



## Committee and Date

Audit Committee  
6 February 2025

Item

Public



# External Catering Contract Recommendations

## Responsible Officer:

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## Cabinet Member (Portfolio Holder):

Councillor Kirsty Hurst-Knight Portfolio Holder for Children and Education

## 1. Synopsis

This report provides an update for the Committee on the October 2024 Audit follow up review for External Catering Contracts.

## 2. Executive Summary

- 2.1. An Audit of the external catering contracts was undertaken between June 2024 and October 2024. There was one recommendation identified and was categorised as 'fundamental'.

Although there was a fundamental recommendation, the audit was rated reasonable overall as this was the only recommendation made, all other areas reviewed were found to be operating satisfactorily and the control objectives achieved.

X There are signed and up to date contracts in place.

√ The contracts detail the responsibility of Shire Services and the client in relation to costs, fees, services, income, payment etc. and these are monitored in accordance with the contract.

√ There are clear processes, outlined in the contract, for raising and resolving disputes.

√ There is a clear system in place monitor the profitability of contracts.

√ Management information is produced on a regular basis and is subject to independent review in a timely manner.

√ Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.

- 2.2 At the time of the report, there were 126 schools, as of 9<sup>th</sup> September 55 new contracts/SLA's have been sent out (43.6%) and 14 have been returned, none have been signed by Shropshire Council. For contracts outside of Shropshire there are 90 schools of which 50 (55%) have been sent new contracts/SLA's have been sent out and 10 have been returned. There is a system in place to monitor the contracts sent out, returned, and signed on behalf of Shropshire Council. The risks associated with the old contracts of schools not paying deficits has not been reflected in the Operational Risk Register.

As of 24<sup>th</sup> January 2025, there are 118 schools that are being operated by the service.

- 2.3 This report provides information on the action taken by the Shire Services in response to the one recommendation.
- 2.4 This report provides monitoring details of the external catering contracts that have been sent out to clients.

### **3. Recommendations**

- 3.1. That members note the position as set out in the report and the actions taken to address the recommendations from the audit report.

# Report

## 4. Risk Assessment and Opportunities Appraisal

4.1. This is an information report providing the Committee with details of the work undertaken by Shire Services and therefore a risk assessment and opportunities appraisal has not been carried out.

## 5. Financial Implications

5.1. When an appropriate contract has not been issued to a client, the risk of the client not paying their invoice is high.

## 6. Climate Change Appraisal

6.1. There are no anticipated climate change or environmental impacts associated with the recommendations in this report.

## 7. Audit recommendations

7.1 There was one recommendation in total at the end of the external catering contracts Audit review. The recommendation required that external catering contracts to be in place before services are provided. Progress should be made to send out contracts without delay to ensure that all parties understand their responsibilities. Once returned the contracts should be signed by Shropshire Council. A full summary of the recommendations can be found at **Appendix 1**.

7.2 The below chart shows and update on the report's Proposed Management Action

Proposed Management Action	Date to be Actioned	Update 24.01.2025
Operational Risk Register to be Updated	08.10.24	Completed 08.10.2024
The remaining outstanding 40 external contracts to be sent out to clients before 31.12.2024	31.12.2024	39 Completed on 24.01.2025.  1 remaining to be sent out with new financial budget 01.02.2025
SLA or internal Shropshire Council maintained schools will receive an updated Contract/SLA	28.02.2025	Contract/SLA documents are being sent out to relevant schools with the new 2025/26 proposed financial year budgets, before 28.02.2025

## 8. Monitoring

### 8.1 Type and number of Contracts Required:

Type of Contract	How Many Required	How Many in place	Notes
Consultancy	5	0	Working with Shropshire Legal Department to create a consultancy contract
External	92	91	Last contract being sent out with 2025/26 Budget proposals 01.02.2025
Service Level Agreement 2025/26	15	0	Currently being sent out with 2025/26 budget proposals
Pre 2025 contract still in place	2	2	
Sites out to tender.	4	0	Waiting for tender results for new contract to be put into place
<b>Total</b>	<b>118</b>	<b>93</b>	

### 8.2 Current External Contracts Status:

Total External Catering Contracts required as of 24.01.2025	Total Contracts sent out to clients as of 24.01.2025	Contracts returned by clients with queries that are being processed	Contracts returned by clients ready to be signed and sent to Shropshire Legal Department for sign off	Contracts signed and completed with Shropshire Legal Department
92	91	18	11	13

## 9. Background

- 9.1. Shire Services are the catering and cleaning division of Shropshire Council.
- 9.2. Historically contracts were managed by the previous Shire Services Manager, who left the service March 31, 2024, with the Shropshire Council Legal department supporting. After 1<sup>st</sup> April 2024 it was discovered that many external clients were without a current contract or had a contract which was outdated and not fit for the current environment in which Shire Services operates.
- 9.3. Any Internal Shropshire maintained clients require a Service Level Agreement (SLA) and external clients require a contract. Moving forward all external catering contracts require a new contract and any new clients will require a new contract before services are provided.
- 9.4. An updated master external contract template provided by Shropshire Council Legal Department is being used to send out contracts to all external catering clients.
- 9.5. A Consultancy service is provided to schools, which offers schools a food safety audit, allergen law guidance and/or to use other elements from Shire Services. The clients pay in advance of the service being provided, so is deemed as low risk compared to the other external contracts required. This task had been scheduled for after the other work has been completed. A new contract for this service is being created to send to clients and will be in place before 31<sup>st</sup> July 2025, in readiness for the new academic school year 2025/26.
- 9.5. A new Project Officer role has been utilised within Shire Services. This officer is responsible for the contract template to be individualised for each client and sending it out, using a template with key information outlined by the General Manager. The role is also responsible for day-to-day monitoring of the contract and client for chasing the contracts return and liaising with Shropshire Council Legal Department to organise the signing of the contract.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Local Member:** This report covers all areas of Shropshire.

### Appendices

Appendix 1 – October 2024 External Catering Contracts Audit