

THE HIGHLAND COUNCIL

EDUCATION, CULTURE AND SPORT SERVICE COMMITTEE 17 September 2009

Agenda Item	7.
Report No	ECS/38/09

Building Cleaning and Schools & Welfare Catering – Best Value Report

Report by Director of Education, Culture and Sport Service

Summary

This report advises Members that the Building Cleaning and Schools & Welfare Catering activities deliver best value for the Council evidenced by service level agreements, periodic bench-marking and regular performance reporting.

1. Background

- 1.1 The Local Government in Scotland Act 2003 (hereafter referred to as the Act) set out a statutory duty of Best Value that emphasised the strong links between the duty of best value, the delivery of services and the reporting of financial performance. The Act also required that trading accounts should be maintained for “significant trading operations” and that they should break even over a rolling 3 year period.
- 1.2 The ECS Committee on the 18th March 2004 agreed that the Building Cleaning and Schools & Welfare Catering (hereafter referred to as Cleaning and Catering) activities were “significant trading operations” and that trading accounts should be maintained. A copy of that report is appended at **Annex 1** for ease of reference.
- 1.3 In the intervening period both activities have operated within this statutory requirement and their respective trading accounts have at least broken even over a rolling 3 year period.
- 1.4 The 2009/10 budgeted income for Catering is £8.050M and the corresponding figure for Cleaning is £4.582M.

2. Best Value Report

- 2.1 The Cleaning and Catering trading activities, in common with all other trading operations within the Council, are moving towards the completion of an annual Best Value report that includes the following headings:
 - Details of the services delivered
 - Progress and achievements
 - Review of performance
 - Benchmarking performance
 - Planned improvements and a related Action Plan
- 2.2 The current Best Value report, which is appended at **Annex 2**, provides evidence of the financial governance arrangements and performance reporting carried out within pre-defined timescales. In addition bench-marking data identifies the strengths and challenges for each of the activities. Bench-marking for both activities is achieved through comparison with other authorities that

submit performance data annually to APSE (Association for Public Service Excellence) and the Scottish Facilities management group that represents 20 of the 32 Scottish local authorities

2.3 The Action Plan outlined on pages 14 and 15 of the above report commit the activities to continuous improvement with a particular emphasis on:

- Modernisation of support functions, systems and processes and service delivery
- Improving the environments within which service delivery takes place, for example kitchens, dining areas and the internal fabric of buildings
- Establishing customer satisfaction and improving service delivery as a result of the feed-back received
- Responding to the challenges presented by legislation including the Schools (Health Promotion & Nutrition) (Scotland) Act 2007, widening the qualifying criteria for free school meals and the provision of universal free school meals in P1 to P3 inclusive from August 2010.
- Exploring the feasibility of creating a facilities management function in conjunction with the Housing and Property Service.

2.4 The above improvement actions will be incorporated within the current ECS Service Plan and progress measured against key mile-stone dates.

2.5 In addition to bench-marking there are other governance arrangements for measuring quality and standards. These include reference to the standards of healthy food and nutrition provided via school meals in each HMIE school inspection report published. In addition Environmental Health reports comment on the levels of hygiene within each school, further evidence of inspection of the catering and cleaning activities.

3. The way forward

3.1 The above approach will be developed and embedded within the Service performance framework and will provide evidence whether or not best value is being achieved.

3.2 It is also proposed that progress with the Catering and Cleaning improvement plan is included within the ECS Service performance report to the Chief Executive's Quarterly Performance Review meeting.

3.3 In complying with statutory requirements including, the Schools Health & Promotion Act and forth-coming legislation in relation to free school meal entitlement, there has been a direct result of a significant reduction in school meal uptake, on average 1,000 meals per day, since universal compliance with the Health & Promotion Act was implemented during 2009.

3.4 In addition widening the qualifying criteria for free school meal entitlement from August 2009 and the implementation of universal free schools meals for all P1 to P3 pupils from August 2010 will place additional pressure on the Council due to the loss of income from those pupils who currently pay for meals.

3.5 On the basis that the Catering activity is becoming inextricably linked to the curriculum as a result of the statutory requirement to promote health and

nutrition it is appropriate to challenge whether or not this activity should continue to be regarded as a “commercial trading activity” and be required to produce trading accounts and achieve at least a break-even position on a rolling 3 year basis.

- 3.6 This is a relatively complex area that will necessitate revisiting the original guidance relating to “significant trading operations” that was approved in 2004 and provide evidence that the current activities continue to meet, or otherwise, the original criteria. On this basis it is proposed that there is consultation with the Depute Chief Executive & Director of Finance and Audit Scotland in order to examine the options and that a further report is brought back to the ECS Committee in November.

4. Recommendations

4.1 Members are requested to:-

- Agree that a Catering and Cleaning Best Value Report be produced annually.
- Agree that progress with the improvement actions identified in paragraph 2.3be incorporated within the ECS Service performance reporting frame-work
- Agree that on the basis that the Catering activity is becoming inextricably linked with the delivery of the curriculum through statutory health promotion and nutrition requirements the statutory obligation to produce trading accounts on a commercial basis be reviewed in conjunction with the Depute Chief Executive & Director of Finance and Audit Scotland and that a further report is brought back to this Committee in November

Signature:

Designation: Director of Education, Culture and Sport

Date: 28th August 2009.

Author: Ron MacKenzie, Head of Support Services, Education, Culture and Sport

Background Papers:

Annex 1 – ECS Committee report 18th March 2004 – A Best Value approach to Trading Accounts

Annex 2 – Catering & Cleaning Best Value Report

THE HIGHLAND COUNCIL
EDUCATION CULTURE & SPORT COMMITTEE
18th March 2004

Agenda Item	
Report No	

A Best Value Approach to Trading Accounts

Report by Director of Education Culture & Sport.

SUMMARY

The purpose of this report is to highlight the changes to the legislative environment and accounting treatment of Significant Trading Operations from 2003/04 onwards and recommends an appropriate way forward to ensure compliance with the new legislation.

1. Introduction

- 1.1 The legislation governing Compulsory Competitive Tendering (CCT) has been repealed, effectively ending the prescriptive competition regime, which has been in place since 1980. The old regime has been replaced with new requirements contained in the Local Government in Scotland Act 2003. The legislation is not overly prescriptive and therefore to assist with interpretation CIPFA(Chartered Institute of Public Finance & Accountancy)/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) have issued a guidance note entitled A Best Value Approach to Trading Accounts.

2. Requirements of the Local Government in Scotland Act 2003

- 2.1 The Act sets out the statutory duty of Best Value and provides a strong link between the duty of best value, the delivery of services and the reporting of financial performance.
- 2.2 The Act requires trading accounts to be maintained for 'significant trading operations' and that they should break even over a three year rolling period.
- 2.3 The Act, for the first time, requires Local Authorities to adopt proper accounting practice, which effectively elevates the importance of the Accounting Code of Practice (ACOP).
- 2.4 The Act imposes a duty to publish performance reports and includes provision for the publication of trading accounts.

3. What is a 'Trading Operation'?

- 3.1 The test of what is a trading operation should cover a wide range of services and not be

based solely on past status as CCT or non-CCT activities.

- 3.2 The test should be based on whether a service meets both the following criteria:
- i) the service is provided in a 'competitive environment' - i.e. the user has discretion to use alternative providers; and
 - ii) the service is provided on a basis other than straightforward recharge of cost.
- 3.3 The definition of 'competitive environment' presents the greatest challenge and neither the legislation nor the guidance note provides full clarification. However a 'competitive environment' is deemed to exist where users have discretion to procure services from an in-house provider or externally. Users in this case can be the general public, the Council as a corporate body, or its service departments. It should be noted that the provision of a subsidy does not exclude a service from being classed as a Trading Operation. It appears that any test is likely to be fairly subjective and that each activity will have to be individually assessed to determine its status.
- 3.4 There is no compulsion to maintain trading accounts where the Council believes Best Value can be demonstrated without market testing or tendering, and where users are not allowed to buy services externally. However the Council would have to be able to clearly demonstrate that Best Value is being achieved.

4. What is a 'Significant Trading Operation'?

- 4.1 The test of significance is important as it determines which trading operations require to maintain a statutory trading account. Each Authority should set its own parameters for significance.
- 4.2 The parameters for Highland Council are as follows:
- A trading activity with a Turnover of 1% or greater than the Net Revenue Budget (£384m) will be considered significant.
 - A trading activity, the performance of which may materially impact on the Council's reputation, will be considered significant.
 - A trading activity, which exposes the Council to material financial loss, will be considered significant.
 - A trading activity likely to be of interest to key stakeholders will be considered significant.
- 4.3 A Trading Activity should meet at least two of the final three bullet points before being considered significant.

5. Disclosure of Trading Performance

- 5.1 The ACOP requires the surplus or deficit on trading organisations to be disclosed on the face of the Consolidated Revenue Account (CRA). The ACOP also requires the following disclosures in the notes to the CRA ~ "The nature, turnover, and profit/loss of any significant trading operation and, for Scottish Local Authorities, the cumulative surplus or deficit for the current year and two preceding financial years in accordance with the Local Government in Scotland Act 2003."

5.2 In addition to disclosure in the accounts Councils must also consider how best to present trading information as part of the performance report. It is proposed that the following information should be disclosed in the performance report:

- The nature of the trading operation.
- A description of the activities.
- The main customers.
- Profit and Loss Accounts for the relevant three years.
- Information on the treatment of surpluses/deficits.
- A commentary on Financial Performance.

5.3 The future treatment of surpluses/deficits on trading activities must also be considered as there is no longer a statutory basis for maintaining trading activity reserves. The Council has already included DLO/DSO budgets within Service budgets, therefore it would seem appropriate to return the surplus/deficit to the respective Service.

6. Proposed Trading Operations for the ECS Service.

6.1 To meet the requirements of the 2003 Act will involve additional activities to be reported in the CRA over and above the former DLO and DSOs.

6.2 Adopting the criteria outlined in 4.2 and 4.3 above the following activities are deemed to be 'significant' for the ECS Service:

- Building Cleaning.
- Schools & Welfare Catering.

6.3 The proposal outlined in 6.2 will fulfil the Council's obligation of meeting the requirements of the Local Government in Scotland Act 2003.

7. Resource Implications

7.1 There are no resource implications arising from these proposals.

8. RECOMMENDATION

8.1 That an assessment is carried out, in accordance with paragraph 3.2, to determine whether activities undertaken by the ECS Services must be classified as 'Trading Operations'.

8.2 That for each activity classified as a 'Trading Operation' a test, in accordance with paragraph 4.2, is undertaken to establish whether the 'Trading Operation' is significant and

thereby requires the maintenance of Statutory Trading Accounts.

- 8.3 That within the Council's statutory performance report/s the information detailed at paragraph 5.2 will be provided in respect of 'Trading Operations'.
- 8.4 That surpluses/deficits generated by 'Trading Operations' are returned to the Client Service in the financial year.
- 8.5 That the activities identified as 'Significant Trading Operations' at paragraph 6.2 is adopted as the activities for which Trading Accounts will be maintained.

Signature:

Designation: Director of Education, Culture and Sport

Date: 2 March 2004



Education, Culture & Sport Service
Seirbheis Foghlaim, Cultair agus Spòrs

BEST VALUE REPORT
AITHISG FEABHAS LUACH

Building Cleaning & Catering Services
Seirbheisean Togail, Glanaidh & Frithealaidh

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1 **Introduction:** **Ro-ràdh**

Highland Council Definition of Best Value **Mìneachadh Chomhairle na Gàidhealtachd de Feabhas Luach**

The Local Government in Scotland Act 2003 places a Duty of Best Value on local authority Significant Trading Organisations.

The Highland Council definition of Best Value is defined as “continuous improvement in the performance of the authority’s functions”. The following criteria underpin this definition:

- Commitment and Leadership
- Responsiveness and Consultation
- Sound governance at strategic, financial and operational level
- Sound management of resources and contractual relationships
- Use of review and option appraisals
- Competitiveness, trading and the discharge of authority functions
- Sustainable development
- Equal opportunities arrangements
- Joint working
- Accountability

2 **Strengthening the Highlands** **A' Neartachadh na Gàidhealtachd**

The aims of the Administration of The Highland Council are to:

- Make the Highlands one of Europe’s leading regions.
- Create sustainable communities with more balanced population growth and economic development across the Highlands.
- Build a fairer and healthier Highlands.

The Administration will achieve this through five main areas of action:

- What we will do for children and families.
- What we will do for communities and older people.
- What we will do for the economy.
- What we will do for our environment.
- What we will do to make The Highland Council more effective and efficient.

As an integral part of ECS the Catering & Cleaning Service is committed to contributing towards the achievement of these goals. Many of the individual initiatives are included in the ECS Service Plan and Childrens Plan and more specifically targets and measures within the Catering & Cleaning Operational Plans. The links to these goals as set out in the Administration vision of ‘Strengthening the Highlands’ are:

Children and Families

- Give a high priority to Highland's children being healthy and active and implement the Highland Play Strategy.
- Roll out a single smart card to all young people by 2011, giving access to leisure, libraries, arts and culture activities, youth information and school meals.
- Achieve Eco School status for all Highland schools by 2011.

The Economy

- Pursue initiatives to support the procurement of local products and services by the Council and others.

Our Environment

- Increase the amount of waste recycled in the Highlands to 40% by 2010, and put measures in place to reach 50% recycling by 2013
- Reduce the Council's energy use and carbon emissions from our buildings by 15% by 2010-11, from a baseline of 2005, by reducing or avoiding energy costs.
- Limit the amount of biodegradable waste going to landfill.
- Reduce paper use in our offices and recycle 50% by the end of 2009.

More Effective and Efficient

- Continuously review our performance to improve the way in which Council services are designed and delivered. We will do this by measuring our progress, reporting on it publicly and listening to our customers and communities.

3 Service Delivery **Libhrigeadh Seirbheis**

The Highland Council covers an area of 26,500 square kilometres, around 33% of the landmass of Scotland and is by far the largest Council in Scotland by area. The geography of the Highlands presents unique challenges in the provision of an effective Catering and Cleaning Service provision. The service addresses these challenges, by recognising the requirement to deliver the needs of our customers', and the Council's expectations while continuing to show improvement in service delivery.

Catering and Cleaning became part of Education Culture & Sport Services (ECS) in 2002. At that time the Client function became integrated within the restructured Catering & Cleaning Service; with a focus on service delivery and continuous improvement. This provided the opportunity to review the management teams and examine opportunities for more cost effective and efficient service delivery.

The service is headed by a Catering & Cleaning Manager, which is a dual function responsible for both the commissioning and delivery of service. The role covers both

strategic and operational activities, supported by 3 specific operational managers covering Catering, Cleaning and Business Support needs.

Catering and Cleaning Officers are responsible for service delivery in 4 locations across the Highlands.

The main Business Support Section is located within Inverness with support in other locations across the Highlands.

Service Structure *(Appendix 1)*

Structair Seirbheis

Across the Highlands the Catering & Cleaning Service employs around 1,900 operational staff, mainly part time.

The Catering and Cleaning Services are currently Significant Trading Organisations (STO) with an annual turnover of £7 million and £4.6 million respectively. In addition the capital allocation for all functions totals £0.5M.

In addition to the STO budgets there is a Client budget of £3 million, which includes the payment to contractors and the income generated from paying school meals.

Building Cleaning Service

The Building Cleaning Service provides as its principal function, a daily cleaning service in all of the Councils' 400 buildings, covering a floor area of 389,000 square metres. Establishments cover a wide range of functions including nurseries, primary and secondary schools, offices, depots, libraries, community centres and museums.

The Building Cleaning Service also meets the needs of external customers through separate SLA's and sporadic cleaning requests from internal and external clients.

Catering Services

The Catering Services provides as its principal function, a quality catering service to all internal and external customers. Catering Services cover a wide range of activities; including school catering providing 16,000 meals daily, provision to social services, civic, events and ad hoc catering. A variety of commercial catering outlets are provided within the Inverness City, under separate SLA's .

Service Goals

Amasan Seirbheis

- To deliver a forward looking service that adheres to the ethos of continuous improvement and to meet the expectations of Best Value (BV) for the Highland Council by being accountable, and transparent in service provision. This will be achieved by creating and encouraging a culture where all employees identify and work towards best value and customer satisfaction.
- To ensure the service operates within agreed financial requirements and within the BV criteria developed within council.
- To provide a high quality, responsive and cost effective service to all establishments.
- To deliver the requirements through innovation and evolution in order to be relevant in today's environment for our customer needs.

Current Service Level Agreements (SLA) **Aontaidhean Ire Seirbheis (SLAan) Làithreach**

During the late 80's and 90's both services were operated under competitive tendering.

Catering successfully operated all contracts up until mid 90's when Compass's educational arm Scolarest won the Lochaber area. In 2007 the in-house provider assumed responsibility for the Lochaber contract after the private sector provider voluntarily relinquished the contract. The Highland-wide remit is now covered by an updated SLA which came into place in 2008.

Cleaning has operated all contracts since its inception. An updated SLA was introduced in 2008.

The CIPFA SLA template was the model chosen by the Highland Council. Consultation took place with a variety of stakeholders in the development of the SLA's. Method statements are in the process of being finalised for both Services, taking into account the feedback from the consultation process.

Annual reviews take place with stakeholders and amendments made accordingly to satisfy new demands or customer needs.

4 Progress and Achievements **Adhartas agus Coileanaidhean**

Individual Improvements and Achievements **Leasachaidhean agus Coileanaidhean Fa Leth**

Catering

- Quality award winners for healthy eating, with *SMART* lifestyles concept in school catering.
- Uptake of school meals increased by 40.8% from 2.18 million to 3.07 million meals per annum, figures taken from the period 2001 – 2008. (Appendix 2)
- Met the Hungry for Success targets as recommended by Scottish Executive in 2003, 2004 and 2006.
- Early implementation of the Schools (Health Promotion & Nutrition) (Scotland) Act 2007.
- Annual capital investment to upgrade and refurbish establishments.
- Introduction of National Entitlement Cards for cashless catering in schools, part of the governments Customer 1st Agenda with a rolling programme scheduled to be completed in 2011.
- Growth in business opportunities.
- Implementation and development of Management Information System, interfaced with educational and financial systems of the Council.
- Integration of free school meal and assistance with clothing grant functions, harmonisation of criteria, thereby contributing to the Council's efficiency agenda.

Cleaning

- Continuous success and team winners for the Loo of the Year Awards , national and regional winners and growth in all categories of awards , specifically in 5 star criteria
- Reduction of overheads by continuous review
- Flexibility in working approaches to meet customer needs and recruitment and retention.
- Modernisation and standardisation of equipment ,
- Review and updating of training and development needs for workforce
- Reduction in staff turnover, assisting in continuity and retention of staff.
- Increase in capital investment assisting in building and specifically prestige floor improvements

Option Appraisals

Measaidhean Roghainneil

Whilst no formal option appraisals have taken place to date the trading accounts have been subject to annual review as part of the Council's efficiency agenda.

Procurement and Sustainability

Solar agus Seasmhachd

The service works within the Council's Corporate Procurement Framework wherever possible sourcing goods from local suppliers and producers.

Catering Management have worked with local groups and organisations to promote and encourage more local food especially impacting on freshness, food miles, the economy, sustainability, animal welfare and food education.

The Catering Service is in the process of submitting an application, to achieve Food for Life Charter- Bronze Award for all catering outlets, in conjunction with The Soil Association.

The Service won a sustainability award in partnership with Quality Meat Scotland part of Public Procurement Awards, Recognising Excellence in Scotland.

5 Review of Performance

Sgrùdadh air Coileanadh

Quarterly Performance Monitoring

Sgrùdadh air Coileanadh gach Ràith

The Council's Chief Executive quality performance reviews includes detailed reporting of the trading accounts including the current financial status and projected outturns.

Relevant KPI's are discussed and reviewed within the Childrens' Plan and ECS Service Plan on a quarterly basis.

SPI's

SPlan

There are no relevant SPI's for this service delivery.

Financial Monitoring **Sgrùdadh Ionmhasail**

Both Catering and Cleaning trading accounts and the Client budget are monitored on a monthly basis in conjunction with the Council's Finance Service. The monthly figures are scrutinised and projected outturns reviewed as required.

In addition capital expenditure is also monitored on a monthly basis, and any slippage reported as appropriate.

Committee Reporting **Aithris Chomataidhean**

The trading account monitoring statements are reported separately to the ECS committee at six weekly intervals.

The Client budget is included within the integrated ECS Revenue Budget monitoring statement.

Where issues are raised, corrective management actions are put in place and reported to subsequent ECS committee.

Internal and External Stakeholder Consultation and Surveys **Co-chomhairlean/Suirbhidhean Luchd-ùidh bhon Taobh A-staigh is A-muigh**

Currently internal monitoring and face to face meetings address day to day issues.

Ad hoc surveys have taken place, responses evaluated and actions taken, however the services appreciate that more formal and more frequent consultation has to take place at local and strategic level, both internally and independently.

Action for the future include independent customer satisfaction surveys through the Association for Public Service Excellence (APSE) and establishing internal customer satisfaction surveys utilising Survey Monkey software. The analysis and evaluation of these surveys will assist in continuous improvement in service delivery.

Opportunities to review and discuss relevant issues are established within the school catering service. Consultation takes place through individual School Nutrition Action Group (SNAG's) and Pupils Councils where parent and school reps are also present.

Monitoring of Service Level Agreements **Sgrùdadh Aontaidhean Ìre Seirbheis (SLAan)**

Following the implementation of current SLA's, a more formal monitoring process has been established, with a set agenda discussed quarterly with senior management.

This agenda includes:

- Monitoring summaries, targets and actions.
- Performance: monitoring, uptake, absence, turnover and customer satisfaction.
- Operational plan review.

Service management are available to meet customers and building users on a regular basis to jointly monitor progress.

The Local Officer/service representative in conjunction with their supervisory staff arrange routine visits to establishments, monitoring service delivery and addressing any operational matters. During the visits the Service rep will contact the Head of Establishment or nominated person to discuss monitoring or visit outcomes.

All details of the inspection including any comments from the Head of Establishment or Nominated Officer will be recorded within the inspection report and a copy provided to the Establishment and cleaning or catering staff as appropriate.

All establishments receive a full monitoring inspection on an annual basis by Service Management and external agencies including, Health Promotion Staff, HMle, Care Commission. In addition Environmental Health conduct ad hoc independent inspections.

Representative groups from the Catering and Cleaning service users were established during the consultation process of the SLA's. It was agreed that they would meet with service providers on an annual basis to review the SLA and address any corrective actions required.

6 Benchmarking Performance

A' Tomhas Coileanadh

Private Sector

An Earrann Phriobhaideach

Until 2007 there was a private sector provider in Lochaber for the catering service, representing 10% of the business. This provided an excellent benchmark with the in-house service provider.

The private sector provider was increasingly unable to meet the service delivery and financial requirements of the partnership agreement and as a result voluntarily withdrew from the contract in 2007.

The continual financial demands of this catering provider and failure to meet quality standards became unsustainable and no longer represented best value for the council.

Public sector

An Earrann Phoblach

Both services annually submit financial and operational management data to APSE Performance Networks.

Data is scrutinised and checked against previous years data for any significant changes and discussed with Services prior to final submissions being analysed.

Benchmarking information is measured against national and local authority family group figures.

Various reports and statistical information are produced including:

- Performance; giving averages, lowest and highest outcomes.

- Performance indicator standings; showing number in group, highest, lowest, own standing and quartile positions.
- Summary reports are produced to provide service reviews detailing key cost indicators, productivity, service trends, interpretation of data, key observations and looking at future focus of service delivery.

Service Managers have participated in APSE training and advisory sessions and attended annual networking seminars and workshops to enable consistency to be developed in service returns. Attendance of participants and reviews of data collection has been beneficial. Which has created individual explanations on how data should be gathered, what to include and exclude. This has resulted in more meaningful and accurate entry of data for final reports by all participants.

Catering, Cleaning and Facility Managers within the Scottish Authorities have formed a new working group (SLAFMG), currently representing 20 of the 32 councils.

The aims and one of the main functions of this group is to create and develop an annual benchmarking exercise for both Catering and Cleaning Services. The first exercise has taken place, evaluated and reviewed to agree indicator table, guidance and clarification on data used for accurate submissions from all. Additional info was agreed and incorporated to set standards for next years submissions.

The group will be able to focus on current issues pertinent to Scottish Authorities, government initiatives and changes to legislation and regulation.

List Of Tables and Examples of Comparators **[Liosta de Chlàran is Eisimpleirean de Choimeasairean](#)**

Performance indicators taken from APSE 07/08

CATERING – OPERATIONAL BENCH-MARKING:

<u>INDICATOR</u>	<u>Scotland</u>	<u>Family Group</u>	<u>Highland</u>
Paid uptake in schools	34.72%	37.83%	45.91%
Paid uptake in Secondary schools	34.40%	38.38%	52.12%
Free meal uptake	65.65%	72.60%	67.94%
Average spend – Secondary schools	£0.63	£0.69	£0.81
Total cost per meal	£2.70	£2.36	£2.76
Staff absence	5.35%	4.99%	5.74%
Food cost ratio	47.94%	34.46%	31.13%
Direct costs as a % of total	80.16%	79.97%	78.07%
% of schools holding food safety or health award	75.81%	75.25%	100.00%

CATERING – FINANCIAL PERFORMANCE:

<u>Financial year</u>	<u>Target Surplus</u>	<u>Actual Surplus(deficit)</u>	<u>+/- Target</u>
2004/05	Break-even	(£23,000)	-£23,000
2005/06	Break-even	£35,000	+£35,000
2006/07	Break-even	(£12,000)	-£12,000
2007/08	Break-even	£132,000	+£132,000

CLEANING – OPERATIONAL BENCH-MARKING:

<u>INDICATOR</u>	<u>Scotland</u>	<u>Family Group</u>	<u>Highland</u>
Cost per square metre (excluding CEC)	£12.27	£13.64	£12.13
Cost per square metre (including CEC)	£12.69	£14.61	£12.52
Square meters cleaned (large office) per scheduled hour	0.80M ²	0.94m ²	0.69M²
Square meters cleaned (Secondary school) per scheduled hour	0.84M ²	0.81m ²	0.86M²
Staff absence (all employees)	6.54%	5.58%	6.21%
Staff absence excluding long term (all employees)	2.91%	3.43%	2.36%
Material and equipment costs as a percentage of total cost	3.73%	4.43%	3.53%
Cost of overall service per FTE front-line employee	£13,391 per FTE	£14,411 per FTE	£11,920 per FTE
All staff costs as a % of total costs	91.55%	92.06%	94.10%
Leavers as a % of total operational staff	16.82%	18.52%	22.20%

CLEANING – FINANCIAL PERFORMANCE:

<u>Financial year</u>	<u>Target Surplus</u>	<u>Actual Surplus (deficit)</u>	<u>+/- Target</u>
2004/05	Break-even	(£12,000)	-£12,000
2005/06	Break-even	£81,000	+£81,000
2006/07	Break-even	(£27,000)	-£27,000
2007/08	Break-even	£201,000	+£201,000

7 The Way Forward **An t-Slighe air Adhart**

The Service will build upon the recent review of the Service Level Agreements for the Catering and Cleaning functions by focusing more on customer satisfaction surveys and the related management actions to respond to issues identified therein.

In addition there is the on-going focus on cost reduction to ensure that wherever possible overheads are reduced and that scarce financial resources are targeted at improving front-line service delivery.

Very positive management action has resulted in the annual number of school meals increase by 889,180 (40.80%) in the period from 2001/01 to 2007/08. However there are significant challenges presented by the implementation of the Schools (Health Promotion and Nutrition) (Scotland) Act 2007.

The uptake of school meals in the Secondary has reduced significantly since the early implementation of the Act within the Secondary sector. As a result there is a requirement to initiate effective marketing of the school catering function and its part in achieving healthier life-styles for young people.

The modernisation of the Catering Services continues to develop with the roll-out of cashless catering to all Secondary schools within the life-time of the current approved Capital programme

Management information will be improved by the increased automation of the information gathering process.

The review of existing janitorial and cleaning functions will identify the feasibility of creating a facilities management operation.

Planned Improvements to 2011/2012

Leasachaidhean Dealbhte gu ruige 2011/2012

- Increase consultation and introduce a more formal approach to customer satisfaction and survey options.
- Implementation of service review to include administration clerical and business support, including the integration and co-location of back office functions.
- Increased Capital investment within schools in the form of replacement wooden floors and a significant investment in barrier matting in targeted locations.
- Management of change, including:
 - The impact of increased eligibility for free school meals with effect from August 2009 as a result of changes to the qualifying criteria.
 - The impact of universal free school meals in Primary 1-3 with effect from August 2010.
 - The on-going restructuring of the service.
 - Continuous improvement in service delivery.
 - The modernising government agenda, including realising the full benefits of the management information system and the roll-out of cashless catering within the Secondary sector.
- Meet demands of training and personal development of staff.
- Continue to manage staff absence as a priority.
- Introduction of operational staff handbook.
- Review and development of monitoring procedures
- Review and updating of quality assurance manual.
- Improve communications at local operational level.
- Increase usage at unit level for catering electronic purchasing through PECOS.
- Continue to meet demands of the Schools Health Promotion and Nutrition Act 2007, and increase the uptake of school meals, with robust marketing and communications.
- Carry out review of janitorial and cleaning functions under facilities management model.
- Continue to promote and participate in Loo Of Year Awards.
- Continue to develop working relationships and partnership working with internal and external services as part of business and process improvements.
- Achieve Food for Life Bronze Charter Awards and work towards next level.

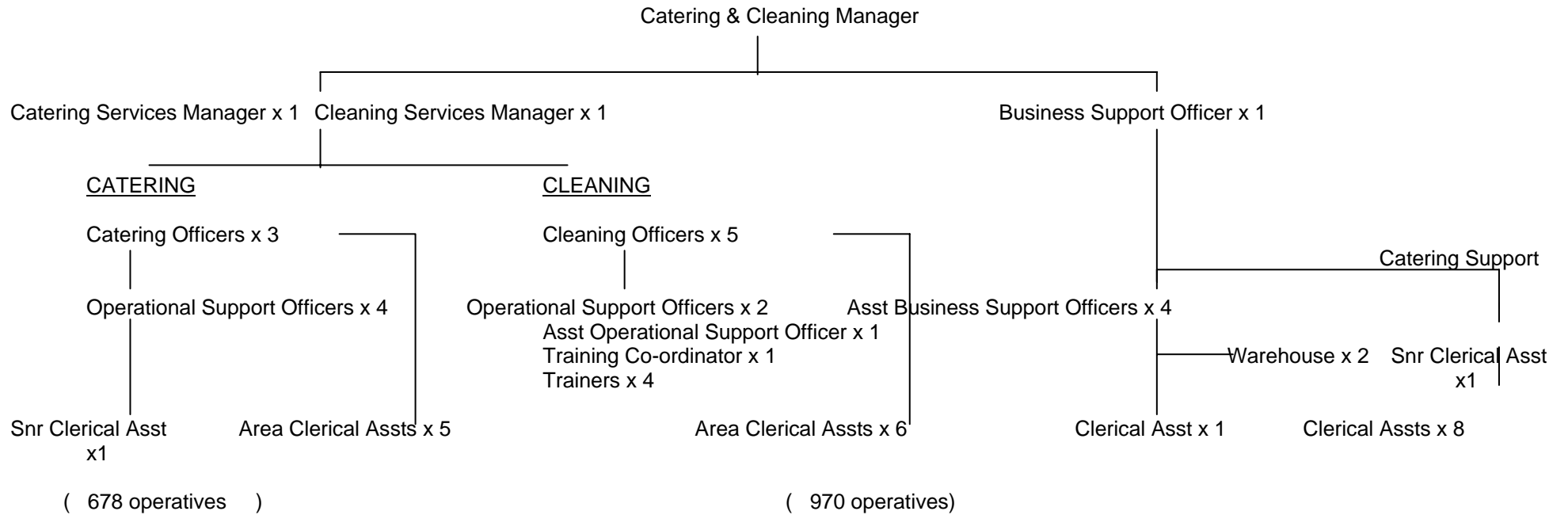
Action Plan / Plana-gnìomha

Action No.	Action	Method of Implementation	Responsible Officer	Target Date	Outcome (cost saving, service improvement etc)
1	Increase consultation and introduce a more formal approach to customer satisfaction and survey options	Introduce customer satisfaction surveys	Catering & Cleaning Management Team	April 2010	Service Improvement
2	Achieve increased integration and the co-location of the business support functions across the Service	Review of the administrative and clerical support function	Catering & Cleaning Management Team	October 2009	Increased efficiency and cost saving
3	Improve physical environment within schools thereby easing the burden on the building cleaning function	Capital investment within schools – replace wooden floors and increase barrier matting	Cleaning Manager	April 2010	Service improvement and increased efficiency
4	Addressing the impact of statutory changes – the Health Nutrition Act	Improve uptake of school meals by increased marketing and obtaining feedback from customer groups	Catering Management Team	April 2010	Service improvement and contributing towards health promotion
5	Addressing the impact of statutory changes – increasing the eligibility for Free School Meals in August 2009 (change to qualifying criteria) and August 2010 (universal provision of FSM in P1 to P3 inclusive)	Create the necessary capacity to handle a significant increase in the number of school meals provided on a daily basis	Catering Management Team	June 2010	Successful implementation of Scottish Government policies

6	Improve recruitment and retention	Meet the demands for training and personal development of staff. Introduction of operational staff handbook. Ongoing active management of staff absences. Improved communication with staff at all levels	Catering & Cleaning Management Team	April 2010	Improved recruitment and retention of staff
7	Modernisation of service delivery	Introduction of cashless catering system in every secondary school	Catering Management Team	April 2012	Service improvement and efficiency
8	Modernisation of service delivery	Realising the full benefits of the Saffron management information system	Catering Management Team	April 2010	Improved management information
9	Improve the quality assurance process in relation to service delivery	Review and development of monitoring procedures. Review and update the quality assurance manual	Catering & Cleaning Management Team	April 2010	Improved service delivery
10	Investigate feasibility of creating a facilities management operation	Review existing janitorial and cleaning functions	Cleaning Management Team	June 2010	Increased customer satisfaction

Appendix 1
[Pàipear-taice 1](#)

OPERATIONAL MANAGEMENT & BUSINESS SUPPORT STRUCTURE 45.11 (FTE)



Appendix 2
Pàipear-taice 2

Pro Rata Increase in School Meals from 2000 to 2008

<u>Period</u>	<u>Total Meals</u>	<u>Annual Increase</u>	<u>Cumulative Increase</u>
2000 - 01	2,180,125		
2001 - 02	2,420,475	240,350	240,350
2002 - 03	2,536,356	115,881	356,231
2003 - 04	2,563,550	27,194	383,425
2004 - 05	2,745,082	181,532	564,957
2005 - 06	2,690,236	-54,846	510,111
2006 - 07	2,968,780	278,544	788,655
2007 - 08	3,069,305	100,525	889,180