

CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

Councillor Terry Hennegan
Vice-Chair – Scrutiny Programme
Committee

BY EMAIL

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Date / Dyddiad: 8th September 2017

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Dear Councillor Hennegan

Thank you for your letter dated 16th August 2017 which outlines the pre-decision scrutiny input towards the All Council Catering Commissioning Review, the contents of which are duly noted.

Firstly, may I thank the committee in supporting the preferred option identified from the review, which is to transform existing provision within a newly created integrated service. This is the first commissioning review which has adopted cross-cutting principles and the principles of collaboration, integration and rationalisation are embedded in the chosen option.

The business plan gives assurance to Cabinet that the actions associated with in-house transformation are achievable and will link to close performance monitoring as the new service matures.

I note your observations which were presented to me at the Scrutiny Programme Committee on 14th August 2017, of which I am able to feedback in addressing each of your points below:

- *We recognised that there is a lot of work to be done to implement the business plan, which you state will take some time, and felt that this merited further*

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scrutiny. We will consider how progress can be monitored by scrutiny, in order to keep abreast of developments, achievements, and assess impact.

I agree that Scrutiny can have a role in reviewing the progress of this review, however it may be worth considering how the new programme of commissioning reviews can be reviewed collectively. The new transformation register seeks to work closely with colleagues in the Strategic Delivery Unit to review performance in this respect.

- With regard to recommendation 'e', the committee was particularly interested in how you will develop the relationship with schools, recognising associated challenges and risks to plans given their autonomy with delegated budgets, which means they can seek alternative catering provisions.*

The integrated service seeks to appoint a self-funded Business Development Officer post which will be tasked with a broad remit covering income generation and service transformation. A key part of this role will be to continue and build upon the relationships with schools, effectively as an account manager in a sales environment. Some specific proposals include: additional promotional presence, support for school events, greater emphasis on elements of the service often underestimated and frequent review meetings with business managers.

- The committee felt that the integrated in-house service will need to clearly demonstrate that it is competitive, balancing value for money and quality of the offering, in order to win business from schools and other customers. We highlighted the need to take into account that staffing costs would potentially be higher with an in-house service given the Council's wage commitments.*

The business plan indicated through its financial projections that profit margins exist which provide a desirable financial outcome for the Authority from a traded service. The preferred option has the greatest control to increase income which can offset the cost of free school meals. As highlighted in the report, whilst there is significant scope for savings across the new structure, the income opportunities and associated margins are heavily in support of a transformed in-house function.

- We were also interested in knowing more about the internal controls (recommendation 'g') that are necessary to support the business model.*

This builds on how relationships will be continued and enhanced with schools, as well as the options available to support the development of the new business structure:

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- How SLA's are constructed and articulated and matched to actual services provided
 - Method in how SLA's are costed
 - How SLA's are communicated to schools and the associated process on an annual basis.
 - Requisites required to integrate the workforce structure. Job evaluation, consultation etc.
 - Financial controls to accurately monitor impact of the business model
- *Given that the sale of the Civic Centre is a significant part of city centre regeneration plans, and that the implementation of the business plan will take some time, we questioned the wisdom of investing in catering facilities at the Civic Centre at this time.*

The investment in the Civic Centre canteen enhances the business case for the lease of office space, as potential customers will look to the Council for additional services available to staff such as car parking, recreational facilities and catering. The specification will outline the requirement that any changes can be lifted and placed at a replacement facility as and when required.

- *We asked about the achievability of projected savings over the 3 year business plan, which appeared to be fairly ambitious (£338k in 2020/2021).*

The figure referred to above represents the project savings across the integrated service cumulatively. Whilst margins exist against current schools provision, proposed fee increases yield significant fee increases. It will be important to retain the level of uptake despite these fee increases. The new post will be responsible for all aspects of the marketing plan to retain this position.

- *The Committee would like to have seen more evidence in the report to support the rejection of outsourcing as the best way forward.*

The options report sought the inability to reduce the cost of free school meals to the Authority as one of the main reasons to discount the outsourcing options. Informal market sounding is taking place in respect of commercial catering, and as the business plan matures it may be feasible to extend this further to school meals and social services catering.

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- *Members were very keen to see an emphasis within future plans on local food sourcing and improving nutrition.*

The service operates under strict guidelines of nutritional standards to be met both under requirements by CSSIW and WAG. This is communicated within service promotional material to schools, parents, care homes, residents and families. The forthcoming procurement review as part of the Transformation & Future Council PDDC will address local supply corporately and will make the necessary links to this service.

Yours sincerely



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