

# SHOULD YOUR CATERING BE IN-HOUSE, OR OUTSOURCED?

How COVID-19 and Brexit have complicated the question, and how to find the right answer.

Consultancy report prepared for the Independent Schools Bursars Association (ISBA)

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February 2021



## EXECUTIVE SUMMARY

The purpose of this paper is not to present a single argument in favour of either in-house or outsourced catering, but rather, to list the pros and cons of each system, in order to help bursars make a well-informed decision.

In addition to clarifying the strengths and weaknesses of each option, we describe how the impact of the COVID-19 crisis has put extra stresses on catering departments, requiring innovation and flexibility while maintaining standards – with cost always being a problem. This impact is also about to be further complicated by Brexit.

In conclusion, we propose a series of solutions that offer a synthesis of both systems: on the one hand, in-house operations with outside thinking; on the other, more sophisticated management of outsourced solutions. Both options go some way towards ‘squaring the circle’ of quality versus cost.

## INTRODUCTION

In September 2020, schools reopened their doors to ‘A New Normal’. All educational establishments had been closed since March 2020, apart from feeding staff, small numbers of international boarders and key workers’ children. When they opened again, they faced unprecedented operational changes as a result of the pandemic.

Now, every catering service faces new and possibly permanent challenges. We have noted that the services provided vary significantly from school to school and sometimes, quality has suffered. In some cases, the focus has moved from providing an upper quartile food service, down to simply finding a logistically practical solution.

The number of parent and stakeholder complaints has risen. As a knock-on effect, the ISBA has reported an increase in member complaints about catering and contract caterers. MYA Consulting was asked to prepare a draft paper which explored alternative catering models and creative thinking, in the light of changes forced upon schools by the COVID-19 crisis.



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### BACKGROUND

In recent years, well before COVID-19, the quality of food services has increasingly been seen as an important part of the care and wellbeing of pupils. It can be a deciding factor in the choice of schools by parents and guardians. The drive towards quality is expressed in various ways:

- **Proper nutrition.** Not just nutritious, balanced core meals, but also expertise in terms of support for education, elite athletes, dancers or musicians; aiming for *mens sana in corpore sano* – a healthy mind in a healthy body – across the whole range of body types.
- \* **Boarding.** Catering has a responsibility for every aspect of the child's food and nutrition.
- \* **International pupils.** Home-from-home food within a traditional British education.
- \* **Managing special diets.** Allergies, intolerances, beliefs and sustainable ways of eating.
- \* **Relevant food for varying ages.** Flavours to suit and educate developing palates.
- \* **Having a competitive edge.** Open mornings, parents' days, match teas.
- \* **Creating commercial opportunities.** Driving an income stream from hosting events or out-of-term activities.

The cost of catering is significant to the school. Traditionally, there have been two simple choices: whether to operate the catering services in-house, or outsource to a specialist contract caterer.

We now wonder whether the traditional models are fit for 'The New Normal', the flaws made more obvious by the pandemic. It may be time to get a lot more creative; but before we explore alternative options, let's consider the two traditional models.





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## IN-HOUSE

In-house operations work well when there is an enthusiastic and competent Manager, a talented Head Chef and team stability. However, with food trends and priorities for pupils changing rapidly, even the most talented in-house team is stretched to compete with the expertise provided by a properly resourced contract caterer.

The pros and cons of operating in-house will already be obvious to most bursars.

### Pros:

- Shared culture – one team, one approach to all aspects of the school.
- Transparency – only approved costs are incurred.
- Control over suppliers – assured provenance of food supplies.
- Cost management – no fees, hidden charges or inflated costs.
- Direct vetting and control of staff.

### Cons:

- Management time. Bursars are often involved in catering management on a day-to-day basis.
- Lack of on-site expertise. Generally, only the catering team has any experience of the subject.
- The need to invest in external training and awareness of what is needed.
- Keeping up to date with legislation and change.
- Lack of innovation. The service can become stale and ‘behind the times’ very quickly.
- Difficult to attract talent. Career progression is limited.
- Being dependent on a small pool of key staff. It’s a problem if they leave and sometimes, it’s a problem if they don’t!
- Time and input needed from the wider school team. HR, payroll, finance, H&S, Estates etc.

## OUTSOURCED

Outsourcing is often appealing because in return for a reasonable management fee, the school can save time, save costs within its own staffing and raise standards; fewer complaints and higher customer satisfaction. Schools are promised tighter control over costs and often, caterers will offer discounts or investment to upgrade the facility.

The benefits of outsourcing have been widely promoted by contract catering companies:

### Pros:

- Specialist central support across a number of disciplines:
  - Subject-specific legislation – food safety, allergen management, nutrition, sustainability, procurement.
  - Food development – keeping up with food trends and offering a more innovative service.
- People management:
  - Access to a wider labour pool and greater ability to attract talent.
  - Keeping staff training up to date.
  - Relief teams to cover absence.
  - Support for specialist events.
- Cost management:
  - The contractor’s economies of scale.
  - Contractor investment or up-front loans.
  - Transparency over charges.
  - Offsetting of legal liabilities, insurance etc.

### Cons:

- Financial transparency is sometimes a cause for concern.
- Costs can be higher than originally expected as sometimes the competitive bid is not ‘all-inclusive’. For example, extra costs are charged for training, relief labour and specialist support such as nutritionists and development chefs.
- Financial models are based around low management fees and investment or discounts, funded by volumes through suppliers. Now that the situation has changed significantly due to COVID-19, these models no longer work for the contractors.



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### THE IMPACT OF COVID (AND BREXIT)

With COVID-19, all schools have had to adapt what they are doing, and there is no 'one size fits all'. The previous styling and 'wow' factor offerings have been replaced with practical and low-risk solutions.

Contractors have had to work harder to create bespoke offers for each individual environment, and the on-site teams have never needed more support. There has been a real need for creative thinking to deliver good quality food within these new parameters.

With regard to Brexit, the main concern is the disruption within the food supply chain, leading, potentially, to both shortages and unpredictable prices. Although in-house operations normally have shorter supply chains, relying on local suppliers rather than European sources, extra demand in the national market may exhaust local supplies. There is therefore still a risk of shortages and/or higher prices. An extra complication for local growers is the absence of European labour, possibly leading to reduced production.

In contrast, large contract caterers may be able to use their extra purchasing leverage to maintain supplies and prices. However, if there are shortages on a national level, even a large operation will be subject to the same market pressures.

### The effect of COVID-19 on in-house teams

In schools where catering is managed in-house, bursars have reported that dealing with COVID-19 can be a lonely task. If an expert member of the team – for instance the Catering Manager – is required to self-isolate, there is no relief cover available, as there would be with an outside caterer. More often than not, the task reverts back to the bursar, leading to a time management crisis on top of everything else generated by the pandemic.

In city locations, challenges of this kind have previously been solved through formal or informal arrangements with neighbouring schools. But now, COVID precautions have blocked this channel. For schools in rural locations, outside help may be non-existent.

### The effect of COVID-19 on outsourced contracts

This should have been a time for contractors to step up and demonstrate the value of out-sourcing. However, some have been forced to furlough many of their regional support teams and those that remain working have been overstretched.

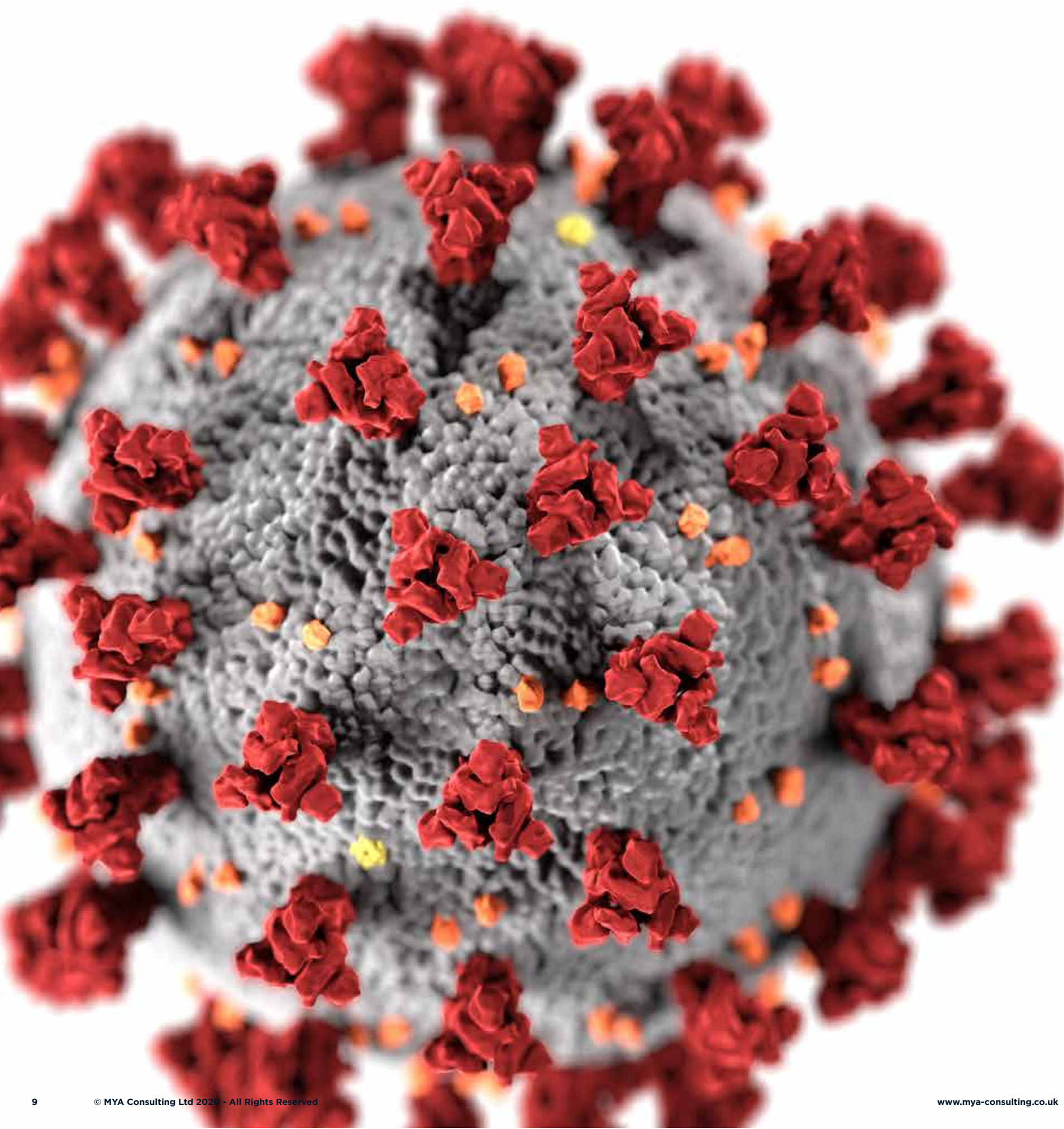
Bursars have found they have been left to provide the needed direction to the outsourced catering teams to develop the services locally. There is now a question around the value of partnering with a contract caterer, especially given the increase in the number of parental complaints.



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Our observations across a number of schools have highlighted several issues:

- **Quality problems:**
  - Extensive use of disposables with fiscal and environmental impact.
  - Unsuitable delivery vehicles with food safety and health and safety implications.
  - Cold and unappetising food as equipment is not fit for purpose.
  - Anxious and overworked catering staff focused on logistics rather than food.
  - Menus lacking choice and nutritional content.
  - Heavy reliance on frozen and convenience foods.
- **Cost control problems:**
  - Budgets not reflecting the reduced services and numbers.
  - Additional costs for the COVID-19 services not being forecast.
  - Lack of proactivity by the contractor to contain costs for the school.
  - Costs escalating out of control.
- **Management problems:**
  - Contractors not providing support or communicating with bursars.
  - Contractor supply chains being reduced, with local suppliers being replaced by national distributors.
  - Contractors unable to react quickly enough to daily fluctuating pupil and staff numbers.
  - COVID-19 due diligence procedures either late or not in place at all.

## In summary

Some contractors are rising to the challenge. But in other cases, we are seeing significant cost overspends, little regional support, poor quality food and yet management fees continue to be charged. No innovation within the new normal: i.e. 'food in a box'- type service.



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### AN ALTERNATIVE TO IN-HOUSE OR OUTSOURCING

For many bursars, immediate organisational demands have taken precedence since the start of the new academic year. But now, as we adapt to 'The New Normal' and stakeholder dissatisfaction is increasing, catering is rising higher up the agenda.

Often the solution is seen as a simple switch. From in-house to contractor; from one contractor to another; or from a contract service back to in-house. But, each of these moves is highly disruptive, at a time when COVID-19 and Brexit are already generating far too much disruption. It may now be the time to consider new options which are achievable within the parameters of your existing model.

#### In-House Plus

In this model, you keep the core catering in-house, with your existing team of Catering Manager or Domestic Bursar and Head Chef. On this solid base, bursars can transform the department by purchasing specific expert services, even if only for a limited time.

The aim is to supplement the in-house team with an agreed cost for the job. This may be appealing to some schools because it is clear what is being charged for and the output required.

- **Procurement expertise**  
Procurement companies can save hours of work by managing the quality, provenance and price of the food supply on your behalf. They can also support compliance and nutrition. They will generally charge a percentage of the volume.
- **Food safety and health and safety consultancy services**  
These consultants can help to develop new policies and procedures, which they then continue to monitor. They can provide compliance training and can keep you updated with changes in legislation; plus provide invaluable support in a crisis.  
Many contract caterers will already be using these consultancy services.

- **Menu development**  
Consultant food support can be contracted, for as little as one to two days each term, to develop seasonal menus, marketing plans and check nutritional balance.  
Many contract caterers charge extra for chef development support and nutritional advice.
- **Nutritional advice**  
Consultant nutritionists can be engaged for specialist advice and educational sessions on an ad hoc basis.
- **Remote training**  
'Social distancing' doesn't mean an end to staff training. The most progressive training providers have already created bespoke remote training services.  
Most contract caterers charge extra for staff training or some will increase the management fees to include a proportion of the annual training requirement.
- **Event management**  
Most schools have 'COVID-cancelled' all non-essential events. However, looking to the future, schools generate useful extra income through external events and commercial activities. The key to profitability through these activities is skillful management, but this should not be yet another task for the bursar or the over-worked catering manager.  
Far better to partner with an event specialist to manage and charge on an ad-hoc basis, controlling costs and monitoring quality.

Dealing with a range of outside experts can still be managed without adding to the bursar's workload. The school could outsource all of the above to a consultant, either as a one-off to set up, or to manage each relationship; offering a single point of contact for monitoring costs and performance.



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## Outsourced Plus

Even if the school is disappointed with the outsourced contract caterer, ending the relationship might not be the answer. With support, it may be possible to recover the situation, avoiding disruption that could be risky and expensive. The options below could be expressed as ‘a hierarchy of risk’:

- **Audit the existing service:**
  - Learn from the stresses imposed on the relationship by the COVID-19 situation, list service failures, recognise challenges, renegotiate service agreements and costs.
- **Create a new tender process:**
  - With external help, create a more sophisticated tender process that builds on previous experience to identify the issues that matter most to your school.
- **Manage the tender process:**
  - Identify the strengths and weaknesses of competing tenders.
  - Using outside expertise, challenge the various bidders to achieve the best fit.
  - Contract out the change management.
  - Audit the new relationship against KPIs, potentially with fee penalties: don’t rely on customer complaints as part of the cycle.

## Bring catering back in-house

This is the most extreme option. It is not a low-risk strategy because it risks re-visiting the problems that led to outsourcing in the first place. However, as we have seen, with the right on-site team and a plan for external support, it could be the right solution for now.

## CONCLUSION

Every school is unique. Each has a different experience of the stresses of COVID-19 and its impact on the catering service. As a result, there is no single answer to the question of whether to stay with in-house catering, to stay with outsourced services, or to switch from one to the other.

However, there is a better way to manage your decision-making process. In the last few decades, specialist consultancies have grown up, offering an ‘experience bank’ based on working with hundreds of schools. Their task is to keep abreast of the latest developments in the industry, both in terms of food service and financial structure. As a result, making decisions with the help of an experienced, specialist consultancy could result in cost savings and quality improvements that are worth far more than the cost of advice.





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### AUTHOR BIO

#### Bev Lusty – Consultant Director for Education, MYA

*Bev is our education specialist. From a foundation in catering management for blue-chip clients, she moved into the education sector; now, ten years later, she has worked successfully with more than 60 independent schools. Her experience covers all ages, stages and palates: pre-prep to sixth form, single sex and co-ed, day schools, boarding schools, international schools, language schools and training colleges. Whether your pupils are young children, elite athletes, fastidious eaters or foreign students far from home, she knows how to design a food service that meets their needs – from wrap-around care, to sixth-form cafés.*

*Bev understands the need to satisfy your many stakeholders, to control costs, and to maximise opportunities. With commercial lets, weddings, commemorative dinners and open days, you can make the most of your facilities without disrupting the life of the school.*

*Food is a significant part of the whole educational process. Bev has expertise in food safety, allergen management, and education through food. You're not just feeding your pupils – you're helping them to develop a healthy diet for life.*

*Every school is different. Whether your catering is handled in-house or contracted out, Bev will use her experience, flexibility and insight to help you to develop a bespoke offer unique to your school.*

#### Key Skills:

- Creating visionary catering models to meet all your stakeholders' needs
- Cost management and financial audits
- Team development, skills assessment, mentoring and support
- Contractor audit and KPI reviews
- Tender management

*In her spare time, Bev loves to travel and has been to some of the most beautiful places in the world. When she's at home, you'll find her up on the hills walking her two beloved dogs, Peggy and Shirley: and when the team are at home, you'll find her up on the terraces supporting Gloucester Rugby Club – the best team in the country!*



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