

18 March 2019

Agenda Item: 7

## **REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES**

### **CATERING, CLEANING & LANDSCAPING SERVICES – TWO YEAR PRICING STRATEGY**

#### **Purpose of the Report**

1. To seek approval for a two-year pricing strategy for catering, cleaning and landscaping services.

#### **Information**

2. Some information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972, paragraph 3, due to the confidentiality of information relating to the financial and business affairs of the Council. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because the information would add a limited amount to public understanding of the issues but would significantly damage the Council's commercial position.
3. If the information were made public it could damage the Council's negotiating position and prevent it from obtaining the best deal possible as well as providing an advantage to competitors.
4. The exempt appendix to the report sets out the need for a strategic approach to pricing for three services:
  - a. Schools catering
  - b. Cleaning (schools & non-schools)
  - c. Landscaping (schools & non-schools)
5. A strategic approach is important in the context of a wider review of this group of services looking at a sustainable business model for the future that is now underway.
6. Catering, cleaning and landscaping services are all traded services, funding themselves through income generated from customers (which includes schools as the majority customer grouping, as well as council premises and other public-sector locations). The Service area overall has often returned an annual surplus in the past. However, in recent years increasing labour costs, corporate overheads and the growth of a significant competitive market for schools catering and facilities management services following academisation, have meant that the group is currently not generating a net annual surplus. In the current year, previous reserves will be fully utilised to cover this position.

7. The services have a loyal customer base. This is evidenced by a strong market share (75%+ of all schools in Nottinghamshire) and positive customer feedback. The service employs over 2000 staff on a mostly part time basis to meet the needs of customers. As a major employer therefore, the group contributes to the local economy in areas across the County
8. The proposal seeks to enable each of the services to move back towards a break-even position over the next 2 years.

### **Other Options Considered**

9. Details of other options considered are contained in the exempt appendix to the report.

### **Reason/s for Recommendation/s**

10. The proposed strategy outlines a means by which the Service can eliminate the need for a council subsidy.
11. The strategy will put catering, cleaning and landscaping services into a more commercially viable position, reducing the financial and revenue cost risk to the Council.

### **Statutory and Policy Implications**

12. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public-sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

13. These are set out in the exempt appendix to the report.

## **RECOMMENDATION/S**

That approval be given to the proposals contained in the exempt appendix to the report.

**Derek Highton**  
**Service Director, Place and Communities**

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**Constitutional Comments [KK 18/02/2019]**

14. The proposals in this report are within the remit of the Finance and Major Contracts Management Committee.

**Financial Comments [SES 06/03/19]**

15. The financial implications are detailed in the exempt appendix to the report.

**Background Papers and Published Documents**

None.

**Electoral Division(s) and Member(s) Affected**

All