

**REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES****PRICING STRATEGY FOR CATERING FACILITIES MANAGEMENT AND LANDSCAPING SERVICES****Purpose of the Report**

1. The purpose of this report is to seek approval for the pricing strategy for catering, facilities management, and landscaping services for 2022/23.

**Information**

2. The catering, facilities management and landscaping service reviews its prices annually in order to enable it to keep pace with inflationary costs. The service area operates largely on a commercially traded basis, and is therefore subject to market conditions and competition in most areas of its operation, and is therefore required to set its prices on a commercial basis. Current inflationary pressures on the business are significant this year, as can be seen in national coverage of food, wage and fuel inflation, for example. In the last 12 months to January 2022 the consumer price index measure of inflation rose by 5.5%, with the Bank of England projecting inflationary growth to reach 7% in 2022.
3. The service is proposing a differentiated approach to its pricing strategy, in order to reflect different pressures in different areas of the business, and the different market factors that are prevalent in the trading sectors that it operates in. Set out below are the proposed pricing strategies.
4. For paid school meals, the proposed charge per meal to schools is £2.40 for the 2022/23 academic year. This represents an increase of around 2% from the existing price of £2.35. These are meals that are funded by schools. The service has carried out bench marking with 5 other County Council areas which shows that this pricing is in line with levels elsewhere. The economies of scale present in this area of the service, and the contract structures in place, mean that inflationary costs can be effectively managed.
5. Free school meals will continue to be funded at the existing cost of £2.34.
6. Across facilities and landscaping services, it is proposed that prices are raised within the range of 3.5-4.5% depending upon the nature, size and duration of individual contracts. There is inflationary pressure in this service area, but it is less susceptible to increases in commodity prices.
7. County Enterprise Foods provides and delivers a wide range of at home meals to both Adult Social Care clients, private residents and commercial clients. The meal costs for Adult Social Care clients are met by the Council. For private residents and commercial clients, current

pricing is at the lower end of the market. It is proposed to increase prices between 5-8% depending upon on the meal type and customer/contract. This increase reflects the national inflationary pressures outlined elsewhere in this report.

### **Other Options Considered**

8. The service has taken all reasonable actions to ensure that the proposed prices represent a reasonable approach to pricing in the light of growing inflationary pressures. These have included reviews of procurement and suppliers, staffing levels, delivery routes and production costs.

### **Statutory and Policy Implications**

9. 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**

10. These price increases have been developed to allow the business to return a balanced budget.

### **Human Resource Implications**

11. There are no human resource implications.

## **RECOMMENDATION**

- 1) It is recommended the price increases at paragraphs 4-7 of the report are approved to support the delivery of full cost recovery for the commercial services operated by the service.

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

**For any enquiries about this report please contact:** John Hughes, Group Manager – Catering and Facilities Management, Tel: 0115 9773402

### **Constitutional Comments (LW 24/02/2022)**

12. Communities Committee is the appropriate body to consider the content of the report.

### **Financial Comments [RWK 23/02/2022]**

13. The report sets out proposed prices and price increases for 2022/23 for the Schools Catering, Facilities Management, Landscaping and County Enterprise Foods services. The proposed prices for the Schools Catering, Facilities Management and Landscaping services have been developed to assist these traded services to achieve their financial targets of fully recovering costs. The price increases proposed for County Enterprise Foods have been developed to recover increased costs whilst also minimising pressure on service users.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None.

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

- All.