

Community Directorate – Project Phoenix

Meals and Wheels and Adults Catering Service to other Boroughs

Business Case

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1 Introduction

1.1 This business case follows two previous interlinked business cases to the Commercial and Commissioning Board (CCB) on December 2016 and January 2017. Those business cases were developed on the transfer of the catering and Meals and Wheels (MOW) services from the People Directorate to the Community Directorate. The business cases set out the strategy for increasing income from catering related services and contained proposals for creating a canteen at the depot; opening a cookery school; provision of school meals, and expanding meals and wheels (MOW) and adult catering.

1.2 The April 2017 business case for the redevelopment of the depot outlined the requirement to engage other boroughs to share/utilise space at the depot to enable the repayment of the financing costs and contribute to the MTFS. The new depot includes a commercial kitchen so expanding a MOW service supports that development.

1.3 Since the approval of those business cases the following has taken place:

- the canteen at the depot has been opened and supports waste crews for Harrow and Barnet as well as Special Needs Transport service staff for Harrow and Brent with competitively priced breakfast available at the start of their shifts .
- the Cookery school has been established – now provides primarily children’s cookery classes during half term; holidays and on Saturdays,
- a school meal service was started in September 2018 to Elmgrove School and the team is currently in discussions with other schools.
- development of an online portal and booking system for meals and wheels and adults catering with menus published 4 weeks in advance and relatives are able to book and pay for meals online, and,
- Harrow Commercial Services MOW is signposted on other boroughs meals offer.

1.4 However the January 2017 business case outlined that the sustainability of the MOW service was reliant on increasing numbers which was likely to mean expanding and supplying other boroughs, as the introduction of personal budgets impacted on numbers in Harrow. To that end the Project Phoenix team, supported by introductions made by Harrow’s Director of Adult Services (DAS) has engaged with other boroughs that had policies that were geared at maintaining a quality MOW service.

1.5 This current business case is the culmination of those efforts with one borough Hammersmith and Fulham (H&F) where negotiations are now completed and Harrow is to

start the service delivery on 8th April 2019 and with LB Brent where discussions are in progress.

1.6 There are various statutory provisions that permit these arrangements, including the Local Authorities (Goods and Services) Act 1970 (“the 1970 Act”), The Civic Restaurants Act 1947, The Care Act 2014, section 111 of the Local Government Act 1972, the Local Government Act 2003, and the Localism Act 2011. Essentially, these provisions together with the mandatory and discretionary powers of the local authorities to provide meals on wheels and adult catering services establish the legal framework that facilitates these arrangements. The legal comments at Section 4 provide further information about this.

1.7 It is against the above background that the business case has been prepared.

1.8 Project Approach

1.8.1 The project approach was largely along the usual Project Phoenix lines with the key difference being that there was reduced benchmarking data available for this a shared MOW service delivered by a Council. To that end it is necessary to undertake fact finding missions supplemented with a number of discussions between the H&F and Harrow teams to:

- ascertain the key opportunities a shared arrangement would deliver , and to
- determine business development and growth i.e. continuous improvement opportunities.

1.8.2 Harrow’s key approach to the project was to ensure that it could of increase its market share and make the arrangements sustainable . To achieve these objectives, it was necessary to establish the current baseline variables including:

- operating costs;
- Staffing levels
- charging regime;
- operational delivery

2. Summary Findings

The key findings were:

- H&F has a Cabinet policy commitment to deliver a MOW service and were keen to engage with Harrow based on an initial introduction from Harrow's Director of Adults Social Care they have engaged with Harrow.
- Harrow is keen to expand on its MOW service as it's not a statutory requirement and a reduced number of this kind of meals would make the service to Harrow residents less sustainable over the next year given its budgeted net cost of £30k .
- Neighbouring boroughs are exploring the sustainability of their MOW service and this partnership can be used as model to introduce to other boroughs. Already Harrow MOW is signposted for other boroughs and so the success of this venture with H&F will be vital to future expansion.
- Harrow has the scalable resources that can facilitate the increased number of meals required for H&F and for Brent and any other interested Councils.

3 Options

3.1 The options considered were:

- a) Do nothing - let the Harrow service continue as is without expansion or close the service if it cannot be made sustainable
- b) Maximise the shared service opportunities and seek further expansion.

3.2 Option (a) was discounted as this did not fit the objectives set out under Project Phoenix. Option (b) is the recommended option and this business case is designed to show why this is the preferred option, why it will be successful and contribute to the objectives of Project Phoenix and therefore to the Council's bottom line.

4 Recommendation

4.1 It is recommended that the option to deliver MOW to other boroughs be progressed.

Business Case

1. Background and Current Situation

1.1 Since 2016/17 the Harrow MOW service has operated as part of the Facilities Management service in the Commissioning and Commercial Division of the Community Directorate. At the time of its transfer the service had been dwindling and there had been a proposal from the People Directorate to close the service. However the service was reviewed under the Community Directorate commercialisation programme, Project Phoenix and the option of seeking to expand it as part of a wider catering offer was subsequently agreed and embarked upon. In 2018 Harrow MOW was signposted on CarePlace Framework for Ealing, Hillingdon and Hounslow which allowed those boroughs to review the MOW service offer that Harrow could provide.

1.2 Hammersmith and Fulham currently has its MOW service outsourced to Sodexo as part of a tri-borough Sodexo contract with Westminster and Kensington and Chelsea. H&F started exploring alternative delivery arrangements, as there is a Cabinet commitment to maintaining this service.

1.3 The current H&F service incorporates;

- 35,000 meals delivered per year by Sodexo who operates from a Westminster depot where they have a warehouse and parking spaces but no kitchen facilities.
- 120-140 people per day receive meals
- 7 days a week delivery
- 11 staff are used directly in the service – this includes 8 Drivers of which 4 work part time; 2 servers and a driver/administrative officer.
- There are 3 routes and 2 drivers are used per vehicle on each route.
- Those receiving meals make a £2 contribution to H&F.
- The contract with Sodexo ends on 7th April, 2019 and H&F has been exploring alternative service delivery arrangements.

1.4 H&F in reviewing the Harrow offer on CarePlace contacted Harrow as they were interested in the following aspects of the Harrow offer:

- Meals are prepared fresh and then packaged for delivery
- Meals can be delivered hot, chilled or frozen to request
- Can scale upwards the number of meals that may be required
- Online booking system that facilitates out of hours bookings and payments
- Will respond to queries within 24 hours
- All of Harrow Commercial Services drivers are enhanced disclosure and barring services (DBS) checked, and are customer service trained.
- Drivers are also trained to check clients' wellbeing ensuring they are well and have their required medication
- There is a 4 week rotational menu available on the Harrow Commercial Services website, but HCS will provide whatever menu options are requested
- ISO Quality Assurance
- 5 star food hygiene rating kitchens
- Best price guarantee using quality ingredients. Harrow Commercial Services will price match any proven price quotation and would welcome the opportunity to price match or beat any price received
- Purchasing power from a catering service that includes, cafes, canteens and school meals to provides economies of scale that is offered in the pricing
- Client welfare is our priority
- Over 15 years of experience in this service industry
- A 365 days a year service delivered in line with performance indicators set out as part of any Service Level or Inter-Authority Agreement

1.5 During discussions the following items were key aspects of negotiations prior to acceptance of terms of engagement by both parties:

1.5.1 Transfer of staff:-

- Harrow's initial offer covered two scenarios re staffing arrangements. To inform this decision H&F sought advice from external lawyers Sharpe Pritchard.
- Harrow shared this advice with the Employment Law team in HB Law on 4th February and sought further advice on using economic, technical and organisational reasons entailing changes to the workforce for business efficiency. That advice was received on 6th

February and is included in the legal section at paragraph 4 below. The advice is that Harrow should ensure that the legal arrangements with H&F require H&F to meet redundancy costs should Harrow need to make any staffing changes post transfer of services.

- H&F agreed that they would meet the redundancy costs of the administrative and kitchen staff as part of the transfer, should there not be redeployment opportunities.
- Harrow submitted all TUPE information to Harrow's HR on 15th February for the calculation of the required Redundancy costs that H&F would need to meet. Those calculations were received on 21st February.

1.5.2 H&F has requested that transferred staff are paid at London living wage which represents a pay increase for the staff and H&F is covering this cost. H&F will meet redundancy costs.

1.5.3 Delivery mechanism:

- H&F discussed delivery to be in two stages with Harrow delivering the meals to the H&F depot from which the drivers would collect those for their routes and deliver accordingly.
- Harrow outlined that that scenario as being inefficient and unworkable as that would mean Harrow's vehicles being kept by drivers overnight which does not happen in Harrow's current service.
- The agreement is that the deliveries start direct from Harrow and H&F in paying for driver's incorporate the travel time back to Harrow but not the travel time to start work.

1.5.4 Invoicing regime :

- H&F asked Harrow to manage the client contributions collections. This was not accepted. It is now agreed that Harrow will invoice H&F in full for the price per meal and H&F will in turn collect contributions from its residents and manage any arrears process.
- Invoicing will be in arrears as the invoicing will be for meals delivered. This is because invoicing in advance would lead to various reconciliations and credit notes when meals are less than what is already invoiced. Also H&F will need to know the numbers actually delivered so that they can in turn collect the contribution.

1.5.5 Menus

- Harrow has insisted on maintaining its 4 weeks rotational menu as this supports economies of scale in the purchase of ingredients. H&F agree to this after a taste testing session.

1.7 The initial discussions with Brent is for 50 meals per day. As discussions progress, Harrow will hold to the principles above that were used for the H&F proposals

2. Proposal

2.1 The terms that have been agreed between the parties incorporates the following:

- H&F will purchase 43,800 meals per annum on the basis of 120 meals per day, 7 days per week. Meals include standard British; African and Asian and Halal meals.
- Delivery to start on 8th April 2019 for 2-5years (final length of contract to be finalised), with meals prepared fresh and packaged in Harrow. Harrow will undertake meal preparation from the Civic Centre canteen and Civic 7 to provide additional storage and preparation space. The storage equipment will be procured in March and will be moved to the depot commercial kitchen circa November 2019 when that space should be ready for use. The financing costs for these are already part of the depot business case.
- Harrow will utilise 3 new electric vehicles- originally purchased for the Harrow MOW service. The price to H&F includes the capital financing costs and the maintenance costs for these vehicles. Harrow will procure replacement vehicles for its current MOW service but for now will extend the short –term hire of those vehicles.
- Delivery times will be between 11:30 and 2pm

3. Financial details being progressed in line with the exempt appendices.

4. Legal

4.1 Although the Care Act 2014 places a duty on a Local Authority to ensure it promotes individual wellbeing, it is to be noted that the provision of a meals service is not a statutory obligation under this Act, although it places a duty on the local authority to prevent and delay the need for social care and the requirement to signpost people appropriately. Section 14 of the Care Act 2014 and section 17 of the Health and Social Services and Social Security Adjudications Act 1983 permit local authorities to recover reasonable charges for the provision

of meals to older people in their own homes. Therefore H&F and Brent can charge their residents for this service.

4.2 Section 1 of the Local Authorities (Goods and Services) Act 1970 (1970 Act) permits local authorities to enter into agreements to provide goods and services to other public authorities. The courts have confirmed that the 1970 Act empowers local authorities to trade for profit.

Any agreement entered into for the supply of any services must be for the purposes of functions already conferred on the receiving authority. That is, the authority receiving the service must itself have the power to undertake the activity that the local authority is providing (section 1(2)(b)). Here both H&F and Brent have the power to provide the relevant catering services.

4.3 The Civic Restaurants Act 1947 (1947 Act) empowers the council to establish and carry on restaurants and supply meals and refreshments to the public together with incidental activities. Section 3(2) of the 1947 Act contains an implied charging power in that every civic restaurant authority is required to use their best endeavours to ensure that their income under the Act is sufficient to defray their expenditure. There is no restriction on making a profit.

4.4 Section 1 of the Localism Act 2011 introduces a general power of competence for local authorities (the general power of competence). If any general power permits a local authority to carry out a particular activity, then section 4 of the Localism Act 2011 empowers the authority to do that activity for a commercial purpose. The General Power of Competence (allows the Council to do anything an individual can do, subject to specific restrictions and limitations imposed by other laws. It also provides that councils can trade in areas outside of their immediate boundary and so this makes it possible to be able to offer catering services to other local authorities. Section 4 of the Localism Act 2011, which sets out the limits for local authorities on doing things for a commercial purpose in exercise of the general power, does not take anything away from the existing statutory framework for actions in pursuit of commercial purposes under Section 1 of the Local Authorities (Goods and Services) Act 1970.

4.5 The Councils must comply fully with their obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

5. Implementation

5.1 Implementation plan is being finalised but key elements include:

- Staff consultation including measures letter
- Purchase of storage equipment – to match what would be required at the Depot commercial kitchen so that it can be transferred
- Planning of routes and start time
- Finalisation of legal – Service Level Agreement or Inter Authority Agreement

6 Risks

6.1 A detailed risk register is being prepared – but the key risks considered and to be finalised includes:

- Drivers may not want to transfer due to travelling time. To mitigate this Harrow has asked the Transport labour supply contractor to have 4 drivers available to undertake this service.
- Traffic makes the delivery time longer and therefore drivers do more hours. Harrow has built in flexibility in the pricing for driver cover arrangements and this can be utilised. However a delivery start time of 11:30 should help with avoiding traffic getting into and around Hammersmith.
- The risk register for Brent will be developed when those discussions are finalised.
- The draft risk register for H&F is shown overleaf: and covers elements relating to customers as H&F is primarily concerned with service satisfaction for the user of the service

Ref	Risk	Owner	Mitigation	Likelihood	Impact	Risk Rating
1	Food quality: Meals are arriving warm/cold	AS - LBH	Food kept in correct containers and regenerated in the tried and test fashion will be hot. Periodic quality inspections (e.g. monitoring temperature of food) to be carried out as part of recorded QC process.	D	3	Low
2	Food quality: Reports of food poisoning received	AS - LBH	Maintain 5 start food hygiene rating. ISO Quality Assurance	D	2	Medium
3	Back office: Booking system crash / IT failure	AS - LBH	Ensure back-up of delivery schedule / adapt Business Continuity Plan to ensure back up procedure is in place top maintain service delivery	D	2	Medium
4	Service: Meals arrive late	AS - LBH	Route scheduling designed to ensure delivery slots are maintained. Regular review of journey times and travel patterns to	D	3	Low

Ref	Risk	Owner	Mitigation	Likelihood	Impact	Risk Rating
			ensure consistent service			
5	Service: Meals not delivered / wrong meal delivered	AS-LBH	Written processes and QC procedures to ensure meals are delivered correctly, and orders fulfilled. Automated booking system with additional QC checks should ensure service reliability	D	3	Low
6	Service: Complaints about staff	AS - LBH	All staff will have enhanced DBS checks, and be trained in customer service protocol, and be in uniform. Line manager will maintain regular QC checks. Staff will have regular appraisals, and robust complaints procedure in place if any incidents arise.	D	3	Low
7	Transport: Vehicle breakdowns, vehicles off the road	HI - LBH	Harrow Council operates a modern fleet including state of the art electric vehicles. All vehicles are in well maintained order, and back-up vehicles are available if regular fleet is off the road for servicing.	E	3	Low
8	Logistics: Shortage of ingredients	AS - LBH	Large catering facility with good supply chain. Many years experience of stock management, and 4 week rotational menu means ingredient demand/supply can be well managed	D	2	Low
9	Logistics: Staff shortage / staff sickness cover	AS - LBH	Adequate staff cover available including floating staff to cover if need be. Also team of "as and when" operatives	D	2	Low

Ref	Risk	Owner	Mitigation	Likelihood	Impact	Risk Rating
			should there be a short term need.			