

15 September 2021**Agenda Item: 8****REPORT OF THE SERVICE DIRECTOR, PLACE & COMMUNITIES****CATERING AND FACILITIES MANAGEMENT - SPECIALIST EXTERNAL
ADVISOR SUPPORT****Purpose of the Report**

1. This report outlines the rationale for engaging specialist external advice to consider the development of a robust business case for the development of a sustainable future for the Council's Catering and Facilities Management Services, and to request funding from corporate contingencies to cover the cost of this work.

Information

2. Catering, Facilities Management is a large group of traded services within the Communities and Place Division of the Place Department. The Group has a broad scope of operations that covers the whole County of Nottinghamshire and employs a significant workforce (2,500 individuals), in service settings in and around schools and public sector premises. The Service provides school meal services to around 75% of Nottinghamshire schools, Council office catering, and cleaning, facilities management and grounds services to schools, the Council and other public sector partners. The Service also operates County Enterprise Foods, which provides meals at home services to some Nottinghamshire residents.
3. Until 2018 the Service had historically returned a small net surplus on its annual turnover of circa £40m. However, in recent years, changes to the cost base of the Service that are beyond its control – such as corporate overhead recharges and pension/national insurance contribution increases - along with changing market conditions such as the impact of academisation on schools, have placed pressure on the Service's Nottinghamshire market share. The Covid 19 pandemic has accelerated many of these changes. These factors have put the Service's current and future trading viability under pressure, and risk generating deficit trading positions. This would result in potentially significant revenue budgets pressure for the Place Department and the Council, given the size of the Service's overall annual turnover.
4. As such, it is appropriate to consider the development of a business case to establish a cost effective and sustainable way forward for the Service that meets the requirements of both the Council and those of schools and other customers, whilst respecting the complexity and importance of the services delivered..
5. To this end it is intended to engage CIPFA C.Co to work with officers to develop a comprehensive analysis of the available options This work will build upon and update initial work undertaken by the Service with C. Co prior to the current pandemic

6. The updated options analysis and business case development will take place in the period to January 2022, with a report containing appropriate recommendations being put forward to this Committee for in early 2022.
7. The cost of C.Co developing this options appraisal and full business case is £13,900.
8. Subject to the approval of the recommendation contained in this report, CIPFA C.Co shall be appointed to provide the consultancy services via a national framework agreement.

Other Options Considered

9. To carry out the options analysis internally. However, not engaging the specialist input and experience in the national school's services marketplace that C.Co offer would mean that the Council would be less able to make a timely, informed, and sustainable decision about the most appropriate future service model(s).

Reason for Recommendation

10. Working with specialist external advisors to determine the most appropriate way forward will enable the Council to mitigate significant future financial risk and to develop an evidence-based assessment of the different options available to Nottinghamshire.

Statutory and Policy Implications

11. 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

12. These are set out in paragraph 7. above.

RECOMMENDATION

- 1) That Committee approves the engagement of CIPFA C.Co in undertaking an options analysis, and subsequently developing a full business case for the future operating model for catering and facilities management services, for consideration by the Committee in early 2022.

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Constitutional Comments (EP 06/09/2021)

13. The recommendation falls within the remit of the Communities Committee by virtue of its terms of reference.

Financial Comments (RWK 10/08/2021)

14. The report proposes the engagement of C.Co to undertake an options analysis and develop a full business case for the future operating model of the Council's catering and facilities management services. The cost of this work will be £13,900 and will be funded from within the trading accounts of the services.

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.