

UPDATE 30 June 2015

Competition – three, two, one

Three original bidders reduced to two when EC Harris LLP withdrew just before the procurement dialogue process began. In late June Capita Business Services Ltd withdrew because “...*this particular opportunity did not provide the right fit with their Entrust (Staffordshire) business model.*” This leaves Cambridge Education (Mott MacDonald) with **no competition**, because Barnet Council **made a decision not to develop** an in-house option.

Subcontracting of catering confirmed

Our earlier report in June predicted the ‘**Threat of large-scale subcontracting**’ which proved correct when Capita and Mott MacDonald revealed catering subcontractors.

http://www.barnetunison.me.uk/sites/default/files/Barnet%20Education%20&%20Skills%20subcontracting_0.pdf

Mott MacDonald, **not Barnet Council**, selected ISS to be its catering subcontractor.

New key issues

1. The lack of competition **seriously undermines the credibility** of the procurement process and places **Barnet Council in a weak negotiating position**. Obtaining Best Value in these circumstances is highly unlikely.
2. It is evident the Catering Service is included in the contract for the “...**viability of the venture**” (Council response to our earlier report). In other words, the justification is financial, not operational synergy. Catering makes a relatively large net contribution to the Council budget and potential additional income is nearly twice that of the services included in the contract. This reinforces our recommendation that **Catering should be retained in-house**.
3. Subcontracting catering means savings will be split three-ways with Barnet Council sandwiched between two global contractors of Mott MacDonald and ISS.
4. The Council chose **not to disclose** to councillors, staff and the trade unions that ISS were already involved in the Dialogue.
5. UNISON is concerned that low paid catering workers will bear the brunt of the demand for efficiency savings and profits leading to **changes to terms and conditions and a two-tier workforce**.
6. The quality of school meals could be threatened.
7. The current situation raises entirely **new risks**, which must be identified, allocated and estimated as a matter of urgency and reported to the Children, Education, Libraries and Safeguarding Committee.
8. Has Cambridge Education (Mott MacDonald) any experience in managing a global catering contractor like ISS? Will the Council have to monitor the subcontractor either directly or through Cambridge Education or Mott MacDonald? The Council is already having to create more posts within commissioning in order to effectively monitor the growing number of contractors. This is **adding to the cost** of outsourcing and reinforces UNISON’s previous view that the ‘thin client’ does not work.
9. We strongly recommend the Council postpone the procurement process and exclude the Catering Service from the JVC option and retain in-house.