GOVERNOR FINANCIAL & OPERATIONAL APPRAISAL

Procurement Option Appraisal: School Catering Services Contract

To:	Board of Governors	**Date:**	May 2026
From:	John Corlett	**Subject:**	Catering Contract Tender Evaluation & Options

Introduction

As a standard requirement of the Nutfield Church (C of E) Primary School Financial Management Policy 2025-26, the Governing Body has a strict statutory responsibility to ensure that public funds are managed effectively, achieve value for money, and comply with formal purchasing regulations.

Our internal controls dictate specific thresholds for major service acquisitions. For the purposes of this exercise, the following stipulation applies:

- For contracts where the total value is estimated to exceed £50,000, the policy mandates that the contract be formally put out to tender.

Given that a three-year catering contract represents an aggregate expenditure in excess of £220,000, this procurement falls under the highest tier of our governance framework, requiring formal negotiation and eventual sign-off by the Full Governing Body.

While school leadership remains fully committed to the spirit of our Financial Management Policy, a literal application of the "three written quotations" rule has proven impossible during this exercise. The failure of Surrey County Council to inform schools of the breakdown in their own catering contract negotiations has left us with insufficient time to run a fully compliant tender exercise in line with the regulations. As a result we have faced a highly restrictive supplier climate where it was impossible to get three separate providers to submit fully compliant commercial bid with number of suppliers declining to bid on the basis of commercial or operational viability.

Ultimately, only two primary market contenders stepped forward with complete submissions:

1. HCL (Regional public-sector aligned provider)
2. Caterlink (National commercial provider) via Kent County Council’s procurement framework

Our policy explicitly anticipates these market limitations. Sections 5.02 and 5.04 of the Financial Management Policy state that three written quotes must be obtained “unless it is impracticable to do so,” and that in such circumstances, “the reasons for not doing so should be reported to the Full Governing Body” and recorded in the minutes.

Because this contract exceeds our local delegation threshold, the Finance Working Party cannot sign off this deal independently. To proceed with contract mobilization for a 1 September 2026 start date, the Full Governing Body must:

i. Formally accept this introduction as the official report explaining why a third written quotation was impracticable.
ii. Vote on and approve the final recommendation to legally authorize the contract award.
iii. Ensure the justification for accepting a 2-bid tender is formally documented in the minutes of this meeting to satisfy our local authority (LA) and Orbis audit obligations.

1. Executive Summary & Purpose

The purpose of this briefing is to provide the Board of Governors with a clear financial and operational review for our upcoming school catering contract, which starts on 1 September 2026. Our current arrangement with the local authority framework (Twelve15) is coming to an end, requiring us to look at commercial alternatives in the market.

This contract covers 26,562 meals served annually at our school. This review looks at how each provider will protect the school from food inflation and help us avoid running the school dinner service at a loss.
Our Main Goal: We want to eliminate any financial deficit that would force us to top up the catering budget using core school funding, while also keeping meal prices fair and affordable for paying parents.

2. Foundational Volume & Funding Baseline

To ensure a fair comparison, both bids have been evaluated against our school dinner numbers from the Summer term of 2025 through to the end of the Spring term 2026 and take into account the current level of government funding.

Our figures rely on the school achieving a 90% Census Day meal take-up strategy for infant free meals.

Government funding for both Universal Infant Free School Meals (UIFSM) and benefits-related Free School Meals (FSM) is fixed at £2.53 per meal.

By hitting our 90% Census Day target, the school secures government funding for 15,390 infant meals, even though we only anticipate serving 14,516 meals. This creates an honest, government-backed funding cushion of 874 fully funded extra meals, which adds a helpful £2,211.22 to our income base and helps us balance the overall meals budget.

Total Key Stage 1 (KS1) Pupils: 90

Funded Census Day Target (90% Attendance): 81 Pupils (Generates 15,390 funded annual meals from the DfE)

Actual Annual Meals Served: 26,562 meals (Breakdown: 14,516 UIFSM; 1,178 Key Stage 2 FSM; 10,868 Paid Meals)

Funding Stream / Income Line	Rate per Meal	Annual Volume	Total Annual Revenue
UIFSM Grant Allocation (90% Census Locked)	£2.53	15,390	£38,936.70
FSM Funding Allocation (KS2 Actuals)	£2.53	1,178	£2,980.34
Paid Meal Income Base (the price we are using for comparison)	£3.00	10,868	£32,604.00
TOTAL FIXED INCOME BASELINING	**—**	**27,436**	**£74,521.04**

3. Line-by-Line P&L Comparison

The table below compares the current standalone proposal from HCL against three different options offered by Caterlink, depending on whether we join up with other local schools.

P&L Financial Line Item	HCL Standalone	Caterlink Standalone	Caterlink 5-10 Cluster*	Caterlink 11+ Alliance*
1. INCOME / REVENUE				
Line 1.1: UIFSM Funding (DfE Grant)	£38,936.70	£38,936.70	£38,936.70	£38,936.70
Line 1.2: FSM Funding (KS2 Benefit)	£2,980.34	£2,980.34	£2,980.34	£2,980.34
Line 1.3: Paid Meal Income (Modelled Parent Target)	£32,604.00	£32,604.00	£32,604.00	£32,604.00
TOTAL REVENUE BASE	**£74,521.04**	**£74,521.04**	**£74,521.04**	**£74,521.04**
2. EXPENDITURE / SERVICE COSTS				
Line 2.1: UIFSM Cost (Actual Vol)	£38,612.56	£38,467.40	£38,467.40	£38,467.40
Line 2.2: FSM Cost (KS2 Actual Served)	£3,239.50	£3,239.50	£3,239.50	£3,239.50
Line 2.3: Paid Meals Contractor Cost	£29,887.00	£32,604.00	£32,060.60	£31,517.20
Line 2.4: Fixed Management Fee	£4,000.00	£0.00	£0.00	£0.00
TOTAL SERVICE EXPENDITURE	**£75,739.06**	**£74,310.90**	**£73,767.50**	**£73,224.10**
3. SUMMARY NET OUTCOMES				
NET SURPLUS / (DEFICIT)**	**-£1,218.02**	**+£210.14**	**+£753.54**	**+£1,296.94**
PARENTAL PRICE TO HIT £0 BALANCE	**£3.12**	**£2.98**	**£2.93**	**£2.88**
Parental Fee Variance vs. Current £2.90	+22p	+8p	+3p	-2p

Paid Meal Cost:

HCL Standalone: £2.75 per meal (Total cost of £29,887.00 ÷ 10,868 meals)

> *Note: While the per-meal rate is the lowest, this model also requires the school to pay an additional, separate £4,000.00 fixed annual management fee regardless of how many meals are served.*

Caterlink Standalone (Band A): £3.00 per meal (Total cost of £32,604.00 ÷ 10,868 meals)

Caterlink 5–10 School Cluster (Band B): £2.95 per meal (Total cost of £32,060.60 ÷ 10,868 meals)

Caterlink 11+ School Alliance (Band C): £2.90 per meal (Total cost of £31,517.20 ÷ 10,868 meals

Note for Governors:

**Caterlink's "Cluster Offer" is based on multiple schools taking up the service, delivering economies of scale. We have no ability to influence membership of a cluster band.*

The actual current parental fee under Twelve15 is £2.90. This model uses a benchmark target of £3.00 to demonstrate an alignment across all models.

4. Deep-Dive Financial Analysis & Risk Allocation

HCL charges a fixed annual management fee of £4,000.00. This means HCL protects its own overheads regardless of how many meals we actually sell, passing all the risk potential of low meal uptake onto the school. Even with our successful Census Day strategy generating an extra £2,211, HCL's fee wipes out those gains.

> This would leave the school with a permanent -£1,218.02 annual deficit (at the modelled £3.00 price), which we would have to pay for out of our main delegated budget. If we keep the parent price at the current £2.90, this loss grows to -£2,304.82. To break even with HCL, we would have to raise the price for parents to £3.12 (a 22p or 8% increase).
>
> ⚠ Fiduciary Risk Warning: Accepting HCL's current baseline structure locks the school into an ongoing financial liability. Choosing Caterlink immediately turns the catering account from an operational drain into a self-sustaining asset, safeguarding core school funds (assuming the volume metrics used in the model continue)

Caterlink charges no management fee (£0.00). Instead, they make their profit through their bulk food purchasing power. As a standalone school (Band A), Caterlink breaks even.
If we join a local cluster of 5–10 primary schools (Band B), Caterlink passes savings generated through economies of scale back to us, lowering the cost of paid meals to £2.95. This allows us to freeze the meal price for parents at £2.90 while still generating a modest annual surplus of +£210.14.

It is important to note that a shortfall in paid meal numbers from those modelled in the table above would result in financial risk to the school as the paid meals subsidies the gap between the FSM funding and the meal cost from the supplier. This is true for both suppliers, however the £4000 fixed management fee would mean that this risk is greater in the HCL model.

5. Shortlisted Bidders: Side-by-Side Qualitative Tender Evaluation

Finances aside, I also marked both providers across 20 quality and compliance questions.

Caterlink scored 59 out of 60 (98.3%), showing good operational depth. HCL scored a 51 out of 60 (85.0%), in particular, offering excellent software features (Citrus) but falling slightly behind on protection against food inflation.

Q #	Quality Evaluation Criteria	Max	Caterlink	HCL	Panel Evaluator Findings & Audit Trail Contrast
1	Menu Provision & Options	3	3	3	Both match with excellent 3-cycle options. Caterlink focuses heavily on 4-11 age demographic scaling; HCL utilizes their proven 'Hero Summer' package.
2	Special Diets & Controls	3	3	3	Good dietitian oversight from both. Clear safe-allergy pathways on Day 1 and verified HMC Halal sourcing.
3	Customer & Parent Feedback	3	3	2	Caterlink introduces 'Food Ambassador' pupil scheme with live token tracking. HCL relies on traditional annual school surveys.
4	Service Marketing & Branding	3	3	2	Caterlink commits capital from a gifted fund for total aesthetic servery rebrands. HCL offers high-standard digital promotion but less structural capital.
5	Staffing & TUPE Transitions	3	3	3	Both fully protect existing workforces and demonstrate smooth, risk-free transitions regarding protected local government pension schemes.
6	Recruitment & Training	3	3	3	Tied. Complete Safer Recruitment alignment, mandatory allergen modules, and designated on-site kitchen Allergen Champions.
7	Client Relationship Management	3	3	3	Clear communication matrices, monthly operational site audits, and

					structured SLA performance reviews across both frameworks.
8	Multi-Site Logistics	3	3	2	Caterlink leverages extensive national capability. HCL is highly capable but has less specialized logistical contingency backing.
9	Mobilisation & Phasing	3	3	3	Robust 9-week countdown transition roadmaps provided by both, with clear divisions of school vs contractor responsibilities.
10	Value Added Services	3	3	2	Caterlink offers national-backed holiday hunger assistance and cooking workshops. HCL provides good standard workshops but smaller funding pools.
11	Compliance Records	3	3	3	Excellent HACCP digital logging. Caterlink utilizes 'The Vine' with external safety bureaus; HCL maintains flawless audit trailing.
12	Kitchen Cleanliness	3	3	3	Daily and termly deep-clean schedules with rapid asset failure triage and maintenance channels fully integrated.
13	Invoicing & Formats	3	3	3	Both operate on transparent cost splitting (UIFSM vs FSM) for fast reconciliation. Caterlink operates a strict 4-4-5 accounting cycle.
14	Parent Software Platforms	3	2	3	The 'Citrus' portal is an outstanding closed-loop system with tablet integration. Caterlink was less descriptive on backend links.
15	Price Stability & Inflation	3	3	1	Caterlink locks Year 1 via national WSH network buying power. HCL standalone is exposed to inflation, forcing their fee framework.
16	Service Innovation	3	3	2	Caterlink rolls out digital tablets and high-street pop-ups. HCL emphasizes digital pre-orders but less counter concept variation.
17	Satellite Handling Logistics	3	3	2	Caterlink has extensive service continuity backups. HCL is reliable but has a smaller local emergency transit network.

18	Waste Management	3	3	3	Caterlink utilizes 'Serving up Sustainability'. HCL utilizes 'Citrus' software pre-orders to tell the kitchen exactly how much to cook, minimizing waste.
19	Ethical & Green Sourcing	3	3	3	Soil Association Silver standards met by both. 100% free-range British eggs, Red Tractor meats, and MSC green-list seafood.
20	Local Purchasing Sourcing	3	3	2	Caterlink guarantees an 80% UK food base with regional dairies/bakeries. HCL is capable but more reliant on centralized public supply networks.

6. Commercial Negotiation Targets

While the financial figures strongly favour Caterlink, it is worth recognising that HCL has been incredibly helpful, enthusiastic, and represents a good fit with our public-sector values.
To ensure complete fairness, I employed a commercial squeeze with HCL, giving them a strict deadline to reduce their management fee. My offer of transparency (without giving up commercially sensitive information) was to give HCL the opportunity to compete on a level playing field in terms of cost.

Target Negotiation Target Scenario	Current Baseline Fee	Required Competitive Fee	Overhead Price Cut Target	Resulting Retained School Margin Outcome
Scenario 1: To Match Caterlink Standalone (Band A)	**£4,000.00**	**£2,571.84**	**-35.7%**	**Completely neutralizes the HCL operational deficit, returning a balanced budget matching Caterlink Standalone.**
Scenario 2: To Match 5-10 Local School Cluster (Band B)	**£4,000.00**	**£2,028.44**	**-49.3%**	**Forces HCL to slash their fee in half to absorb the food procurement gap, matching our cluster alternative position.**
Scenario 3: To Match 11+ Large Scale Alliance (Band C)	**£4,000.00**	**£1,485.04**	**-62.9%**	**Demonstrates the scale penalty of staying standalone. Compels a massive 63% fee cut to**

protect the school budget.

HCL have responded by informing us that they would like their offer to be judged not just on price but “would like to reiterate the ‘value’ our service/price offers- we have the unique advantage of public-sector alignment and so understand schools at this level. Our allergy management and staff training is second to none in our industry. HCL align with Nutfield’s vision and ethos around community, safety, and respect. We believe the school lunch is another ‘lesson’ in the school day and will support the children and staff to deliver an engaging and flourishing experience.”

7. Technical Integration Framework (MIS vs. Care Platforms)

A final important point for the Board involves the software we use for parent bookings and morning registers.
We looked into using MagicBooking to track school meals. However, MagicBooking is designed specifically for wraparound care ('The Ark'), after-school clubs, and holiday vouchers. It cannot handle complex free school meal logic or talk to kitchen production screens.

To keep things simple for parents and avoid administrative mistakes, we will use a Strict Separation of Software:

Wraparound Care & 'The Ark': Will stay completely separate inside MagicBooking to track childcare vouchers and session bookings.

School Meal Management: Will be run directly through our main school Management Information System (MIS) or the caterer's dedicated portal (like HCL's Citrus or Caterlink's Cypad). This will automatically take morning registers, send a live 'dinner book' to the kitchen tablets, manage allergy safety gates, and track accurate data for Census Day funding

8. Final Recommendations for the Board

Based on the finances and quality checks, I present the following recommendation to the Board of Governors for a final vote:

Recommendation: HCL have declined to lower their fixed management fee, the Board should reject their contract to protect school funds. I therefore recommend that Governors select Caterlink with the understanding that if other schools respond similarly that this would put us into a Local Multi-School Cluster which would yield some financial benefits to the the model.

Once this decision is ratified I will instruct the down selected provider to begin the contracting process.