

## **ALTERNATIVE ARRANGEMENTS FOR THE COUNCIL'S CATERING AT APPLETREE COURT**

### **1. INTRODUCTION**

- 1.1 The purpose of this report is to seek Cabinet's approval to change the method of providing catering at Appletree Court.
- 1.2 There was a desire for the proposed alternative arrangements to be openly and fully discussed, so the matter has been considered by all forums with an interest for discussion.
- 1.3 The matter was considered by the Industrial Relations Committee on 3 September, and the Committee's comments are included in this report and the General Purposes and Licensing Committee (GP&L) on 11 September, their comments are also included in this report. It has also been considered by the Corporate Overview Panel on 17 September 2009, at the request of the Chairman, on the basis that Employee and Civic Catering is within the Terms of Reference of this Panel, which has scrutinised these services at various points in the past. The Corporate Overview Panel is also responsible for scrutiny of all of the functions of the General and Purposes and Licensing Committee.
- 1.4 GP&L will make a recommendation to the Council.

### **2. BACKGROUND**

- 2.1 At present, Cafe Revitalise provides catering at Appletree Court. This includes restaurant and snack facilities for employees, tea and coffee service for meetings, and function catering for meetings. This is normally sandwich/sandwich buffet provision. Hot meals are only provided for all day meetings predominantly Planning Development Control Committee.
- 2.2 Usage of the Café is very low considering the number of employees based at Appletree Court. On average, 15 hot meals per day are purchased and average daily income is in the region of £80. Following consultation with employees, the type of service offered has been changed on several occasions in the past in an attempt to encourage greater usage. However, despite these attempts, usage has remained relatively static and uneconomic. Financial details are set out in paragraph 4.
- 2.3 The current service operates from 0800 until 1345 Monday to Friday and provides snacks, sandwiches and hot meals for employees which include pizza; paninis; baguettes; salads; jacket potatoes; cakes; soup; drinks; fruit and confectionery.
- 2.4 Café Revitalise currently employs one full time and two part-time employees.
- 2.5 In summary, the principal matter is that the existing facilities are currently underused and a different form of service is proposed in paragraph 3.

### **3. PROPOSALS**

#### **3.1 Catering for Employees**

- 3.1.1 Provision will be made at lunchtimes to supply sandwiches, baguettes, jacket potatoes, hot snacks, drinks & confectionery for staff by an external caterer ("a visiting van"). This will include healthy options.
- 3.1.2 The existing vending provision for confectionery and soft drinks will remain as at present.
- 3.1.3 It is envisaged that staff "rest" facilities will be identified at Appletree Court as part of the Office Accommodation Optimisation Project.

#### **3.2 Members' Catering, Functions and Meetings**

- 3.2.1 This service will be tendered to secure an external provider (sample menus and prices are available). A specification and contract has been drafted. The tender will encompass the provision of food at all Council Offices for functions and meetings, including members' meetings.
- 3.2.2 Detailed protocols relating to when this service can be accessed will be introduced for both Officers and Members.
- 3.2.3 Use of Dibden Golf Centre would be encouraged for larger events.
- 3.2.4 It is proposed that Members attending Planning Development Control Committee will be offered a cold sandwich buffet, but hot food could be available if required.
- 3.2.5 This amended service will be funded from existing budgets as at present.

#### **3.3 Tea and Coffee Service – Officer Meetings**

- 3.3.1 Arrangements similar to those at Lymington Town Hall, that is the use of existing administration/secretarial or other staff to support Service Unit tea and coffee needs will be introduced. The necessary equipment for this service at Appletree Court is available.
- 3.3.2 The small kitchen next to the members' lounge at Appletree Court will be available for storage and preparation. It currently contains a lockable refrigerator, lockable cupboards and a dishwasher, which will be restored to good working order. A hot water boiler will be removed from the Cafe Revitalise kitchen and installed in the small kitchen.
- 3.3.3 Tea, coffee, sugar, biscuits and stirrers will be ordered through CPU from existing catering suppliers. All these costs will be managed as at present within existing resources.

#### **3.4 Tea and Coffee Service - Member and External Meetings**

- 3.4.1 Members' meetings will receive the same level of service as currently provided.
- 3.4.2 An employee post will be established to service both Member & External meetings when required. Currently there are estimated to be 90 such meetings per year. It is anticipated that, on average, the employee will be required for 4 hours per meeting in order to prepare and clear.

3.4.2 The employee would use the facilities in the small kitchen next to the members' lounge to carry out this function.

3.4.3 Annual costs of this provision are estimated to be in the region of £3,500.

#### 4. FINANCIAL IMPLICATIONS

4.1 The revised arrangements as set out above are estimated to save at least £36,000 per annum, with the potential to be far greater. In addition one off savings will be made from relocating some of the existing catering equipment to Dibden, together with savings in future equipment replacement of nearly £30,000.

	£	£
Current "Cafe" Income from Sales	60,900	
Less Cost of Sales including Staff costs	84,730	23,830
Actual Management Cost saving		15,680
New Costs		-3,500
<b>Anticipated Annual Revenue Saving</b>		<b>36,010</b>

	£
Transfer of Equipment to Dibden ("Saving" at Dibden)	5,700
Saving in Equipment Replacement over 5 years	23,625
<b>Anticipated Saving in Equipment</b>	<b>29,325</b>

4.2 It is anticipated that any costs associated with bringing about the changes will be kept to a minimum by using measures like redeployment where appropriate.

4.3 A further benefit would be the release of space which could be used as much needed functional office accommodation.

#### 5. CONSULTATION TIMETABLE

5.1 The timetable for consultation is as follows:

22 July 2009	Employee Side Liaison
w/c 3 August 2009	Meeting with employees
w/c 10 August 2009	Deadline for employee comments
18 August 2009	EMT
3 September 2009	Industrial Relations Committee
11 September 2009	General Purpose & Licensing Committee
17 September 2009	Corporate Overview Panel
October 2009	Portfolio Holder/Cabinet
26 October 2009	Council
January 2010	Target date for implementation

## 6. EMPLOYEE SIDE COMMENTS

- 6.1 Employee Side would be opposed to any measures to take away the canteen facility and would encourage initiatives to improve its popularity as an alternative.
- 6.2 The Restaurant has had substantial money spent giving it a makeover in the last two years, this would be wasted if it was turned into office space and show poor long term planning. If the restaurant was converted the costs of reconversion in the future would be so prohibitive it would sadly be lost forever.
- 6.3 The facility to hold functions within the council offices is now restricted to just ATC. The canteen facility gives the council great control and flexibility if it wishes to hold functions on site with immediate availability at no cost. If halls or rooms are to be hired there would be additional costs and problems with availability.
- 6.4 If as now seems, the choice for one site is to locate at ATC, it may well be an incentive to those transferring staff to have the facility of a staff restaurant.
- 6.5 The amount of savings indicated in the report is deemed by Employee Side to be minor in relation to the facility the council are losing.
- 6.6 Employee Side believe the measures proposed to be offered to staff as an alternative such as a sandwich van would have practical problems and could be seen as making the council look unprofessional. Staff walking from all parts of the building at a certain time to get sandwiches rolls and crisps from the van, queues forming, working time wasted. Surely we as an organisation do not wish to subscribe to something infinitely poorer than what we already have. In adverse weather conditions staff would perhaps be put off from going and having to queue for food from a van (they would be soaked or frozen), who needs that!.
- 6.7 Employee Side are concerned that the three staff will lose their jobs at a time when the economy is still fragile and there are currently 2.5 million people unemployed. There may also be redundancy costs to be added which have not been included
- 6.8 Staff who had worked at other sites without a restaurant facility had luncheon vouchers each month to compensate them given with their monthly wages. When luncheon vouchers were taken away all affected staff were compensated. If the facility is taken away we believe all ATC staff should have the same amount given to them. This cost should be added into the equation when deciding what the true cost is, after speaking to payroll I believe the figure given to full time staff for ceasing luncheon vouchers was £269.75, staff at ATC should receive at least this amount if the restaurant closes.
- 6.9 It is concerning to Employee Side that staff are potentially having a benefit of their terms and conditions taken away. This is without a real and genuine dialogue taking place on what they feel about the proposal to do away with their canteen. It may appear to some staff as a fait accompli which is very sad taking into account the good reputation NFDC has as a considerate employer.
- The union are organising a petition to gauge what staff want, we believe this is a genuine and sincere way to properly consult and measure opinion on the future of the canteen.
- 6.10 If the council is sincere about the health and well being of staff surely the opportunity to promote healthy foods within the canteen is something they have direct control over. Also the opportunity for staff to get away from their desks and go somewhere to relax is far better than sitting in their office.

- 6.11 Staff eating food at their desks is also far less hygienic than dining in a staff canteen.
- 6.12 It is believed that the reliance on vending machines in the canteen area are harmful in several ways. The noise they generate, space they take up, the overpriced products they sell and the removal of the personal service that the canteen staff would like to give. Most people prefer a hot drink made for them and this would certainly increase the incoming revenue. At times the machines are faulty and it would be useful to know what percentage of any profit Selecta make from using expensively priced products in their machines. It is suggested that the vending machines are removed or not in operation during canteen opening times. These machines run in direct competition to the canteen service and their use has had a detrimental effect on the profitability of Revitalise.
- 6.13 The canteen can be partitioned off and used as a meeting room after 2 15 pm if this was considered it could free up perhaps some of the other meeting rooms for alternative use.
- 6.14 In the earlier part of this report the proposed savings itemised as operational administration and budget holder savings are not believed to be as clear cut and would be a considerably lower figure. To determine the profitability and running costs it is suggested that the finance be properly audited to clarify the current position.
- 6.15 The current opening times are from 8am until 13 45 pm. It does seem an opportunity is being missed at lunch time to cater for staff. If the opening time was extended until 2pm it would allow the staff to take their lunch throughout their core time lunch break. The staff would be quite willing to work a little bit longer to attract extra business.
- 6.16 After speaking with the staff they believe the correct figure for daily takings is approximately £150 and with positive ideas this could be increased to £250.
- 6.17 The report states that refreshments are provided for 80-90 meetings this is incorrect, the real number is between 14-25 a week and Usha the manager believes the true number of meetings provided for is closer to a 1000 during the year.
- 6.18 Canteen Staff wished to add their views on the report on several specific points, they have been told emails sent by customers relating to suggestions/ complaints had not been answered by Higher Management demonstrating a lack of customer care. They are not permitted to advertise menus or services provided on Forest net which they believe is harmful to business.

They believe the proposal to use the member's kitchen as an alternative for functions is seriously flawed because of these points

- 1 Kitchen is small, cramped and lacks the necessary equipment to provide food on the scale needed for members meetings.
- 2 It would require a refit and expansion to be used in this way incurring extra costs which have not been budgeted for.
- 3 It would probably fall foul of health and safety legislation and pose risks of danger to staff.

Environmentally the sandwich van would produce excess packaging not produced by a plate service, and pollution would be caused by the use of the van in making its deliveries.

- 6.19 In conclusion the timing of this report and proposed desire from Management to close the staff restaurant could not have been better planned. The amount of business is lower during the summer, people on holiday, the nicer weather attracts people to have a picnic in the grounds, Boltons Bench and surrounding areas.

In the winter months many Lyndhurst shops close and staff are grateful to have the opportunity to have a restaurant. The time span allocated between consultation and decision is so short, some will believe it was viewed that nothing argued however valid will be considered. We believe that many staff will see the closure of the restaurant as a deliberate attempt to just free up additional office space for the one site project and that a deliberate policy of giving up on the canteen in regards ideas, resources and management to undermine any popularity it may have, preceded this initiative.

## **7. INDUSTRIAL RELATIONS COMMITTEE'S CONSIDERATION**

- 7.1 The matter was considered by the Industrial Relations Committee on 3 September.

- 7.1.1 A petition with approximately 300 signatures requesting that the Café remain open was presented to the Leader of the Council. It was reported that Unison had received 25 e-mails from employees suggesting how the service might be improved and retained.

- 7.1.2 The Employee Side put forward the following additional views:

- (a) Employees valued the service aspect of the Café rather than using vending machines.
- (b) Usage figures provided in the report were questioned and were, at least, open to interpretation.
- (c) Employers' Side were urged to look at similar sized successful catering businesses, for example Brockenhurst College, and adapt the facilities at Appletree Court to ensure the service was profitable and viable.
- (d) A decision to close the Café was premature, bearing in mind the likelihood of Lymington employees being resited at Appletree Court. Once the facility was lost, it was unlikely to be reinstated.
- (e) If the Café was closed, employees at Appletree Court should be compensated, as were non-Appletree Court staff when the luncheon voucher scheme had been withdrawn.
- (f) Employees would not wish to use a visiting van in bad weather or a walk long distance to reach the van.

- 7.1.3 The Employer Side made the following comments:

- (a) The recommendation to close the Café was being made with regret, but there had been discussions about its viability on a number of occasions over a number of years.  
The Council was faced with a very difficult financial situation and hard choices had to be made, given the very low level of usage by employees.
- (b) It was estimated that the current usage as a proportion of staff at Appletree Court was about 10%. To achieve a financial break-even this would need to increase to over 30%.
- (c) The proposal was not to withdraw a catering service at Appletree Court, but to provide the service in a different way, at reduced cost to the Council.
- (d) The direct subsidy on the food provided in the Café had been withdrawn in 2003 at the same time as historical luncheon vouchers had been withdrawn

from staff not based at Appletree Court. This was part of the single status agreement and ensured all staff within the Council were treated in a similar manner. Since then usage had gradually decreased, despite a number of initiatives to increase custom.

- (e) There appeared now to be more of a trend for employees to purchase items from the Café and return to their desks, rather than making use of the restaurant facilities. Also, in the current economic climate, if the reported national trend applied to NFDC employees, employees were increasingly bringing their own food into work.
- (f) The Employer Side offered to work with the Employee Side on alternative options for catering arrangements at Appletree Court.

## **8. GENERAL PURPOSES AND LICENSING COMMITTEE'S CONSIDERATION**

- 8.1 The matter was considered by General Purposes and Licensing Committee on 11 September. Whilst the Committee was sympathetic with the current users of Revitalise, they felt that the continuation of the service in its current form was economically unviable considering its limited usage. Members therefore supported the proposals set out in the report subject to the amendment that approaches to local businesses for discounts to staff be removed.

## **9. CORPORATE OVERVIEW PANEL'S CONSIDERATION**

- 9.1 The matter was considered by Corporate Overview Panel on 17 September. The Panel, which had considered the matter several times in the past, agreed that the current service could no longer be supported and that the proposals outlined in paragraph 3 of this report were the preferred option.

## **10. FINANCE & EFFICIENCY PORTFOLIO HOLDER COMMENTS**

- 10.1 The Finance & Efficiency Portfolio Holder's view is that the current service is not being used by staff, as their preference would seem to be to provide their own food at lunchtime, this being a cheaper option. The proposals to change the current catering arrangement is a direct response to the downward trend in usage. The Council are merely tailoring the service to meet present demand and the service will continue in an alternative format.

## **11. POTENTIAL IMPACT ON COUNCIL'S KEY PRIORITIES & CORPORATE AIMS**

- 11.1 The content of this report will mainly impact on the aims of Delivering through People and Managing our Finances. It may also impact on Improving Partnership Working if an external provider is secured.

## **12. ENVIRONMENTAL IMPLICATIONS**

- 12.1 No significant implications.

## **13. CRIME AND DISORDER IMPLICATIONS**

13.1 There are no crime and disorder implications arising from this report.

#### **14. EQUALITY AND DIVERSITY IMPLICATIONS**

14.1 The outcome of this review may impact on the accessibility to food for employees with disabilities and those with special dietary needs.

#### **15. RECOMMENDATIONS**

It is recommended that Cabinet agrees the proposed changes to the method of provision of catering at Appletree Court as outlined in paragraph 3 of this report.

#### **For Further Information Please Contact:**

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#### **Background Papers:**

Exempt Papers