



Delegated Decisions by Cabinet Member for Finance, Property and Transformation Friday, 12 September 2025

ADDENDA

6. Cleaning and Catering (Pages 1 - 14)

Cabinet Member: Finance, Property and Transformation

Forward Plan Ref: Ref: 2025/132

Contact: Vic Kurzeja, Director of Property and Assets

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Report by Director of Property and Assets

The information contained in the annex is exempt in that it falls within the following prescribed categories:

Paragraph 3 – Information relating to the financial or business affairs of any particular person including the local authority

Paragraph 5 – Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that there is an expectation that consultation and negotiation should take place primarily away from the glare of publicity and public scrutiny in keeping with employment law.

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CABINET MEMBER – Delegated Decision 12th September 2025

School Catering Service – Proposed change of provision for school meals.

Report by Director of Property and Assets

RECOMMENDATION

1. The Cabinet member is **RECOMMENDED** to:
 - I. Agree to proceed with a procurement exercise to identify a suitable commercial provider to deliver catering services via a direct service contract with each school to replace the existing service level agreements with the school meals service.

Executive Summary

2. Following the collapse of Carillion in 2018, a number of services were returned to the County Council. Included in this was the provision of school meals to some sixty schools across the County. The catering service operates as a trading account, with the expectation that costs are covered by income. The council holds service level agreements (contracts) with each school which are usually for a term of twelve months.
3. Since becoming an in-house delivery function, the catering service has struggled to deliver a breakeven financial position. Actions have been taken to try and address this, but due to rising costs and restricted income, it has not been achievable. For the most recent financial year (2024/25), through implementing changes to meal production, alongside an increase in meal prices, a reduction in the deficit of £322k has been achieved. However, even with the further price increase from April 2025, a breakeven position is still not achievable.
4. Consequently, options regarding the future of the service have been considered and it is recommended that the Council seeks a supplier to take on the function under service contracts with the schools.
5. Information in exempt Annex 1 to this report is supplied in commercial confidence and disclosure would prejudice the commercial position of the parties involved. It would also prejudice the position of the authority's investments to the detriment of the Council's ability to properly discharge its fiduciary and other duties as a public authority.

Background

6. Historically, the catering service has been expected to generate sufficient income to cover all expenditure, operating as a traded service. However, year on year this has become increasingly difficult to achieve.
7. The funding from the government for Free School Meals (FSM) and Universal Free School Meals (UFSM) meals has remained largely static for a number of years. It has not kept pace with increases in the cost of providing the service, nor does it reflect the wider value of school meal provision. The report from the Association for Public Services Excellence (APSE) titled, 'Local authority education catering service 'More than just a service' in 2023 sets out that since the introduction of schools devolved budgets, the lack of ringfencing of the funding has not guaranteed all allocated funding has been shared with the catering provider. The true cost of the COVID pandemic has far outstripped any funding provided, and the closure of schools to all but vulnerable pupils resulted in the additional significant loss of paid meal income
8. Additionally, the inflationary cost of staple ingredients, energy bills and above-inflation wage increases has resulted in the gap between budgets and funding is ever widening. European and global conflicts have exacerbated the situation. The number of free school-eligible pupils has increased significantly between pre-COVID and the cost-of-living crisis. In Oxfordshire alone, an additional 6,000 pupils were eligible for Free School Meals in January 2024 compared to January 2019 – this represents a 45% increase in eligibility. (Oxfordshire School Census data Jan 2019 and Jan 2024).

Actions Already Taken

9. To try and address the issues set out above, the council engaged with a specialist school catering consultant who made several recommendations which have already actioned and have led to a reduction in the trading deficit; namely -
 - increasing the school meal price to be more in line with other authorities
 - reducing the cost of meal production
 - staffing control

Increase in school meal price

10. Benchmarking with other authorities demonstrated that the price OCC charged for school meals was lower than other authorities. The table below shows the meal price from April 2024, noting that Nottingham, Derbyshire, Hampshire, and Surrey are all increased prices by an additional 10p from 1st September 2024.

Type of Meal (April 24 Prices)	Derbyshire County Council	Hampshire County council	Lancashire County Council	Surrey County Council	Nottinghamshire County Council	Oxford County Council	Hertfordshire County Council
Primary Paid	£3.25	£3.00	£2.50 (RSP)	£2.70	£2.95	£2.55	£3.30
UIFSM	£2.53	£3.00	£2.53 (RSP)	£2.53	£2.53	£2.53	£2.53
Primary Free (eligible)	£2.51	£3.00	£2.52 (RSP)	£2.63	£2.53	£2.55	£3.30
Adult Paid (Exc VAT)	£3.90 (exc vat)	£3.00 (exc vat)	£3.00 (exc vat)	£3.72 (inc vat)	£2.85 (exc vat)	£2.80 (exc vat)	£3.66

*OCC Primary Paid prior to April 24 £2.35

11. In order to avoid a significant increase in one go, the council has phased the increase, with the paid pupil meal price rising to £2.55 on 1 May 2024 and to £2.90 from 1 April 2025. The price for a paid adult meal increased to £3.00 on 1 May 2024.
12. As the government has not increased funding to schools for Universal Free School Meals (UIFSM) and Free School Meals (FSM) prices have remained at £2.53 and £2.55 respectively.
13. Even with these increases, the Council remains lower than other authorities in all of its charges.

Reducing the cost of food production

14. Moving from fresh to frozen ingredients, which have the same nutritional value has reduced the cost of producing a meal from £1.35 to £1.17 a meal and has reduced costs by £322k. Despite this change, the price per meal of comparators is c£1.05.
15. Further cost control is being achieved through continuing to drive better pricing through their supply chain and also through improved menu planning which focuses not only on content and quality but also on reducing the overall cost per meal.

Staffing control

16. Efficiencies are being sought by robustly managing sickness and by keeping overtime levels to a minimum. In addition, where there is not impact on service quality, and reducing hours in kitchens where this will not impact on service quality.

17. As a local authority, Oxfordshire is not unusual in struggling to achieve a break-even position for its catering service and benchmarking of other authorities demonstrates that Oxfordshire still has lower charges than other authorities based on prices at April 2025.

Proposed Approach

Option 1 - Continue to trade the service as is

18. Even with further efficiencies, given the small size of the operation and necessary management and administrative overhead required to operate the service, a break-even position cannot be achieved. Increasing charges further is also not considered acceptable.
19. This option is not considered viable.

Option 2 - Transfer the service back to the schools

20. This option would likely come at a cost to schools, particularly smaller schools due to low volumes. Additionally, there would be a need for redundancy of the senior management, admin staff and area support staff who would not have entitlement to transfer to any single school/federation or MAT given that it is unlikely any cohort would make up a significant part of their current responsibilities.
21. Furthermore, this process would involve a complex TUPE process with each individual school where staff have the right to transfer. This option would be a complex and costly option.
22. This option is not the preferred solution.

Option 3 – Offer schools the option to secure an external catering provider of choice

23. An existing catering provider is better placed to facilitate the needs of schools both in terms of sustainable model of delivery of school meals and at a competitive cost. This can be achieved as existing providers will have advantage of volume and market experience in delivering services.
24. Under this option, schools would have the flexibility and choice to stay with the current provider or choose to opt out and secure an alternative meal provider. This option aims to negotiate a fixed school meal rate for the first two financial years, providing budget certainty for each school.
25. This option would also protect the current staff cohort, as TUPE regulations will apply to the new service contract and the expectation is that roles will be duplicated in the service provided by the new service provider.
26. This option is the most financially viable, reducing the liability that currently falls on the council to deliver the service and offers school the flexibility of choice to secure their preferred school meal providers.
27. This is the preferred option, and it is recommended that a procurement

exercise is undertaken to identify a suitable commercial provider to deliver catering service via a direct service contract with each respective school.

Consultation

28. In June 2025, the school's forum reviewed a report on current financial challenges and proposed options. The forum made these points:
 - I. Ensure contracts are accurate, protect against price increases or staff losses after the first year, and allow schools to exit easily.
 - II. Clarify the timeline for implementing the proposal.
 - III. Schools in certain areas lack procurement experience and requested OCC support during the process.
29. The Education and Young People Overview and Scrutiny Committee considered a report on the future options for the school meals service in July 2025. The committee provided two recommendations to Cabinet for consideration:
 - I. Recommendation 1: That the Council should outline the specific measures it has taken to ensure that rural schools are protected and that all schools will receive high quality catering services.
 - II. Recommendation 2: That the Council should set out the specific steps it will take to ensure that the rights and interests of existing staff members will be protected, and that trade unions will be consulted and engaged throughout the process.

Financial Implications

30. The increase to £2.90 for each pupil meal from April 2025, had an impact on schools' finance as the funding for FSM and UIFSM meals remains static and will not achieve a breakeven position for the council. It is anticipated that a significant financial support is anticipated in 2025/26 budget.
31. Despite ongoing lobbying by industry bodies (LACA and APSE) for increased funding—especially since meal funding during COVID was £3.00 per pupil—there is no update on if or when funding will rise.
32. Again, Oxfordshire is not alone in increasing prices beyond funding levels, with both other authorities and the private sector forced to do the same to avoid significant losses in the provision of a school meal service.
33. Any cost pressures going forward cannot be mitigated and without significant price increases continued support is required and break-even position will not be achieved.

Comments checked by:

Legal Implications

34. The proposal is that governing bodies of maintained schools will enter into contracts for catering services under arrangements procured by the Council. Governing bodies have the statutory power to enter such contracts under s 21 Education Act 2002. The Council has the statutory power to facilitate such arrangements under its general power of competence set out at s 1 Localism Act 2011.
35. Any procurement exercise will require the Council to conduct a competitive tendering exercise in accordance with the requirements and timescales set out in the Procurement Act 2023 (which applies to both the Council and the governing bodies of its maintained schools).

Comments checked by:
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Staff Implications

36. There are no new staff implications as the current funding has been identified via the service's respective revenue budget.

Equality & Impact Assessment

37. There are no equality impact implications at this stage. From the engagement to date with the potential options for the direction of the service there is full commitment to meet the Equality and Impact Policies, and this will be fully determined before any process is commenced which may impact staff.

Sustainability Implications

38. There are no sustainability implications for the service at this stage, this will be fully determined following a decision on the direction of the service.

Risk Management

39. The current and potential risks are outlined in exempt Annex 1 however the key risk is financial and sustainability of the service currently operating at a deficit for the previous 4 years.

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Exempt Annex:1 Financial Analysis

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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CABINET MEMBER FINANCE, PROPERTY & TRANSFORMATION – Delegated Decision

12th September 2025

Corporate Cleaning Service – Proposed outsource of residual cleaning service

Report by Director of Property and Assets

RECOMMENDATION

1. The Cabinet member is **RECOMMENDED** to:
 - i) Agree to commence a tender exercise in line with OCC Contract Procedure Rules and the relevant procurement legislation to outsource the remaining in-house cleaning of corporate sites.

Executive Summary

2. The cleaning service was transferred back to OCC following the collapse of Carillion in 2018. Approximately 125 staff were transferred back covering all corporate buildings across the county. The service has faced considerable challenges both operational and financial since its transfer, in particular there are ongoing challenges with ensuring there is ongoing service delivery when there isn't a full staffing cohort due to absence, sickness and vacancies. As a result, there is continuing pressure on the service to meet the operational requirements which is also leading to additional costs.

Exempt Information

3. Information in the Exempt Annex 1 to this report is supplied in commercial confidence and disclosure would prejudice the commercial position of the parties involved. It would also prejudice the position of the authority's investments to the detriment of the Council's ability to properly discharge its fiduciary and other duties as a public authority.

Cleaning Current Position - Background

4. The council currently operates a hybrid model for delivery of cleaning services, with some delivered through a third-party contractor and some provided in-house.
5. There are 73 employed staff (not Full Time Equivalents) including two Area

Managers and an Operational Manager who deliver cleaning services to the corporate estate and some schools with an agreed Service Level Agreement.

6. The remainder is provided via a contract with a local company, Parker Contract Cleaning Limited, with approximately 45 staff covering council sites. This is delivered via a 3 year contract for all corporate buildings with a requirement of cleaning services equating to less than 25 hours per site per week. This element of the cleaning function was outsourced in April 2024 and is currently on track to meet both operational and financial targets.

Future Service Delivery

7. Due to the operational and budget challenges alongside the successful delivery through the current contract, there is a need to review the provision of the remaining cleaning service. Two operating models have been reviewed and a preferred model proposed. The options are:
 1. Continue to operate an in-house cleaning service for large corporate sites alongside the outsourced provision of sites requiring less than 25 hours cleaning per week.
 2. Carry out a tender exercise in line with OCC procurement rules to outsource the cleaning of corporate sites.

Option 1 – continue to operate in-house

8. Even with efficiencies and better planning, given the small size of the operation and necessary management and administrative overhead required to operate the remaining service, a break-even position cannot be achieved.
9. This option is not considered viable.

Option 2 – outsource remaining cleaning function

10. This option proposes a model where all 38 OCC sites requiring cleaning (including schools contracted to the cleaning service), will be delivered by a 3rd party provider and managed by OCC. This contract would run alongside the current outsourced contract currently in place with Parker Contract Cleaning Limited.
11. This option requires the TUPE transfer of circa 73 front line staff to a successful provider via an output specification.
12. It is expected there will be no redundancies on the management side of the structure as 2 area managers will be retained to act as the intelligent client.
13. This is the preferred option.

Consultation

14. In June 2025, the school's forum reviewed a report on current financial challenges and proposed options. The forum made these points:

- I. Ensure contracts are accurate, protect against price increases or staff losses after the first year, and allow schools to exit easily.
 - II. Clarify the timeline for implementing the proposal and keep the forum updated throughout the process.
15. The Education and Young People Overview and Scrutiny Committee considered a report on the future options for the cleaning service in July 2025. The committee provided recommendation to Cabinet for consideration:
1. Recommendation 1: That the Council should set out the specific steps it will take to ensure that the rights and interests of existing staff members will be protected, and that trade unions will be consulted and engaged throughout the process.

Financial Implications

16. The current service is operating at an overspend and is anticipated to continue in its current operating model. A decision to outsource the remaining service would deliver financial savings on current budgetary spend and deliver agreed savings outlined in the approved paper.

Comments checked by:

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Legal Implications

17. Procurement

The proposed outsourcing of the cleaning services will need to be carried out in accordance with the Council's Contract Procedure Rules and relevant procurement legislation (this may either be a new tender under the Procurement Act 2023 or a call-off under a framework under the Public Contracts Regulations) because it will be classified as a service contract with an estimated value in excess of the £214,904 (inclusive of VAT) procurement threshold. Legal Services will be engaged in the preparation of the contract documentation.

18. Employment/Staffing

Any transfer of council employees to a new cleaning contractor would be subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006.

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Staff Implications

19. As referenced above, any transfer of council employees to a new cleaning contractor would be subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Equality & Impact Assessment

20. There are no equality impact implications at this stage. From the engagement to date with the potential options for the direction of the service there is full commitment to meet the Equality and Impact Policies, and this will be fully determined before any process is commenced which may impact staff.

Sustainability Implications

21. There are no sustainability implications for the service at this stage, this will be fully assessed and determined following a decision on the direction of the service.

Risk Management

22. The current and potential risks are outlined within the detailed paper in Annex 1 however the key risk is financial and sustainability of the service.

Consultations

23. There have been no consultations to date however once a decision is reached consultations with the Union will begin.

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Exempt Annex:1 – Financial Information

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September 2025

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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