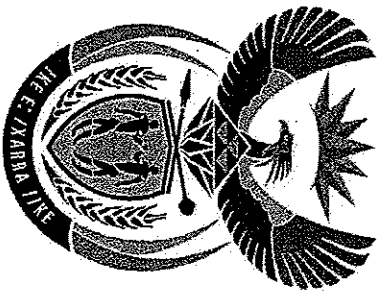


*PC Correct  
20 March 2013*



# **correctional services**

**Department:  
Correctional Services  
REPUBLIC OF SOUTH AFRICA**

## **Correctional Services Transformation Agenda**

**Programme for In-sourcing of Catering at Outsourced Management  
Areas  
&  
Cost Benefit Analysis**

November 2012

## Progress Report for October 2012

September was a milestone point for the Department to decide whether all systems, processes and resources had sufficiently progressed to the extent that we could be ready to take over catering at the outsourced management areas when the contract expired on 31<sup>st</sup> January 2013.

The Project Team's September report summarised in next slide concluded that while there has been progress made in all workstreams, there are still some areas of concern, which could put the whole insourcing initiative in doubt.

The debate as to whether outsourcing or insourcing is a better long term strategy has not been exhausted, nor do we fully appreciate which is cheaper for the Department. National Treasury naturally wishes to be presented with motivation for a more cost-effective model.

EPMO has been tasked to carry out Cost Benefit Analysis of the two models, with a view to **recommending to DCS the appropriate long-term strategy for the Catering Commodity**, which is vitally important but might be non-core to our operations security and offender rehabilitation. The exercise is to include a review of lessons from the current outsourced operations.



# Summary of Progress in all Management Areas

Workstream	Objective & Activities	Stat	Progress to-date
1 Human resource staffing of kitchens and Logistics	<ul style="list-style-type: none"> <li>Identify and recruit additional staff to replace Bosasa's</li> </ul>	R	<ul style="list-style-type: none"> <li>Challenges experienced with key officials being ill-disposed for substantially the whole of September has affected progress on this most critical workstream.</li> <li>Workstream activities running 6 weeks behind schedule</li> </ul>
2 Acquisition of meal ingredients & meal plan standardisation	<ul style="list-style-type: none"> <li>Regions to submit procurement plans to Supply Chain Management</li> <li>To start procurement process</li> </ul>	R	<ul style="list-style-type: none"> <li>Most regions have started procurement process for perishables and non-perishables</li> <li>The following agreed timelines for contracts to be signed by: WC:22nd Oct, KZN:9th Nov, EC:12th Nov, and GP:12th Nov. were not or unlikely to be met.</li> </ul>
3 Upgrading, repair & maintenance of fixed equipment & kitchens	<ul style="list-style-type: none"> <li>Kitchens have been prioritised in the DPW Ramp project.</li> </ul>	A	<ul style="list-style-type: none"> <li>Need to closely monitor DPW progress on PE North End, Jhb Medium A, Pollsmoor, Durban Westville, Waterval &amp; Pretoria Local</li> <li>Temporary kitchen installed in Pretoria.</li> <li>No movement on Lifts in JHB &amp; Krugersdorp that need to be sorted out as they are out of order or not functionally appropriately designed. However, that would not compromise catering past January 2013</li> </ul>
4 Training of officials	<ul style="list-style-type: none"> <li>Getting training specs approved</li> <li>Obtaining service provider</li> <li>Accreditation of officials in long term</li> </ul>	A	<ul style="list-style-type: none"> <li>A training service provider has been approved</li> </ul>
5 Training of offenders	<ul style="list-style-type: none"> <li>An accredited service provider to be appointed to train offenders</li> <li>Long term accreditation of DCS officials to train the offenders</li> </ul>	A	<ul style="list-style-type: none"> <li>Service provider to manage the training of offenders has been selected</li> <li>National Skills Fund expected to train 180 offenders.</li> <li>Still need to provide for training of the rest on an ongoing basis</li> </ul>
6 Agricultural produce upgrade	<ul style="list-style-type: none"> <li>There is a bigger plan to improve the produce from our farms to reduce the rejection rate. Produce sold at market-related prices</li> </ul>	A	<ul style="list-style-type: none"> <li>Plans to operationalise the vegetable processing in Waterval underway.</li> <li>Business case for vegetable processing plants in all regions needed- Long term plan needed</li> </ul>
7 Acquisition of fleet, transportation, equipment & utensils	<ul style="list-style-type: none"> <li>Evaluation of current Bosasa fleet &amp; development of specs &amp; asset verification</li> <li>Acquisition of necessary equipment</li> </ul>	R	<ul style="list-style-type: none"> <li>Negotiations to take over Bosasa's equipment stalemate. Bosasa no longer willing to sell.</li> <li>Timelines for acquisition of new equipment through DPW almost impossible.</li> </ul>

Overall assessment, therefore, suggests caution on insourcing readiness

**HR timeframes were running 6 week behind by Management Coordinating Committee (MCC) meeting of 25th October 2012.**

	2012/09/14	2012/09/21	2012/09/28	2012/10/05	2012/10/12	2012/10/19	2012/10/26	2012/11/02	2012/11/09	2012/11/16	2012/11/23	2012/11/30	2012/12/07	2012/12/14	2012/12/21	2012/12/28	2013/01/04	2013/01/11	2013/01/18	2013/01/25	
Determine post establishment and organizational structure																					
Develop and approve job specifications																					
Conduct job evaluation																					
Seek approval and funding of the structure																					
Appointment/horizontal transfer of 27 applicants who previously worked in Correctional Centre Kitchens																					
Contemplation																					
Consultation																					
Transfer/Placement																					
Communication to RCOs for Area Commissioners to identify and place F-group officials to Centre kitchens																					
Advertise the following posts internally (396 posts):																					
User Clerks																					
Kitchen Supervisors																					
Case Officers																					
Section Heads Kitchen																					
Cooks/Caterers (168)																					
Appointment of above categories (except caterers who still need training)																					
Closing of adverts																					
Grosslisting																					
Shortlisting																					
Interviews																					
Appointment																					
Advertise the following posts externally:																					
Dieticians																					
Artisans																					
Boilermakers																					
Approval to appoint service provider (mnl-tender)																					
Placement of advert																					
Closing of adverts																					
Grosslisting																					
Shortlisting																					
Interviews																					
Appointment																					
Notice period																					

Appt of clerks, supervisors, cooks etc out by 6 weeks  
Appt of service provider not started  
Impact?



## Procurement of Meal Ingredients

Region	Management Area	Progress	Closing date	Projected
Gauteng	Johannesburg	Requirements submitted to Head Office. Bid HO 10/2012 was invited. Compulsory briefing session to be held on 30 October 2012 at Johannesburg Management Area.	19 November 2012.	Mid-Jan
	Modderbee			
	Pretoria			
	Krugersdorp	Busy with evaluation of bids.	1 October 2012	
	Devon	Busy with evaluation of bids.	25 September 2012	
	Nigel	Busy with evaluation of bids.	25 Sept 2012	
Western cape	Pollsmoor	Evaluation stage. Major issues with all bidders not meeting tender requirements	4 <sup>th</sup> Sept 2012	
Kwa Zulu Natal	Westville	Durban Westville submitted requirements to Regional Office. Regional Office has not yet submitted anything to Head Office.	No closing date – bids not invited yet as at 25 <sup>th</sup> October MCC meeting .	
	Waterval			
Eastern Cape	St Albans	Evaluation stage.	12 October 2012.	

**Based on Above Risky Status MCC meeting of 25<sup>th</sup> October Decided on Issuance of Tender for Catering.**

Activity	Status	Comments/ Status
Obtain functional approval	Signed	
Appointed bid specifications committee	Done	
Identified budget	Done	
Specifications	Approved by Bid Adjudication Committee	
Advertise tender	16 November 2012. On target	
Evaluate		Forty five days from advertising to allow for site visits and festive period effects. Target date 21 <sup>st</sup> January 2013. Too close to current contract expiry date.
Appoint		Three weeks from close of tender. Beyond 31/1/2013 current contract expiry date

Bid Adjudication Committee Recommendation to extend current contract by two months to March 31<sup>st</sup> to allow above process and possible transition to bid winner to implement

## Cost Benefit Analysis of Outsourcing vs Insourcing to Inform Long-Term Department-wide Catering Commodity Strategy

Activity	Status
<p>Appointed EPMO resources to carry out Cost Benefit Analysis (CBA)</p> <p>To engage a BAS Specialist to:</p> <ul style="list-style-type: none"> <li>•Extract information from BAS and related systems and write algorithms to view data as required.</li> <li>•Build BAS Cubes</li> <li>•Convert extracted information into pivot tables</li> <li>•Analyse expenditure patterns of the years;</li> <li>•Assist with analysis of meal specifications and cost of the outsourced model and own-catering cost</li> </ul>	<p>In view of brevity of time, exploring engaging the expert through current contracts. Failing this, procurement through Good&amp; Services process may delay completion of CBA</p>
<p>CBA to build on feasibility study undertaken in 2010 which was inconclusive on cost comparison due to limitation in scope</p>	<p>To be concluded in 4 months. (March 2013)</p>

This Cost Benefit Analysis is meant to inform the long-term strategy for the Catering Commodity department wide and not just the current outsourced management areas. It is, therefore, not critically sensitive to the current contract replacement processes

