



## An appetite for insourcing

*Latest research from the Association for Public Service Excellence suggests bringing council services back in-house is a growing trend. Rob Bailey looks at benefits brought to two authorities where education catering was 'insourced'*

As the recession bites and pressure on public services mounts, evidence suggests direct delivery of school meals by in-house staff is an increasingly attractive option for local authorities.

APSE's latest research charts the trend towards 'insourcing' – or bringing services that had previously been externalised to private or voluntary sector contractors back in-house. The report, *Insourcing: a guide to bringing local authority services back in-house*, analyses the reasons behind the phenomenon and describes the benefits that have resulted.

Evidence shows that the main reason cited by authorities for insourcing a range of services – including school catering – was poor contractor performance, causing customer dissatisfaction. It was also found that low staff morale, due to poor terms and conditions impacted upon the quality of services. Dealing with contractors was found to take up more senior manager and elected member time than anticipated and did not necessarily deliver the results promised.

Focusing on over fifty examples of insourcing has shown benefits being reaped include; greater accountability, enhanced performance, more flexibility and increased public satisfaction. Returning services in-house can also enable them to be joined-up more coherently and linked with wider strategic goals such as environmental considerations, improving community well-being and maximising local employment and economic development opportunities.

North Lincolnshire and Stockport are authorities that took the decision to insource their education catering services back in the late 1990s and have never looked back. In both

cases, the reasons for insourcing and the advantages it has brought exemplify the findings of APSE's research.

### **North Lincolnshire**

Schools catering in North Lincolnshire Council has continued to be delivered in-house since the previous contract expired around the same time as the introduction of a new unitary authority ten years ago. Prior to insourcing, there had been unease among staff, which affected service quality. Political support for in-house delivery in 14 secondary and 71 primary schools has remained throughout changes in administration and the team has won three competitive tendering exercises. Latest performance indicators show that North Lincolnshire schools catering management costs are only 9% of turnover, compared with the national average of 11.68%.

'Providing high quality, nutritious school meals is a service that the community can identify with and has links to all sorts of other issues,' says head of catering and cleaning, Sharon Seddon. 'Joint-working across the authority was not an initial reason for insourcing, but it has been a happy by-product. We are now an integral part of what the council does across the board,' says Mrs Seddon. There are strong links with colleagues working on trading standards, environmental health, licensing, children's services and community development, sports and leisure as well as headteachers.

The high level of free meal uptake in North Lincolnshire – at 89%, compared with the national average of 69% – is due to cross council working, according to Mrs Seddon. Last year school catering worked with leisure services to encourage uptake in secondary schools. The Pukka Stuff loyalty scheme, which won a LACA marketing award was developed by young people themselves and rewards include half price swimming sessions among many others.

School cooks will work with teachers as part of the new Key Stage 3 hospitality diploma and, because the catering service is part of the authority's emergency planning team, it provided hot drinks and snacks during floods. 'This sort of thing is all added at no extra cost resulting from school catering being in-house,' says Mrs Seddon. 'Because it is a broad SLA not a rigid contract, we can be flexible in responding to new policies and nutritional standards and give schools a more individual service and there are no costly variation clauses,' she adds.

The fact that 31% of the food purchased is sourced locally, compared with 26% nationally on average, benefits both the local economy and the environment by reducing 'food miles', hence carbon emissions. North Lincolnshire schools do not use disposable crockery or cutlery and the authority is investigating the possibility of turning food waste into biogas.

### **Stockport**

Stockport Council brought education catering back in-house in 1997 after complaints from parents about the quality of the service, negative coverage in the press and plummeting

uptake among children. Dennis O'Byrne, who at the time was Head of Service for School Scene within the Council, explains that staff morale was low, as the contractor had reduced costs by cutting terms and conditions. The Council first terminated the contract in 13 schools and subsequently the whole school meals contract went out to re-tender, which the in-house team won.

Since 1997, the Service Level Contract has continued to be extended under the 'Best Value' regime. Staff motivation and levels of morale have been improved and terms and conditions restored. The latest quality assurance figures show a satisfaction rating of more than 90% in 98% of schools. Uptake has risen to 43% from a low of 34% in 1997, which is above the national average. Benchmarking performance indicators such as meals served per staff hour, Quality Assurance standards, cost to income ratios and other factors have all confirmed that in-sourcing was the right decision,' he explains.

The service has since been awarded numerous accolades including, Local Government Chronicle's 'Highly Commended Contract Service Team of the Year' in 2002, The Local Authority Catering Association (LACA) 'Catering Management Team of the Year' in 2003, and 'Overall Best Performer' for School Catering Services in APSE's 2004 awards.

In 2006, Stockport Council transferred its Direct Services Organisation, including School Catering into a wholly owned company of the Council -Solutions SK Ltd. This development gave the opportunity for these previous Council services to trade openly within the private sector. Solutions SK's aim is to return dividends to its shareholder (Stockport Council) and improve the quality of services to its customers.

Solutions SK's catering service has remained in the top quartile of APSE's performance networks evaluation since the company was formed. The company was a finalist last year in the 'Overall Best Performer' and 'Most Improved' categories.

Through Solutions SK, the School Catering service is able to respond flexibly to changing central government policy and nutritional standards.

Dennis added that working in close harmony with colleagues in Council departments such as Children and Young People's Services, Personal, Social and Health Education (PSHE), and understanding the impact services have on each other has made programmes such as Stockport's Healthy Schools Programme, and the authority-wide initiative on promoting healthier lifestyles successful.

Delivering the service in-house also helps meet the Council's wider corporate priorities; for example, providing high quality employment opportunities and sourcing ingredients from local suppliers which helps boost the local economy.

We are not suggesting in-house provision should be the only route to good quality and value for money in school meals. But the case for insourcing is strengthened further by recent breakdowns in outsourcing deals at the eleventh hour after time and resources have been wasted. And, in the case of Milton Keynes, the authority is having to consider alternatives for providing school meals after the contractor failed to meet targets and terminated the contract.

In the face of such evidence delivering school catering services in-house is an option that makes increasingly good sense in these difficult times.

Insourcing: a guide for local authorities bringing services back in-house, is available from APSE. Price £20 members and £40 non-members. Email: [mbaines@apse.org.uk](mailto:mbaines@apse.org.uk)