Leasing the canteen

A guide for schools
Leased canteens on the increase
Traditionally, canteens in Australian schools have been run by the parent body. Healthy Kids’ experience is that this traditional operating model is on the decline and the number of schools leasing out their canteen to private companies is increasing. Other common operating models include school run and using an offsite provider, e.g. a local café. Healthy Kids research (Knight, 2016) shows that leased canteens are more common in metro Sydney, especially in lower SES areas, and in high schools.

Many factors contribute to the increase in the number of schools leasing out their canteens. These include:

• Monthly working hours of Australian adults and employment rates are higher than in the past (ABS 2016), which may mean that parents now have less time to be involved at school volunteering in, or overseeing, the canteen.
• The cost of food has increased (NSW Parliamentary Research Service 2014) meaning that margins on food sold from the canteen are tighter, which means the canteen can more easily run into financial problems.
• A minority of people involved in a parent body run canteen have experience running a food business, or any kind of business. This lack of expertise can also contribute to financial problems for the canteen.
• Lack of time and experience of school staff to run the canteen.
• Difficulties with multiple, different opinions on how the canteen should operate.

Schools may not know how to solve these issues, or where to go for assistance. Depending on the situation, many avenues may have been explored before the decision to lease out is made.

For some schools, it has never been feasible to operate any way other than having a leased canteen. Many schools enjoy great food provided by a leasee without having to worry about the intricacies of running the canteen.

How to lease out the school canteen
The process for leasing the school canteen depends on the school sector.

• Most independent schools have their own process for engaging external providers, which may involve a tender.
• Catholic schools are organised by Dioceses and each Diocese has a process for leasing the canteen. This is often based on the NSW Department of Education process for government schools.
• Government schools are required to follow the process set out by the NSW Department of Education. A summary of this process follows.

1. An assessment of options for operating the canteen is conducted by the principal/school and discussed with the school community. This may take place at a P&C meeting if a P&C is in place.
2. The principal forwards a request to advertise the canteen for lease to Schools Finance at the NSW Department of Education. The appropriate form, available on the DoE intranet, should be used. The request should include the principal’s confirmation that “an assessment of options has been undertaken and discussed with the school community”. This confirmation is usually in the form of P&C meeting minutes, a letter from the P&C, or a notation by the principal on the action taken.
3. The tender documents are prepared. A template for these is available from the DoE intranet. See also the tips below regarding what to consider in putting these
together. Schools have the ability to set contract conditions they want tenderers to meet but are advised to provide reasons for any requested changes to the agreement to DoE so that an assessment of the risk can be undertaken.

4. Once the approval to call for tenders has been granted by the DoE, public tenders must be sought through the local/metropolitan press. The tender process is essential in order to ensure a competitive process and the best advantage for the school. Tenders may be advertised in alternative places depending on circumstances. For example, in school newsletters or elsewhere in the community if the cost of advertising is exorbitant compared to the return (e.g. a small rural community), or where previous advertisement has not attracted any responses.

5. It is suggested that tenders are advertised for three weeks to allow adequate time for the preparation and submission of responses. This may be flexible depending on circumstances.

6. The wider school community should be advised of the decision to lease the canteen and details of the tender advertisement provided.

7. A committee is formed to review tender applications, interview tenderers and decide who the tender will be awarded to.

**Considerations when forming the selection committee**
The selection committee for reviewing and choosing a canteen leasee may be formed before or after key requirements have been determined (see below for assistance with key requirements). The formulation of key requirements may be done by the Principal, or their delegate alone, or also include other teaching staff and/or key parent body members or others. Ultimately, under the Nutrition in Schools policy, the principal is responsible for the food available in their school and hence should be involved in formulation of key requirements.

Once the key requirements have been set, it’s beneficial if the selection committee has the skills and experience necessary to draw out details relating to those key requirements from tenderers. The selection committee may include the principal or their delegate, teaching staff, school staff, parents and students.

**Considerations when formulating key requirements**
Schools have the ability to set contract conditions they want tenderers to meet. For government schools, the template tender document available from the DoE can be amended to include additional conditions/requirements. These conditions, or key requirements, should be finalised prior to advertising the tender so all tender documentation is available on the first day of advertising. It is worth spending time thinking about what aspects of the canteen are important to the school to ensure there is no misunderstanding of expectations with tenderers and the chosen leasee.

Some points you might like to consider when formulating your key requirements and putting together the tender documentation include:

- What is the purpose of the canteen? E.g. to raise funds for the school, to provide a healthy food service etc.
- If you have one, the canteen policy may cover many aspects of the philosophy behind the canteen. A policy typically covers the canteen purpose, information or a statement about the types/healthiness of the food that will be offered, how it fits into the whole of school approach to health, and any special considerations or guidelines. Consider
including it in the tender documentation or writing one to include if you don’t already have one. A sample is available from the Healthy Kids Association.

- What do the canteen’s customers want? Has a survey of students/parents/staff been done to assess this?
- Are you going to ask tenderers to submit a draft menu with pricing? How will compliance with state/territory canteen guidelines be determined? Will you ask them to have the menu assessed by an independent nutrition expert before they submit it with their response? State guidelines for food in schools can be complicated and easily misunderstood.
- What will be the process for raising and resolving concerns between the school and the leasee? What process will be in place for reviewing any changes to the menu to ensure its ongoing compliance? If the canteen is selling non-compliant food due to concerns about profits, how will this be addressed?
- Will a canteen committee be formed? Who will be on the committee? Will the tenderer be asked to sit on that committee? How will the committee work? What will it be responsible for?
- What is the process for altering (reducing or increasing) the number of operating days, or other significant operational factors?
- Any considerations regarding facilities or equipment provided?

In NSW, all government school canteens are required to comply with the Fresh Tastes @ School Healthy School Canteen Strategy, regardless of who runs them. Not only is complying with the strategy important, all canteens have a great opportunity to role model healthier choices, to get kids into good nutrition habits for life and to allow the practical application of what is learned in the classroom. Furthermore, research shows that diet is linked to academic performance, behavior and psychological outcomes (Florence, Asbridge & Veugelers, 2008; Overby & Hoigaard, 2012; Brooks et al., 2002; Sorensen et al., 2015).

To assess the tender responses you may want to come up with a scoring system. The most important aspects of a response may receive a higher number of points, e.g. you may determine that a tenderer who complies with nutritional guidelines and promotes positive nutrition receives more points for those aspects of their response.

Once responses have been received and assessed, it is important to interview top applicants face to face to see who will be the best fit and allow for any questions to be addressed from either party.

**Signing documentation**
Once you have selected the leasee, contract paperwork needs to be completed and, for government schools, lodged with DoE.

**What to do if you have a problem with a leasee**
Ideally, schools and canteen leasees will have regular and open communication. If conflict arises it should be addressed immediately and directly with the persons involved. Support from the canteen committee can be helpful if the source of conflict is outside of this group.

It is important to consider all aspects of the leased canteen and ensure the tender documentation, including contracts, is correct. This can be referenced if issues arise in future.

If further advice is needed, government schools can contact Schools Finance at the DoE.
(phone 13 10 72).

Support
The Healthy Kids Association provides support and advice to all NSW schools about implementing state/territory guidelines and operating a successful canteen. Additionally, membership is available to schools and leasees, giving access to a higher level of support, including menu reviews, recipe analysis, resources and templates (including position descriptions for canteen managers and staff).

For more information, contact:

Healthy Kids Association
P: 02 9876 1300 or 1300 724 850
E: info@healthy-kids.com.au
W: www.healthy-kids.com.au

Department Of Education
Schools Finance, Learning and Business Systems Directorate
P: 13 10 72

References