

Appendix One:

Business Case for the introduction of in-house catering service at Edwards Court Extra Care Scheme including adding 1 x Head Chef (Extra Care), 1 X Assistant Chef (Extra Care) and 2 Catering Assistants (Extra Care) to the establishment

Introduction

This business case sets out the proposal for adding 1 x Head Chef (Extra Care), 1 x Assistant Chef (Extra Care) and 2 Catering Assistants (Extra Care) to the Tenancy Services establishment. This will allow the Council to provide an in-house catering facility at Edwards Court. The costs of these posts and providing the 2 course hot meal 365 days of the year will be paid for from the tenants rent and service charge.

Summary

Edwards Court is a 53 flat Extra Care Scheme built by Exeter City Council (ECC). The rents are set a social rent level and the building has been constructed to passiv haus standards. The care element has been procured by Devon County Council (DCC) and ECC is responsible for the delivery of all non-care services which includes catering.

There are catering facilities and a café area on the fourth floor of Edwards Court and part of the offer to tenants is a two course hot meal every day of the year. This not only provides the assurance of tenants receiving at least one nutritious meal a day it also reduces the risk of social isolation with residents meeting up at the café.

Originally, ECC carried out a tender process in order to contract out the catering for which there were no bids or submissions despite some initial interest. When asked for feedback the catering firms cited that the timing was wrong, they were already running at full capacity or that the current economic climate had deterred them from doing so.

The catering at Edwards Court has always been identified as an area of risk and in the current economic climate of rising costs and challenges around recruitment is a particular challenge to ECC. However, given there are no catering firms interested in this contract we would anticipate we can run the catering service in house. It is hoped we can do this effectively allowing more control on the levels of service and potentially reduce the costs on the private sector whilst still providing staff with good terms and conditions.

Details of the Business Case

In January and February 2022 the operating model agreed by Executive and Council for Edwards Court was that all non-care services would be managed or overseen by ECC. The provision of care is the responsibility of DCC and in consultation with ECC have awarded the care contract to Radis Community Care who will be jointly located at Edwards Court. The majority of the functions outside of care relate to housing management so responsibility for this part of the service sits within Tenancy Services.

As well as having now recruited an Extra Care Property Services Manager ECC contributes towards the costs for the Care Manager, employed by Radis, in order to ensure there are no gaps in the services the residents of Edwards Court receive in relation to all non-care elements of the service.

Unfortunately the procurement exercise for the catering service by ECC resulted in no tenders being received. Ongoing discussions with consultants and internally have concluded with members being asked that we run the catering services internally. Whilst there are risks and additional obligations in this approach, in the current economic and employment climate we are left with no other viable option. It is possible that if the catering service is run effectively it might reduce costs, give us better control over levels of service and provide better terms and conditions for any potential employees.

One option explored was the potential to link the catering service to those provided by ECC's Leisure Services given that they provide some catering services at venues such as the Isca centre and St Sidwell's Point. After some early discussions it was agreed that these were a different food offering and that whilst it could have potentially provided some income to the general fund with shared efficiencies it was not worth exploring further at this point. Both Services agreed to revisit in the future once both had established their respective services and understood the activities more thoroughly.

In order to run the catering service we will require at least 2 members of staff on site each day preparing and serving a 2 course meal. Meals will be served between 12pm and 1pm with preparation and clearing up duties before and after these times. There may be some additional evening events where tenants request food for a social activity (birthday party or bingo night) but this would be treated separately and is outside of the scope of this business case.

Tenants will start moving into Edwards Court from the week commencing the 5th September. Given that each tenant goes through an allocations panel where nominations are agreed by ECC, DCC and Radis followed by a verification home visit it is anticipated that we will have 2 to 3 tenants moving in a week until such time as we reach full capacity.

The setting up of the catering service if agreed will not be completed until early 2023 as following Executive and Council approval we will need to complete a recruitment process in what is a challenging market and carry out an induction of new staff. As an interim arrangement the Extra Care Property Services Manager is working with the catering team at Millbrook retirement village on a covering arrangement as a stop gap. Whilst they will not be able to provide this beyond the short term it does allow ECC time to set up the catering arrangements and will foster strong links with the residents and services of Millbrook village.

Costs

In order to allow for annual leave and two consecutive non-working days it is anticipated we will need a minimum of 4 members of staff all working 25 hours a week between 10am and 3pm. This will be made up of a Head Chef, Assistant Chef and 2 Catering Officers. It is possible going forward that we would look to provide opportunities for apprentices and work experience in particular working with the Isca School which is located next door to Edwards Court. It may also be necessary to use a pool of casual staff to cover during periods of annual leave and sickness absence. It may be possible to share the casual pool used by Leisure Services in their catering provision.

Whilst these posts have yet to be job evaluated working on the basis that the Head Chef will be a grade F (£24,920), Assistant Chef will be a grade D (£20,444) and the Catering Assistant will be grade B (£18,887) the staffing costs will be set out in table below.

Post	Salary based on 25 hours	Including on costs (based on of 30% (this includes pension etc))
Head Chef	£16,837.84	£21,889.19
Assistant Chef	£13,813.51	£17,957.56
Catering Assistant	£12,761.49	£16,589.93
Catering Assistant	£12,761.49	£16,589.93
Total	£56,174.33	£73,026.61

The salary costs for catering at Edwards Court

In addition to staff costs there will be the costs of food which has been based on the scheme running at 90% occupancy levels which is line with all other cash flow assumptions. Based on our consultant's expertise, experience from food services provided by Leisure Services costs of £3.50 per meal is a reasonable assumption in line with similar schemes. This which equates to £24.50 per week and £1274.00 per year for each tenant. Based on 48 tenants requiring a lunch at any one time this will require an assumed expenditure on food of £61,152.00 per annum.

Therefore the total ongoing running costs are estimated as follows:

Staff	£73,026.61
Food	£61,152.00
Total	£134,178.61

This equates to costs of £53.75 per week. Of this £20.05 will be charged as a service charge with the remainder being funded from the tenants rent. Whilst not charging the full amount via a service charge does reduce the amount of estimated surplus on the scheme over a 30 year forecasting plan it still is anticipated to return a surplus of over £8 million over this period. This is approximately £1 million less than originally estimated surplus but has been amended following inflationary pressures on items such as the costs of food supplies. The benefit of keeping the costs of the meal within benefit levels as a service charge is that those tenants on a low income would eligible to claim housing benefit up to £20.05 per week for food and thus make the scheme more financially viable and attractive for them to accept an offer of accommodation. It is anticipated this will in turn reduce applicants refusing offers of accommodation on the basis of costs thus generating more rent with reduced voids.

Conclusion and Recommendation

The Scheme requires a two course hot meal for all tenants every day of the year. This market is challenging at present and ECC did not receive any bids during a tender exercise for catering at Edwards Court.

Whilst we will be experiencing the same challenges as other catering firms the only real alternative is to provide an in-house service. We anticipate that our terms and conditions will make us a more attractive offer of employment including more sociable hours (fit with school times for example).

This is a new area of work for ECC but if successful could offer tenants a better level of service at the most effective costs mitigating against the risks of an economic climate that is likely to see costs of services increasing at significant %.

It is recommended that ECC agrees to the setting up of an in-house catering service at Edwards Court.

August 2022