

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 31 AUGUST 2021

TAYSIDE CONTRACTS CENTRAL PRODUCTION UNIT – INCLUSION OF PERTH & KINROSS COUNCIL

REPORT BY MARK ARMSTRONG, DEPUTY CHIEF EXECUTIVE

ABSTRACT

This report seeks committee approval for Perth & Kinross Council to become part of the specific partnering arrangement relating to the Tayside Contracts Central Production Unit facility currently held by Angus Council, Dundee City Council and Tayside Contracts. Perth & Kinross Council have made a request to be included to receive their school meal provision from the facility from January 2022.

1. RECOMMENDATION(S)

It is recommended that the Policy and Resources Committee:

- (i) agrees to the inclusion of Perth & Kinross Council to the Tayside Contracts Central Production Unit partnering arrangement currently held between Angus Council, Dundee City Council and Tayside Contracts.
- (ii) Note that there are no service implications for Angus Council as a consequence of this inclusion and financially this is to the Council's benefit as detailed in Section 6.

2. ALIGNMENT TO THE COUNCIL PLAN

This report contributes to the following Council priorities:

- The best start in life for children
- More opportunities for people to achieve success
- Improved physical, mental and emotional health and wellbeing
- We want to maximise inclusion and reduce inequalities
- We want Angus Council to be efficient and effective

3. BACKGROUND

Reports 32/19 and 346/19 provide the background developments of the Central Production Unit (CPU) operated by Tayside Contracts in partnership with Angus Council (AC) and Dundee City Council (DCC). Specifics are summarised below.

In January 2019, the Council's Children and Learning Committee and Policy and Resources Committee agreed for the development of the CPU to ensure that we were in a position to deliver on the Scottish Government's policy to expand early learning and childcare provision in August 2020. At the time that expansion was estimated to result in an increase of 1.2 million school meals per annum across Tayside.

The main advantages of the CPU, also referred to as the Tayside Meal Centre, were: -

- a viable solution to meeting the required additional free school meal provision,
- financial savings,
- improved food safety, meal quality and meal choice.

Proposals at that time and their resulting benefits were produced and agreed based on each of the three constituent Councils investing and utilising the CPU for their school meal provision.

As reported to, and noted by, the Council's Policy & Resources Committee (Report 346/19) in October 2019 Perth and Kinross Council decided to remove their involvement in the CPU project. This decision impacted the projected benefits and their timescales as detailed within

the original business case. As a result, Tayside Contracts reviewed and revised the projected costs and savings associated with partnering with the Angus and Dundee elements only.

The agreed revised financial implications headlines were: -

- Tayside Meals Service will continue to provide a net saving to Angus Council.
- This is projected to be £107k as opposed to £138k as stated in Report 32/19
- The one-off contribution from Angus Council of £100k to fund the estimated infrastructure costs remains unchanged. There will continue to be an equal contribution of £100k from Dundee City Council.
- Tayside Contracts' capital investment of £1.9m will now have a payback period of 3.8 years compared to the 2 years in the original proposal.

Despite delays experienced due to the COVID-19 Pandemic, Tayside Contracts (TC) continued to support the Council with meal provision until the CPU opened in January 2021. TC have successfully delivered school meals within Angus since its opening, along with both school meals and community meals for DCC.

4. CURRENT POSITION

It was agreed in early 2021 by Scottish Government that the current free school meal (FSM) provision offered to school children in Primary 1-3 would be extended. This is programmed to be rolled out over the next 12 months as follows: -

- August 2021 – Primary 4 school children
- January 2022 – Primary 5 school children
- August 2022 – Primary 6 & 7 school children

The current production capacity of the CPU allows for this increase to be accommodated for Angus and Dundee City Council. In response to the above policy position Perth and Kinross Council have requested to now utilise the services of the Tayside Contracts Central Production Unit facility for all their school meal requirements from January 2022.

5. PROPOSALS

Council officers have been working closely with our partner Councils and Tayside Contracts to determine and understand the implications of Perth and Kinross Council's request to join at this time. This work has confirmed that the inclusion of PKC will have no detrimental impact on Angus from either a service or financial perspective, indeed Angus will gain financially from the CPU operating as a 3 partner model as was originally conceived due to economies of scale and a 3 way share of fixed costs.

Tayside Contracts have confirmed that the CPU has sufficient capacity to accommodate all of the meal requirements of all 3 partner Councils including the expansion of free school meals referred to in Section 4 above.

Perth and Kinross Council have indicated that they would seek to utilise the CPU from January 2022 to coincide with the increased Free School Meal provision for Primary 5 school children. It is proposed that this be agreed on the basis that it has no negative service implications and has positive financial implications for Angus Council. Officers will continue to engage with our partners to determine and monitor the specific details through existing governance arrangements.

6. FINANCIAL IMPLICATIONS

Perth & Kinross Council's inclusion in the CPU will mean that fixed costs such as borrowing costs for creation of the CPU and rental costs will be split 3 ways in future rather than between Angus and Dundee City only. This will provide direct savings to Angus Council of around £29,000 in a full financial year on a recurring basis in addition to the £107,000 already allowed for in our budgets. There is also expected to be further savings from the overall economies of scale from the larger operation into future years.

While Perth & Kinross Council joining the CPU arrangement is positive financially for Angus the full benefits of the CPU savings for all partners may not be fully realised in the current financial year (2021/22) because meal numbers in quarter 1 (prior to the summer school holidays) were

well down on expected levels due to the effects of the pandemic and this will impact on the unit costs of the CPU this year.

7. OTHER IMPLICATIONS

Agreement of this report's recommendations will help maximise the use of the CPU given its current spare capacity and will also bring all 3 councils back into harmony in terms of the use of Central Production Unit and the future benefits it will create.

8. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

9. CONSULTATION

Representatives from Dundee City Council and Perth and Kinross Council along with the Managing Director of Tayside Contracts have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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