPO framework are:

- Suppliers have been vetted to ensure they are of an appropriate

- standard to meet customer needs;
- The framework terms and conditions are pre-agreed, which avoids lengthy negotiation;

The proposal to use the YPO Framework has been supported by a Business Case, including options appraisal which has been approved by the Director of Finance and Director of Legal Services.

Call-off will be under Lot 1 of the framework via a mini-competition based on the tender submissions of the suppliers of the solution. Lot 1 comprises of an externally-hosted hardware and software solution.

2.1 Communication

Currently, there is no immediate method of electronic communication between back office and kitchen staff. Not only is there a lack of hardware to support this (none in primary school kitchens) but there is no process in place to routinely connect Derbyshire County Council equipment to school networks. Therefore, information to kitchens and return information for example, letters, mandatory data returns, training updates and Health and Safety updates are delivered in hard copy using the internal mail system via the Derbyshire Business Centre.

2.2 Financial

Meals provided to primary schools are charged to schools on a four-weekly basis. Currently, the figures are based on the completion of Meal Reconciliation (MR1) paper forms which are submitted by the schools to the service. The input process is time-consuming and is usually in arrears by one month. This heavily impacts on the financial statistics required by Accountancy to facilitate forecasts, projections and costs for the forthcoming financial periods.

2.3 Training

With the implementation of Universal Infant Free School Meals (UIFSM), the staff workforce has increased to over 1,500-plus staff. To ensure all staff are fully trained to comply with mandatory legislative requirements, the service employs a team of three staff to deliver this training. Due to the nature of this legislation, it is imperative that staff are issued with any updates or changes in a timely manner to ensure continued compliance. With current communication channels, this often proves to be very difficult to achieve.

2.4 Competition

Following delegation of all primary budgets in 2013, (secondary in 2000)

schools can choose whether to use local authority catering, in-house catering facilities, or private catering companies.

With the introduction of UIFSM and funding changes, the schools meals market has become extremely competitive. This has increasingly been evidenced over the past 2 years by the rise of private contractors contacting schools directly with a view to becoming their preferred catering provider. To the private contractor, nearly all schools are viewed as a positive business opportunity as the recent increases in meals served, plus the funding for UIFSM, this provides the possibility for contractors to break even in smaller primary schools.

In order to allow the County Council to compete with private industry, the Authority needs to be able to offer schools up to date invoicing, forecasting, and the ability to respond quickly is critical to run the service effectively.

2.5 Summary

To enable the County Council to offer a competitive service to schools and meet the increased demand in communication, Catering Services recognises that there is an urgent need to introduce a hosted and fully web-based electronic kitchen management solution. The solution will offer the following benefits:

- Administration will be streamlined – with the reduction of printing and postage costs.
- Increased management effectiveness as processes will be streamlined.
- Improved legislative compliance at kitchen level.
- Purchase orders raised via the solution will eliminate the costs of printing of PLOFs (paper based order forms) and also provide an appropriate audit trail.
- Identification of individual school costs on demand, identifying spending trends and possible fraudulent action.
- Improvement of management effectiveness allowing managers to identify low meal uptake with schools and high food costs
- Improved communication with kitchens to maximise efficiency and working relationships.

The deployment of a new kitchen management solution will reduce the amount of manual processing required thus saving time, improving data quality and financial forecasting. Managers will benefit from the amount of time saved in using an automated communication with kitchens.

Projected Savings

Saving	Cost per annum
Derbyshire Business Unit Printing and postage	£19,590
Royal Mail Charges	£1,000
Telephone Bill Usage – it is estimated there would be a 50% reduction in call charges to and from kitchens	£2,500
Total Savings per annum	£23,090

3. Financial Considerations

Until the commencement of the procurement process, it is difficult to accurately predict the set-up costs and annual revenue costs associated with the project. The following estimated costs are therefore based on current market information indicating that the costs for the four-year procurement of a solution and associated services would be. However, these do not include provision of additional work that may need to be undertaken to allow the solution to access schools data networks. Where this is not possible, there will be an additional cost associated with putting in an alternative solution e.g. transmitting data via mobile 'phone networks:

ONE-OFF CHARGES	
Initial set-up and configuration , Training	£25k
Subtotal:	£25k
ANNUAL CHARGES	
Licence Subscription, hardware, and support Costs (4 Years)	£400k
Subtotal:	£400k
Contingency	£80k
TOTAL CHARGES:	£605k

The cost will be met from within the Children's Services Catering annual trading account.

The proposed tender via use of the YPO framework will be advertised for around £0.6 million over a contract term of two years, with the option to extend on an annual basis for a further two years, up to a maximum of four years.

4. Legal Considerations

Protocol 2 of the Council's Financial Regulations for use of a non-County Council Framework requires the submission of a business case (file held at County catering offices, Chatsworth Hall) to the Director of Finance for approval and further competition where appropriate.

The call-off requirements under the Framework will be by way of further competition.

The Director of Legal Services will advise in relation to the terms and conditions for use of the Framework including call-off requirements. A further report will need to be submitted to Cabinet for the award of a contract under the Framework.

5 Social Value Considerations

In considering the award of any contracts, various social values have been identified.

The increase in data collection will further assist healthy eating initiatives allowing the Authority to work with voluntary groups and engaging the wider community.

Other social values have been identified as a reduction in the requirement for paper (environmental benefit), reduction in postage cost, and assistance in reducing on-going costs and efficiencies of the Catering Service. These efficiencies will help to reduce the charge to schools, thus allowing schools to use their financial resources in key areas of improvement for local families.

6. Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity, environmental, health, human rights, human resources, property, and transport considerations.

7. Background Papers

File held within the Children's Services Department, Catering Procurement, Chatsworth Hall Site, Matlock.

8 **Key Decision** Yes

9. **Call-in**

Is it required that call-in be waived in respect of the decisions proposed in the report? No

10. **Strategic Director's Recommendations**

That Cabinet approves the use of the Yorkshire Purchasing Organisation (YPO) Framework number 684 for the procurement of a Kitchen Management Solution.

**Jane Parfrement
Strategic Director for Children's Services**