

REPORT OF DIRECT SERVICES CONTRACTS COMMITTEE

(Meeting held 24 November 1998)

1. NEW FOREST CATERERS (REPORT B) (MINUTE NO. 22)

The Committee examined the trading account for the half year ending 30 September 1998, and were pleased to note a surplus on the contract. Two areas which caused particular debate were the level of bar sales at Applemore Recreation Centre, and the civic catering element of the contract.

Since the Council introduced a smoking ban in Recreation Centres in January 1998, bar sales at Applemore have reduced significantly. Other Recreation Centre catering has not been so affected. A major reason is believed to be that a number of nearby residents used Applemore Recreation Centre bar as their "local pub", but no longer do so now smoking has been banned. A number of promotions based on the Recreation Centre as a smoke free environment have been undertaken, but bar sales at Applemore are unlikely to approach pre smoking ban levels for the foreseeable future.

Although the gross profits of the civic catering element of the account have increased compared with the first half of 1997/98, a reduction in the subsidy level of nearly 50% for each £1 of sales, which came into effect in June 1997, has had a significant impact on the profitability of this element of the contract. At the same time, some 15 to 20 former daily customers of Appletree Pantry have left the Council over the past year, impacting on sales. Prices are set by the client. The Committee is keen to see each element of the catering contract contributing to the contract surplus, and has strongly endorsed the following steps which are to be taken by the contract management team:

Further review of prices for specific items with the client

Further negotiations with suppliers to reduce cost of purchases

A detailed menu review to maximise sales mix

An intensive marketing campaign to include use of the Council's Intranet network

A comprehensive customer survey.

2. NEW FOREST COMMERCIAL SERVICES (REPORT C) (MINUTE NO. 23)

The Committee examined the trading accounts for the half year ending 30 September 1998 and were pleased to note that all accounts were showing a surplus.

A major element of the debate concerned the clinical waste manual unloading operation at Marchwood Transfer Station. The Committee has for some time been concerned about the health and safety implications of this. The Health and Safety Executive have now inspected and reported on the operation, and meetings between officers and the Employees' side will be held as soon as possible to resolve the situation.

**Councillor Miss G M Rickus CBE
CHAIRMAN**

(ctteemtg/cttee/dc241198/report)