



CABINET - 8 JULY 2002

BEST VALUE - EMPLOYEE AND CIVIC CATERING

1. BACKGROUND

- 1.1 A Catering Best Value Review which deals with the whole range of the Council's catering services is currently being undertaken.
- 1.2 The review of employee and civic catering has reached a critical stage where members' views on future options for the service are required. The matter has therefore been considered at the last two meetings of the Corporate & Finance Review Panel and this report deals with the conclusions arising from those meetings.
- 1.3 Options presented to the Panel were against the background of a requirement to find £30,000 savings in 2002/03 from the overall catering budget.

2. CORPORATE & FINANCE PANEL'S CONSIDERATION OF THE WAY FORWARD

- 2.1 Initial consideration of the way forward by the Corporate & Finance Review Panel resulted in officers being requested to submit a further report to the Panel on -
 - (a) Vending and Deli Bar options for catering at Appletree Court, in place of the existing arrangements; and
 - (b) recommendations for reducing the cost and extent of hospitality catering at Appletree Court.
- 2.2 A report to the Panel on 20 June was prepared in consultation with Cllr Wise, Cllr Robinson and the Employee Side and at the request of the Review Panel it included the results of a revised Employee and Member catering survey.
- 2.3 Following consideration of that report, the Panel recommends that the existing catering arrangements at Appletree Court cease, and be replaced with a Deli-Bar service. This report sets out some of the background to the Panel's consideration, the implications of the main two options considered (vending and

deli-bar) and some estimates of cost savings if the preferred deli-bar option is pursued.

3. CUSTOMER CONSULTATION

3.1 Surveys of employees and members on their wishes for catering provision at Appletree Court have been conducted. 58 employees and 20 members responded to the most recent survey. The results of this survey were broadly the same as those of an earlier survey which attracted a larger response. The results for the latest survey are -

- 41 employees (71%) expressed a clear preference for the Deli Option. When asked if they would use a Deli Bar Service 49 (85%) said they would be “very or quite likely” to do so.
- A number of the comments from employees referred to the social value of the Pantry as a meeting place where employees from different services can interact away from their place of work.
- 10 of the members (50%) who responded were also in favour of the Deli Bar Option although 7 members (35%) preferred to maintain the current service and increase prices.
- The vending option was least popular with 31 employees (53%) and 7 members (35%) disliking this option.

3.2 Detailed results of the surveys can be found in Report A to the Corporate & Finance Review Panel of 20 June.

4. DELI BAR OPTION

4.1 This option involves a change from the existing staff restaurant type of service offering main meals, hot snacks and puddings. The Deli Bar service would offer:

- (a) A selection of various bread goods with a variety of fillings, supplied on a made to order basis;
- (b) Quick serve, “ready made” sandwiches, cakes, confectionery and hot & cold beverages;
- (c) A hot food offer consisting of jacket potatoes with a choice of hot and cold fillings, chips and soup of the day.

4.2 The existing servery area would be modified to accommodate a new refrigerated “Deli/Sandwich” counter in place of the existing salad bar.

4.3 Disposable cups, cartons and paper ware would be used extensively in place of crockery to reduce labour costs.

- 4.4 In comparison with current prices, like for like items would be similar. The price range for made to order sandwiches /baguettes is likely to be £1.50 – £2.00 depending on the fillings. A Cheese Jacket Potato would cost £1.30 - £1.50.
- 4.5 A change to a Deli Bar service has a number of benefits and some disadvantages for the employee catering service and implications for the Civic and Hospitality catering service.

4.6 Employee Catering

- 4.6.1 There is a continuing national trend in daytime, workplace catering towards sandwiches/filled rolls and away from hot, two or three course meals.
- 4.6.2 This is evidenced by an analysis of the current sales mix in Appletree Pantry. This shows that there is already a preference for the type of products that will be sold in the Deli Bar. Sandwiches / rolls, confectionery and snacks currently account for approximately 70% of existing food sales.
- 4.6.3 A Deli bar will meet this customer expectation. Results of the recent surveys have indicated a strong preference for this option.
- 4.6.4 Employees will benefit from a wider choice of breads and fillings and this will add value to the most popular part of the service.
- 4.6.5 The main benefit to the Council is a continuation of a quality service that meets customer needs together with forecast cost reduction that will substantially contribute to the overall £30k saving objective set as part of the Catering Best Value Review.
- 4.6.6 A possible disadvantage is that a reduced menu range may make it more difficult to sustain customer interest in the longer term. Innovative menu design and marketing activity would seek to combat any menu fatigue.
- 4.6.7 The introduction of a Deli Bar would necessitate a reduction of the menu and range of food provided in the Hospitality catering service. This is consistent with Members' wishes for a reduction in Hospitality catering cost.

4.7 Hospitality Catering (including Officer and Member meetings and Civic Catering)

- 4.7.1 The hospitality service would need to be streamlined if the Deli bar option is pursued in order to reduce the cost to the Council.

- 4.7.2 In both Employee and Member surveys there was general agreement that the service could be streamlined as long as it was still able to provide a basic sandwich and fruit juice type provision and a hot food option for all day meetings.
- 4.7.3 Any resultant service would have to be compatible with the menu, equipment and staffing establishment of the new Deli bar.
- 4.7.4 The Corporate & Finance Review Panel recommends that the service be streamlined, along the lines of the draft protocol for member catering attached as Appendix 1. Briefly, this draft protocol provides that -
- The coffee & tea service provided for meetings would continue;
 - Any food provided for meetings, seminars, training sessions, etc (with the exception of Planning Development Control Committee and meetings hosting outside organisations), would be on the basis of filled bread products only;
 - Food be provided before Council and other evening meetings only to those members and officers who are attending straight from work. These members would be required to book their meals in advance.
 - A hot meal be provided for meetings of the Planning Development Control Committee. This would be on the basis of a bought-in, ready prepared meals.
 - No food be provided for events scheduled to end by 1.00 p.m. (morning events) or 5.30 p.m. (afternoon events), irrespective of the start time of the event.
 - Hospitality meals when hosting outside organisations be at the discretion of the officers, in consultation with the Leader of the Council/appropriate Chairman.

A similar protocol for officer hospitality catering is envisaged and this will be the subject of a report to the Corporate Management Team.

- 4.7.5 Members are asked to note that it would not be possible to offer an in-house hot, sit down silver service menu as this would not be commensurate with a Deli Bar service. This would affect the sit down meals held for liaison meetings such as those with Christchurch Borough Council and Esso.
- 4.7.6 The following table sets out some of the costs of providing meals for member meetings, and some examples of savings that would be achieved if a scaled-down service in accordance with the recommended protocol is provided. It must be stressed that these costs/savings are average - actual costs vary from meeting to meeting:

MEETING	COST OF MEALS PER MEETING	ANNUAL COST	ESTIMATED SAVING IF SCALED-DOWN SERVICE PROVIDED
Council	£390 x 7 Meetings per annum	£2730	£2,000 (based on half the no of "meals" now being provided)
Planning DC Cttee	£140 x 12 Meetings per annum	£1680	£0 (Recommendation is that hot meals continue. This would be on the basis of quality, bought in meals that will be reheated). If scaled down service (bread filled products only) is provided, savings of approximately £800 could be made.
Crime & Disorder and Housing etc Review Panels	£90 x 7 Meetings per annum	£1260	£900 (based on provision to only half of the members of the Panels)
"Silver Service" for Liaison Meetings	£150 (based on 10 attending)	£300	£150

4.7.7 Members are asked to bear in mind that Councillors are entitled to claim subsistence allowance for any meetings and other defined events that involve their absence from home for a period of more than four hours. The maximum allowances are currently:-

Lunch	£6.77
Tea	£2.67
Evening Meal	£8.38

These amounts cannot be claimed if refreshments/meals are provided. It is estimated that approximately 20 member meetings per year are likely to involve members' absence from home for more than four hours (but each member's circumstances will be different depending on the length of their journey). It is difficult to estimate how many members would claim subsistence if the provision of meals ceased altogether but the Cabinet is asked to bear in mind the entitlement of Members to subsistence allowances if they consider discontinuing meal provision.

4.7.8 Civic Catering would also be affected by a move to a deli bar service. Options for the future of the service are being investigated in consultation with the Chairman of the Council. These will be fed into the Review at the appropriate time.

4.7.9 The Corporate and Finance Panel also recommends that tap water only be provided for both member and officer meetings. This would result in savings of approximately £1,000 per annum.

- 4.7.10 Members are asked to note that catering provision for meetings at the Town Hall, Lyminster, will also be affected by decisions taken with regard to catering at Appletree Court.

5. VENDING OPTION

- 5.1 This option involves the closure of the staffed catering service in Appletree Pantry and replacing it completely with vending machines.
- 5.1.2 The Vending machines would provide hot and cold drinks, snack and confectionery items and sandwiches/rolls.
- 5.1.3 The kitchen would be decommissioned. The restaurant area could then be converted to a small employee rest area and meeting room/s.
- 5.1.4 Prices would be held initially at similar levels to current prices. For example a typical basic sandwich would cost around £1.30 and coffee 10p.
- 5.1.5 There are a number of implications for employee catering and hospitality catering.

5.2 Employee Catering

- 5.2.1 There would be a service available 24 hours per day and access to the service would not be restricted by opening and closing times.
- 5.2.2 Quality of beverages would be maintained by use of branded products.
- 5.2.3 Quality controls would be in place to maintain standards of food and equipment performance.
- 5.2.4 A key disadvantage would be that many employees would view the vending option as a reduction in service and a loss of benefit and this may have a negative impact on employee morale.
- 5.2.5 As commented upon in the employee survey, the restaurant is seen as somewhere 'outside of the work area ' where people can meet socially. Its loss to vending would be seen as having a detrimental effect on employee interaction.
- 5.2.6 Once the kitchen is decommissioned it would be prohibitively expensive to reinstate.

5.2.7 The management of a Vending service raises some practical issues for consideration including:

- (a) There would be a need to 'client' the service
- (b) Monitoring issues - If external providers were used this relationship would need effective management.
- (c) The service would be more dependent on machine reliability than a staffed service.

5.3 Hospitality Catering (including Member and Civic Catering)

- 5.3.1 There would be limited ability to provide a Hospitality service. In practice only beverages could be provided by vending machines.
- 5.3.2 A tea, coffee and biscuits service could be provided by a host/hostess. This would add considerable flexibility to the service. There would be an additional labour cost of approximately £9,200 p.a
- 5.3.3 External contractors could provide sandwiches and buffets for meetings. These would be charged at full commercial rates and it is likely, therefore that this would increase costs to the Council.
- 5.3.4 The use of external contractors gives rise to a number of issues such as cost and quality control, flexibility, and co-ordination of bookings between departments.

6. FINANCIAL IMPLICATIONS

- 6.1 As the options remain theoretical at this stage a number of assumptions as to costs and levels of uptake and activity have been made in the financial forecasts. The costs given are indicative and intended as a guide. Where applicable catering industry norms have been used.
- 6.2 For comparison the cost of the catering at Appletree Court for the financial year 2002/03 is shown in Appendix 2.

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Deli Bar Option

- 6.2.1 A financial forecast has been made based on the Catering Consultants report. The forecast Deli Bar costs are shown in Appendix 3.
- 6.2.2 Redundancy costs – The Deli bar option will have implications for 2 or 3 employees which will be dealt with using the agreed "at risk" procedures. Redundancy costs of approximately £4,800 would be incurred.

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- 6.2.3 Hospitality costs – There would be savings. As a guide, based on 2001/02 usage, if sandwiches and fruit juice had been provided on 60% of the occasions where a buffet was provided, there would have been a cost reduction, in raw material costs, of approximately £4,500 for the year. In addition there would be a reduction in budgets for Hospitality Catering.
- 6.2.4 It is expected that this option, in comparison with the status quo, would make a substantial net contribution to the £30k savings expected from The Catering Best Value Review.

6.3 Vending Option

- # 6.3.1 A financial forecast for vending only has been made based on the Catering Consultants report. This is shown at Appendix 4.
- # 6.3.2 A further forecast for the option of vending plus a staffed beverage for hospitality service is shown at Appendix 5.
- 6.3.3 Redundancy costs – The vending option will have implications for up to 5 employees depending on how the service is managed. This will be dealt with using the agreed “at risk” procedures. Redundancy costs of approximately £9,700 would be incurred.
- 6.3.4 Hospitality costs – There would be some net labour savings of approximately £7,500 if the beverage provision was fully automated. It is very difficult to predict other costs, as this will depend on future uptake, use of external contractors and prices charged. In addition there would be a reduction in budgets for Hospitality Catering.
- 6.3.5 It is expected that this option, in comparison with the status quo, would make a substantial net contribution to the £30k savings expected from The Catering best Value review.

7. DIRECT CATERING SUBSIDY AT APPLETREE COURT AND LUNCHEON VOUCHERS PROVIDED ELSEWHERE

- 7.1 This report focuses on Appletree Court and the options available in the context of a reducing subsidy. The best value review has also to consider employee catering provision at Lyminster Town Hall and the other outlying Council workplaces.
- 7.2 The Corporate and Finance Review Panel on 21 March expressed the view that whatever options were chosen for the Council's catering the provision should be equitable for employees across all the Council's locations. This is a key principle in the review of options for the delivery of the catering service across the Council.

7.3 The option chosen for Appletree Court will therefore have implications for Lymington Town Hall and other of the Council's outlying locations. So, for instance whatever the service provided at Appletree Court the options for the Town Hall will be:

7.3.1 A similar type of provision in terms of product and price.

7.3.2 A luncheon voucher allowance or similar benefit calculated to be of equal value to any employee subsidy at Appletree Court.

7.4 Any change to the existing arrangements will involve complex and sensitive issues and it will be the subject of a separate report, which will be produced in consultation with Industrial Relations Committee. This will be reported to Members at a later date.

8. ENVIRONMENTAL IMPLICATIONS

8.1 For both the deli bar and vending options, there would be an increase in the use of disposable plastic, polystyrene and paper packaging.

8.2 There would be a reduction in the consumption of dishwasher cleaning chemicals.

8.3 In the case of vending there would be a significant reduction in electricity consumption

8.4 Again with the vending option the number of deliveries by vehicle would be reduced.

9. EMPLOYEE SIDE CONSULTATION

9.1 Employee Side accept that Employee and Members consultations resulted in the preferred option of Deli Bar but express concern over the effect to other services and more importantly employees not only at Appletree Court but other locations.

Employee Side acknowledge that the Council must take action to improve the Council's financial situation by improving the facilities and financial gains in the staff restaurant which is classed as a staff benefit.

As shown in the draft report there is already a preference for the type of menu that will be available in the proposed Deli Bar which currently contributes 70% of food sales. Employee Side would welcome further involvement in the redesign of menus.

Although the financial implications show a saving initially redesign costs and possibly new equipment will have further impact on Council's financial situation – financial costs for this are not available.

10. RECOMMENDATIONS

It is recommended:-

- 10.1 That the Cabinet agrees that the existing catering arrangements at Appletree Pantry be replaced by a Deli Bar service;
- 10.2 That the streamlining of the Hospitality catering service as outlined in paragraph 4.7 above be agreed;
- 10.3 That the protocol for Member catering as set out in Appendix 1 to this report be agreed.
- 10.4 That the principle of an equitable catering provision for all Council employees be agreed.

For further information:

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Background Papers

Reports to Corporate and Finance Review
Panel - 21 March and 20 June 2002
Published Documents

APPENDIX 1

MEMBER CATERING

DRAFT PROTOCOL

This protocol gives guidelines for the provision of catering for members, assuming the introduction of a Deli Bar service at Appletree Court. It is based on the recommendations of the Corporate and Finance Review Panel at its meeting on 20 June 2002.

1. Tea and Coffee Service

- 1.1 Tea, coffee and biscuits will continue to be provided for all formal member meetings, and for informal gatherings such as Chairman's briefings. The service will continue to be by means for a flask service in either the Members' Lounge or meeting rooms.

2. Provision of Food/Meals

- 2.1 Where food other than biscuits is provided under this protocol, sandwiches/filled bread products only will be supplied, except as set out in paragraph 2.3 below.
- 2.2 Food will be provided for members' meetings and other events where there is a reasonable expectation that members will be away from home for a period of four hours or more, and in particular
- (a) before meetings of the Council and Review Panels held in the evenings, where the member -
 - (1) travels to the meeting venue direct from his or her place of work; and -
 - (2) has pre-booked the food.
 - (b) for other meetings, seminars, training events etc that involve members' attendance over the lunch/evening period at the discretion of the Chief Executive, Head of Legal and Democratic Services or Democratic Services Manager, in consultation with the appropriate Chairman where this is feasible.
- 2.3 Hot food options will be provided for meetings of the Planning Development Control Committee.
- 2.4 Where hot food is provided under 2.3 above, this will be by way of pre-cooked, reheated meals and on a self-service basis.

- 2.5 Meals will **not** be provided for half day meetings, seminars and other events that are -
- (i) for morning events, expected to conclude by 1.00 p.m.;
 - (ii) for afternoon events, expected to conclude by 5.30 p.m.
- irrespective of the start time of the event.
- 2.6 Hospitality meals when hosting outside organisations will be at the discretion of the Chief Executive, the Head of Legal and Democratic Services or the Democratic Services Manager, in consultation with the Leader of the Council or appropriate Chairman.
- 2.7 Members who, at the request of a Director or Head of Service, attend Appletree Court for briefings, discussions or other informal meetings that involve an absence from home for more than four hours over the lunch period, will be entitled to a meal from the menu provided in Appletree Pantry.

APPENDIX 2

FULL COSTS OF CATERING AT APPLETREE PANTRY BASED ON BUDGET YEAR 2002/03

	£
TOTAL SALES	84,400
PURCHASES (Net of stock)	42,070
DIRECT GROSS (PROFIT)/LOSS	(42,330)
EMPLOYEES	73,100
PREMISES COST	26,250
TRANSPORT	140
SUPPLIES & SERVICES	7,660
SUPPORT SERVICES	1,840
CAPITAL FINANCING	540
TOTAL DIRECT EXPENDITURE	109,530
DIRECT TRADING (PROFIT/LOSS)	67,200

N.B.

An internal transfer between business units of £45,010 is not included as there is no net financial effect

ESTIMATED COSTS OF DELI OPTION

This option assumes that the Deli Bar is operated In-house.

	£
TOTAL SALES	45,798
PURCHASES (Net of stock)	22,353
DIRECT GROSS (PROFIT)/LOSS	(23,445)
EMPLOYEES	34,211
PREMISES	26,250
TRANSPORT	140
SUPPLIES & SERVICES	7,660
SUPPORT SERVICES	1,840
CAPITAL FINANCING	2,256
TOTAL DIRECT EXPENDITURE	72,357
DIRECT TRADING (PROFIT/LOSS)	48,912

An internal transfer between business units of £45,010 is not included as there is no net financial effect.
Capital cost of £7,000 for shopfitting not included

OVERALL FINANCIAL EFFECT FOR THE COUNCIL

	£
<i>Deli Bar Option Direct Savings</i>	18,288
<i>Reduction in Hospitality Budgets</i>	21,708
	<u>39,996</u>

ESTIMATED COSTS OF VENDING ONLY OPTION (NO HOSPITALITY CATERING)

This option assumes that vending is operated by an external contractor.

	£
TOTAL SALES	7,022
PURCHASES (Net of stock)	9,900
DIRECT GROSS (PROFIT)/LOSS	2,878
EMPLOYEES	-
PREMISES	14,548
SUPPLIES & SERVICES	5,000
SUPPORT SERVICES	1,840
CAPITAL FINANCING	3,250
TOTAL DIRECT EXPENDITURE	27,516
DIRECT TRADING (PROFIT)/LOSS	30,394

An internal transfer between business units of £45,010 is not included as there is no net financial effect.
Capital cost of £9,000 for shopfitting & kitchen decommissioning not included

Assumes a reduction in Hospitality budgets of £19,054 (50%) as some hospitality will be bought in.

OVERALL FINANCIAL EFFECT FOR THE COUNCIL

	£
<i>Vending Option Direct Savings</i>	36,806
<i>Reduction in Hospitality Budgets</i>	19,054
	<u>55,860</u>

**ESTIMATED COSTS OF VENDING
(PLUS A STAFFED BEVERAGE SERVICE FOR HOSPITALITY) OPTION**

This option assumes that vending is operated by an external contractor. A beverage hospitality service would be provided In-house.

	£
TOTAL SALES	15,998
PURCHASES (Net of stock)	13,041
DIRECT GROSS (PROFIT)/LOSS	(2,957)
EMPLOYEES	15,120
PREMISES	18,612
SUPPLIES & SERVICES	6,500
SUPPORT SERVICES	1,840
CAPITAL FINANCING	3,250
TOTAL DIRECT EXPENDITURE	45,322
DIRECT TRADING (PROFIT)/LOSS	42,365

An internal transfer between business units of £45,010 is not included as there is no net financial effect. Capital cost of £9,000 for shopfitting & kitchen decommissioning not included

Assumes a reduction in Hospitality Budgets (excluding teas and coffees) of £14,566 (50%) as some hospitality will be bought in.

OVERALL FINANCIAL EFFECT FOR THE COUNCIL

	£
<i>Vending Option (with teas and coffees)</i>	24,835
<i>Reduction in Hospitality Budgets</i>	14,566
	<u>39,401</u>