

## CHAPTER 10 - CONTRACT CATERING (non-CRL)

The information given in this chapter remains extant for the limited number of old style contracts still in operation. This chapter in time will be removed.

For all Catering Retail and Leisure contracts refer to JSP 456 Volume 4.

1001. **Introduction.** Government and MoD policy is that, where practicable, consideration should be given to the out-sourcing of non-core support activities. The adoption of 3 in 1 (Leisure, Catering and Hotel Services) for all future contracts ahead of CRL will have a profound effect on the way MoD conducts its business. The following guidance will be radically amended to reflect the introduction of a revised system of delivery of catering services as it occurs. When contractorisation of catering services requires the addition or reduction of uniformed staff the MoD will take account of branch/trade group structure, sea/shore ratio, drafting/posting preference area and operational staffing requirements. The normal catering regulations set out elsewhere in this publication apply generally to catering contracts as well.

1002. **Terms, Definitions and Abbreviations.** The following terms and definitions are frequently used in contract catering documents:

- a. **The Authority.** The term used to describe the MoD in contract documentation.
- b. **Service Catering Authority.** This is the single Service Catering specialist. It is not intended that the authority of the contract monitoring team should be in any way diminished or superseded by reference to this authority.
- c. **Schedules.** This is the word used to describe the sections or parts that make up the contract document.
- d. **Designated Officer (DO).** This is the officer nominated with responsibility for overall liaison with the Contract Manager and for certifying the contractor's bill.
- e. **Contract Supervising Officer (CSO)/Contract Catering Supervising Officer (CCSO).** CSO/CCSO may form part of the contract management team and carry out the day-to-day liaison and monitoring of the contractor's performance on behalf of the DO.
- f. **Contract Monitoring (Management) Team (CMT).** A team set up at unit level to monitor contract performance.
- g. **Key Customers.** Individuals who have a comprehensive knowledge of the contract and establish monitoring and reporting procedures within their areas of responsibility.
- h. **The Annual Sum.** The money paid to the contractor to cover the firm cost elements of the contract.
- i. **Daily Rate Per Head (DRPH).** The contractors DRPH for the provision of food (full catering contracts only).
- j. **Statement of Requirement (SOR).** Statement of Requirement is a term, which defines the document drafted by the authority stating its requirement.
- k. **Multi Activity Contract (MAC).** A MAC includes Catering, Cleaning, Domestic Services and Miscellaneous services.

- l. **Full Support Contract (FSC).** A FSC is where Domestic Service tasks are contracted out and the authority continues to maintain the catering account.
- m. **Catering Support Contract (CSC).** A CSC is where the contractor provides specific services in support of Service staff.
- n. **Private Finance Initiative (PFI).** PFI is where a company or group of companies is given exclusive rights (including provision of domestic services) in exchange for an extended period of contract which permits them to invest in the infrastructure.
- o. **Conditions of Contract.** The term used to describe the legal agreements between the contractor and 'The Authority' which are contained in the Schedules of the contract.
- p. **Public Funded Messing Contractor (PFMC).** The Public Funded Messing Contractor, MoD Food Supply Contractor.
- q. **Daily Messing Rate (DMR).** The DMR is the nominal allowance to provide the ingredients to support one persons feeding for one day at PFM food prices.
- r. **Commercial Director (Command and Centre) (CD(C&C)).** The Commercial Director (Command and Centre) is the MoD Civil Service Department responsible for contract's policy.

#### 1003. **Types of Domestic Services Catering Contracts.**

- a. **Full Catering (with or without food).** The Contractor undertakes all catering activities, except food supply and accounting. A CSO will be appointed to oversee the contract. Following the award of the Tri-Service Food Supply Contract a contract to provide accounting and food supply is rarely let. This unusual type of contract only applies to geographically remote units with a small living-in population. As a result of the size of the catering task at units with Contractor supplied food, the CSO is unlikely to be a specialist caterer.
- b. **Front of House(FOH).** FOH contracts are let where there is no requirement to retain the mess manager/steward function in-house, but there is a requirement to retain the chefs against the Core Manpower Requirement. Typically, a FOH contract will entail provision of dining room/bar accommodation and reception services in the Officers' and Senior Ranks' Messes, and mess hand support services in all messes.
- c. **Multiple Activity Contracts and Facilities Management.** The MAC is the MoD's preferred way of contracting support service packages which represent a value in excess of £5M. MACs relieve the Authority of the task of supervising a number of independent contracts on a unit. The Prime Contractor may sub-contract the catering task, but all catering elements of tenders are evaluated for technical compliance by respective Commands prior to contract award.

1004. **In-House Bid Teams (IHBT).** IHBT compete for a number of Competing For Quality (CFQ) projects and have the advantage of a full understanding of the task, but need a good measure of commercial acumen and unit support. When an IHBT is deemed to represent the best value for money for a CFQ project, it is awarded the 'Contract' like any other contractor. However, the IHBT cannot have a contractual relationship with the Authority since the Crown is indivisible in Law and, therefore, the Authority institutes a Service Level Agreement (SLA) in its place. Nevertheless, the IHBT is treated as a contractor and is monitored in the same way and is subject to the same commercial imperatives.

1005. **Contract Implementation.** The contractorisation process is extremely complex and, although many areas are generic, some requirements will vary according to the particular Service and unit involved. Contracting action by written or verbal agreement must not be entered into before the correct guidance and direction has been sought and obtained through single Service CoC as follows:

- a. Royal Navy: NCHQ and FOST.
- b. Army: LANDSO 4413 provides the overarching authority to a suite of guides produced by HQLF which prescribe Land Forces' policy and best practice throughout the contracting process. These guides must be used as templates for all contract requirements within HQLF and guidance of the procurement process, should in the first instance, be directed to the Integrated Service Support Team (ISST) at Divisional Headquarters.
- c. Royal Air Force: HQ Air Command – A4 Cat Ops.

1006. **Procedure and Time Frame for Letting Contracts.** The CD(C&C) is the MoD Civil Service department staffed by Commercial Officers who are responsible for letting contracts and for obtaining the best commercial solution in accordance with government policy. CD(C&C) have developed SOPs which vary between Commands.

Action Required:	Months before start
Draft SOR by Unit staff	18
Appropriate budget holders give financial approval for Commercial Officers of Contracts Branch to go to tender.	14
Contractors Site Visit on a date(s) agreed between unit and Commercial Branch.	12
Tenders received by Commercial Branch.	11
Tender Evaluation - The designated Command Contracts Catering Policy Officer is responsible for assessing technical compliance in the catering schedule. After assessment and supplementary questions the least expensive compliant tender is identified.	11
Contract awarded. Contractor on-site for lead in work.	3
Contract Start.	0

1007. **Guidance on Writing the Establishment Statement of Contract Requirements.** The SOR is the most important part of the contract document and advice should be sought from single service commands. It details the services, which the contractor is required to provide, and is the basis of the contractor's tender which in turn sets the financial liability for the MoD. The original SOR for the establishment may be carried forward, subject to scrutiny and updating. Care and attention to detail in the preparation of the SOR will be directly reflected in the standard of services eventually provided for the unit by the contractor.

1008. **Format of SOR.** The SOR is to be output based. Designated Command Contract Policy Officers provide a generic standardised excel template.

1009. **Content of SOR.** The SOR draws a balance between the detail and the general. A catering/domestic services contract is by its nature a variable task and contractors depend on a clear description of the possible variations as well as specific detail if they are to prepare an accurate bid. The test of a well prepared SOR, is whether there is sufficient information to allow the staffing requirement for a specified task to be gauged.

1010. **Technical Schedules.** These are standard documents which should not be amended. They support the establishment statement of contract requirements and cross-reference is included in the SOR. If for any reason any aspects of the Technical Schedules do not reflect accurately specific establishment requirements or routine the SOR should be amplified or qualified.

1011. **Contract Amendments.** There will be occasions during the period of contract when it will be necessary to consider amendment to the contract specifications. The Conditions of Contract allow for this. There will however always be pressure on the defence budget and provision of extra money for contract amendments will always have to be considered in conjunction with other bids and priorities. A contractor's bid for additional financial cover for a contract amendment represents a 'single tender' bid. Careful scrutiny by CD(C&C), in respect of price, and Command Contract Catering Policy Officers, in respect of technical content, is necessary to ensure that it is reasonable. The procedure detailed below is to be followed whenever formal amendment to contract is required. This applies to amendments which may reduce the contract task and result in a cost saving as well as those requiring a cost addition. Substantial adjustment to the contract will normally require formal amendment. All formal amendments are subject to scrutiny by the budget holder responsible for the contract payment. Managerial changes require close scrutiny to determine:

- a. Whether they are a fair charge to the public.
- b. Whether, within the constraints and priorities of the defence budget, they can be afforded.

1012. **Amendment Procedure.** Where contract amendment action is proposed a Request for Contract Action (RCA) is to be raised. The RCA, supported by a full explanation and justification for the requirement, is staffed through the Contract Management Team, the HQ Finance Branch and the CD(C&C). The Contractor may be asked for an estimate of cost in respect of the proposed amendment without prejudice and without commitment. Work may not commence without authorisation from the appropriate Commercial Branch.

1013. **Default by Contractor - Formal Censure.** The contractor is paid to carry out the full contract task in accordance with the Contract. Provided Service staff deal firmly, fairly and quickly with day-to-day problems as they occur, and as a matter of routine, the contractor should respond and maintain satisfactory performance standards. A sound liaison structure between the contractor's Manager and establishment staff will, however, not necessarily guarantee satisfactory performance. Formal censure action may be required. As soon as the contractor's performance shows signs of falling short of the required standards a planned and measured response is necessary. The aim should be to maintain as well as improve the contractor's service. Warnings must be staged to allow the contractor a fair time to recover, but also be clearly seen and understood to be steps towards contract default and termination. Before reaching the first formal censure stage, the standard procedure for handling day-to-day problems should have been followed. The key ingredients are:

- a. **Contractor's Performance.** The contractor's performance should be analysed and failings identified against specific contract conditions and tasks. Censure must be against performance of the task and not against his resources (staff numbers, wages, conditions of employment etc.). These are the contractor's concern and, while they may be contributory factors, they do not in themselves normally constitute a breach of contract.

- b. **Contractor Liaison.** Providing a sound and proper working relationship is maintained between Service and contract staff, the on-site Contract Manager should be aware as to whether he is fulfilling his contractor's responsibilities and obligations.
- c. **Unit/Establishment Responsibilities.** Service staff should be in no doubt that establishment requirements remain within the terms of the contract conditions and that the contractor's performance difficulties are not due to unreasonable changes in numbers or routines and that equipment maintenance and services which are the establishment's responsibility are properly provided.
- d. **Standards Required.** A clear understanding by establishment staff and the contractor of the standards required.
- e. **Record of Checks of Standards.** Regular recorded checks by establishment staff of the standards that are achieved.
- f. **Immediate Action.** This is to be taken to inform the contractor if his work falls below an acceptable standard allowing him the opportunity to rectify the problem or alternatively allowing him to explain why standards have not been met.
- g. **General Procedures.** It will not be possible to follow it in detail for every minor problem and major and specific breaches of contract may require immediate action. The basic procedure should, however, be clearly established and understood by the contractor and reflect the spirit of the day-to-day relationship between the contractor and establishment staff.

1014. **Formal Censures.** All censures verbal or written are to be recorded and acknowledged, details or which can be found in their respective SOPs.

1015. **Contract Responsibilities and Supervision.** Overall supervision of the contract is the responsibility of the DO who will delegate specific responsibilities to the CSO and other departmental officers and SNCOs (Key Customers). The DO is to ensure that the establishment contract supervisory organisation has a clearly defined routine for monitoring contract performance and reporting operational deficiencies and weakness. It is essential for the smooth and efficient running of the contract, that the contractor and his team are made to feel they are part of the establishment and understand that they make a significant contribution to the life of the establishment. To assist in achieving the required results the DO should give due consideration to:

- a. Fostering and maintaining a close liaison at all levels between establishment/unit staff and their counterparts on the contractor's management team, by regular meetings and communicating establishment/unit programmes and routines etc.
- b. Ensuring an organisation consisting of Key Customers, Building Managers and other departmental SNCOs exists to enable effective monitoring of the contractor.
- c. The regular monitoring and reporting of standards of all aspects of the contractor's task and performance, establishing procedures whereby the Contract Manager is informed of any areas of concern.
- d. Making frequent irregular and unannounced visits to all of the contractor's areas of responsibility.
- e. A continual insistence that the contractor achieves the standards required by the contract as stipulated in the performance indicators.

- f. Ensuring sufficient copies of the contract document are available for all members of the establishment monitoring team, so they are fully aware of the contract requirements.
- g. Ensuring that claims for payment by the contractor is correct, properly authorised and, where applicable, fully substantiated.
- h. Monitoring the contractor performance with regard to all relevant Food Safety, and COSHH regulations, hygiene standards and the Health and Safety at Work Act.

1016. **Meetings.** The DO/CSO should regularly meet formally, with Key Customers and the Contract Manager and his nominated deputies as frequently as determined by single service guidelines. The meetings should be recorded and actions given. These minutes will serve as a record to highlight recurring problems and will also be useful as an audit tool.

1017. **Reporting.** Unit/Establishment personnel should be encouraged through local instructions and memorandum to report instances of good and bad contractual performance to the CMT or their nominated Building Representative. The memorandum should explain in general terms the services that the contractor should be providing, the accepted performance standard and the mediums for providing feedback. The DO/CSO should meet formally with the contractor's Regional Manager to discuss progress and unresolved contractual issues.

1018. **Contract Staff Training.** The CMT is to ensure that the contract staff has received the training mandated by law. The contract will require the employment of staff suitably trained and experienced for the task although it is likely that new staff will require on-job familiarisation training. The DO/CSO should ensure that the contractor is aware of his responsibilities and maintains an ongoing training programme.

1019. **Appointment of Contract Manager.** The appointment of the Contract Manager is the Company's responsibility. The Commanding Officer may, however, require the appropriate Company representative to keep him informed during the selection process and has the right, under the Conditions of Contract, to require the contractor to seek approval for the appointment of the Manager. Thereafter the Commanding Officer is to be notified if the contractor intends to change the Manager during the life of the contract.

1020. **Security.** Contractor's staff are subject to the same regulations covering entry and exit from the establishment as applied to Service and DEL personnel and the MoD Police have the authority to stop and search them as they enter or leave the establishment. Unit/Establishment passes are to be issued to all contractor's staff. The Contract Manager is to ensure that relevant orders and notices explaining the implications of security states and staff responsibilities are available to his staff and displayed in the areas of their employment. The requirements for staff vetting before employment are set out in the contract as they apply to each establishment. The level of vetting required should be the same as would be applied to DEL staff carrying out the equivalent task. Security at overseas units will vary from the UK.

1021. **Staff Budgets.** For some establishments/units, staff budgets are included in the contract function costs. The contract price represents a specified number of staff hours per annum.

1022. **Function Staff.** In planning formal and routine functions staffing requirements with the contractor, the authority staff should confirm that maximum possible use is made of rostered contract staff, remembering that it is the contractor's responsibility to provide the specified standard of service. Responsibility for agreement on staffing arrangements for informal and external functions lies with the mess or sponsor.

1023. **Informal and External/Private Functions - Catering Support Contracts.** Uniformed staff may be available to assist contract staff with informal and external/private functions. The QM/Catering Officer is responsible to the Commanding Officer for ensuring that due account is taken of work loading, conditions of service and commitment to formal and routine functions before uniformed staff are required to provide cover for informal and external functions as a duty commitment.

1024. **Function Bills.** The contractor is to be required to submit final accounts for each function immediately after the function. Bills should be broken down as follows:

- a. **Labour.** Additional public and/or non-public contract staff labour charges, totalled separately, together with a certificate detailing the actual additional staff hours worked.
- b. **Miscellaneous Costs.** Total miscellaneous costs as a non-public charge.
- c. **VAT.** VAT payable on the total non-public element (VAT payable on the total public element is levied separately in the contract account). VAT does not apply at overseas units.

1025. **Staff Budget Expenditure.** The contractor is to submit separate bills for additional staff cover provided as a charge to staff budgets on each occasion of authorised use. They are to be supported by a certificate detailing the staff hours worked. VAT is levied in the contract account except for overseas contracts. All staff budget bills are to be checked and certified correct by the CSO at the time of submission. One copy is to be retained as a supporting voucher to the contract account.

1026. **Function Bill Checks.** The CSO is responsible for checking that bills for public function labour charges are presented only for authorised functions and are within the limits of contract liability. Spot checks should be carried out to verify the record of hours worked.

1027. **Record of Function Expenditure.** The CSO is to maintain a running record of all formal and routine function and staff budget expenditure against the contract during the year.

1028. **Payment to the Contractor.** Payment is made to the contractor retrospectively, subject to certification that the contractor has satisfactorily and fully provided the specified services including feeding standards and provision quality. The DO is responsible for this certification. The annual timetable for the submission for all MoD contract bills is laid down by the Director General Financial Management Shared Services Centre (DGFM SSC). The contractor is informed of his claim submission deadlines by DGFM SSC at the start of the contract. If the deadline is missed, no payment will be made until the next programmed date. The DO is to ensure that a routine is established and promulgated for the timely submission of the account for certification so it can be returned to the contractor for submission within DGFM SSC specified timetable.

1029. **Action by Contractor.** The contractor's claim is presented to the DO for certification on Form AG173.

1030. **Responsibilities of the Designated Officer.** The following details on Form AG173 are to be checked by the DO prior to certification:

- a. Annual Sum Instalment - against certification by the CSO that the contract tasks have been fully and satisfactorily performed.
- b. Public Function Labour costs - against certified Functions Bill Summary.
- c. VAT (if applicable) and arithmetical calculations.

d. That the UIN and contract numbers are entered in the appropriate panels and the certification panel is stamped with the establishment stamp.

1031. **Form AG173.** The Form AG173 is to be returned to the contractor after certification. A copy of Form AG173 is to be retained in the establishment contract account the establishment copy of Form AG173 is to be clearly annotated or stamped - 'DUPLICATE COPY: NOT FOR PAYMENT ACTION'.

1032. **End Of Financial Year.** A balance is to be calculated at the end of each financial year in accordance with JSP 456 Vol 2 Chap 4. This balance may be carried forward if it falls between +10% and -3% of a normal full month's messing income. Any credit balance in excess of 10% will lapse to the crown. If there is a debit balance in excess of 3% then the contractors next form AG173 is to be noted and abated to repay the excess (The contractor pays the local unit account for debit balances in excess of 3% and the MoD Food Vote is credited by the unit accounts staff). The food vote holder DFS Team should be informed when this has been actioned in order that they may claim this figure as a credit into their budget.

1033. **Bar Management.** The contractor is required to provide suitably qualified and experienced bar staff. Unit/Establishment staff are responsible for explaining accounting procedures iaw with single service publications and requirements as detailed in the SOR.

1034. **Bar Stock Receipt and Payment.** The Contract Bar Manager may be given responsibility for receiving and checking stock deliveries. Spot checks are to be carried out by mess officials. The Contract Bar Manager may be given responsibility for maintaining the cellar stocks book. Payments to suppliers are to be made by the mess.

1035. **Bar Selling Prices.** Mess officials retain responsibility for deciding selling prices and all bar profits are retained by the mess.

1036. **Transfers Cellar to Bar.** The Contract Bar Manager will normally be given responsibility for maintaining bar stocks, the cellar to bar transfer record and the bar stock record.

1037. **Bar Sales.** Contracts normally require contract bar staff to be competent to operate either a credit chit or cash sales systems. Bar staff are responsible for valuing bar chits and completing the bar daily sales record and individual wine accounts record. Arrangements for regular paying-in of cash receipts are to be agreed with the contractor. The mess is to provide the contractor with a cash float for operation of cash sales.

1038. **Audit.** Audits are to be carried out in accordance with single Service instructions.

1039. **Functions.** When bar sales at functions are accounted for on a share basis, mess officials are responsible for deciding on the apportionment of shares.

1040. **Accounting Systems.** Contracts require contract staff to operate either manual or computer based accounting systems in accordance with Single Service regulations.

1041. **Deficiencies or Losses.** The Conditions of Contract (Schedule) define the contractor's liability for losses which are within his or his staff's control. When loss, deficiency or misappropriation is detected or suspected either through direct stock discrepancy or reduction in profit it is to be investigated immediately so that responsibility can be decided and liability on the contractor, if appropriate, agreed.

1042 – 1099. Reserved.