



SCRUTINY COMMISSION – 9 JUNE 2021

ANNUAL REPORT ON THE COMMERCIAL STRATEGY

MINUTE EXTRACT

The Commission considered a report of the Director of Corporate Resources which provided an update on the performance of Leicestershire Traded Services during 2020/21 taking account of the impact that Covid 19 restrictions have had on these services. The report also sought the views of the Commission on future plans for recovery and growth. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Chairman welcomed Mr L. Breckon CC, the new Cabinet Lead Member for Resources, to the meeting.

In presenting the report the Director highlighted that:

- Last year had been unprecedented in the challenges faced by LTS. Staff had, however, been excellent in managing and mitigating the impacts of Covid 19 so far as this was possible. Services had been reshaped to reduce costs and to make them more resilient to respond to changing circumstances. This and the prudent use of furlough had helped ensure an almost cost neutral position for 2020/21.
- The Council had sought to redeploy staff where possible. Some had been redeployed to support work critical to the fight against Covid, such as test and trace activities.
- The provision of school meals had continued though in an adapted form. The Service had managed the provision of food vouchers and food parcels and had provided other services to schools, such as IT support, to ensure they could continue to operate safely and effectively.
- The Service had operated the Covid Winter Grants Scheme with over 47,000 grants having been issued to people in need during the winter period.
- 2021/22 would be a recovery year and whilst some improvements were already being seen, there were still challenges ahead as restrictions remained in place.

Arising from discussion, the following points were made:

- (i) Members welcomed the report and the analysis provided within the Appendix. However, the Commission requested that in future reports, to help Members understanding of how each service was performing, a breakdown of income across geographical locations be provided. Members suggested this would

help identify where improvements might be needed or where closer scrutiny might be required.

Members further raised concerns about the lack of detail regarding forecasted returns. Focus on the Services' overall turnover was not regarded as sufficient to fully understand how the Service was performing given that profitability was a key factor. Particularly as the figures within the report also did not take account of capital finance costs. Whilst it was acknowledged that most services, such as school meals, had low capital costs, these were higher for services like Beaumanor Hall. Without these figures, Members felt it was not clear which services were profitable and performing well, and which were not.

The Director reported that managers information was being improved for operational purposes, acknowledging that more detail was necessary to support both them and members in overseeing the Services' performance. He undertook to provide further financial detail and a breakdown in terms of geographical location in the next annual report.

- (ii) An annual report had understandably not been provided last year. However, a member expressed disappointment that the performance figures for 2019 had not been included in the current update. It was suggested that the inclusion of such figures would have provided a more holistic picture of where the Service was pre-Covid compared to now.
- (iii) Members asked for clarification of the amount of money received from the Government to offset some of the costs of the Service during the year. The Director confirmed that several million pounds had been received through the Government's fees and charges scheme and its furlough scheme. It also received a cultural recovery grant of £250,000 which was used to carry out works to the Century Theatre whilst closed. The Director undertook to provide more detail on the amount received after the meeting.
- (iv) The catering contract secured with several schools in Luton had been entered into with caution, following appropriate due diligence and with an exit strategy put in place. The focus when entering into that contract had been on profitability. The Director confirmed the contract was making a profit as forecasted and the projection was that this would continue.
- (v) Members noted that the Council's Commercial Strategy included plans to seek growth not only in Leicestershire but also out of County to ensure the long-term sustainability and profitability of the Service. In terms of school meals, areas where it was known the profit margins would be sufficient (i.e. likely meet the target of an 8% return) were targeted. This generally meant city areas where there were high pupil numbers and a cluster of schools which would reduce overhead costs such as transport costs. The Director confirmed that generally, focus had been given to Leicester City and areas on the County's borders, though the Service would look more widely where

appropriate.

- (vi) Whilst competition was increasing, the County Council's school meal service was doing well; in the region of £1m in income had been generated over the last three years. The Director emphasised, however, that whilst the County Council sought to generate a good return, it also sought to provide a high quality service and highlighted that the LTS School Food Team had been one of only two providers awarded gold standard by the Soil Association.
- (vii) Members were reminded that traded services and school meals had been the subject of two separate scrutiny review panels. Since then, with the support of Members, the Service had grown and, despite the set back of last year, had generated significant income for the County Council which had reduced the level of savings to be found elsewhere. The scrutiny review panel on school meals had identified that these were generally regarded as unsatisfactory, and the Service had since vastly improved its offer with satisfaction levels now being high. Members agreed that whilst the Service needed to be commercially competitive and generate profit, quality would also be important as a public sector provider.
- (viii) The business plan for Beacon Hill had been produced some years ago based on data available at that time. Since then, despite the café having been closed for part of the year, it had been busier than expected. Use of the facility had also altered with many people now preferring takeaway food, rather than eating in. The intention was to review the offer to better match current and expected future customer demand.
- (ix) A member enquired if increased use of take away rather than eat in services meant there had been an increase in waste and litter issues in country parks such as Beacon Hill. The Director reported that there had been an increase in litter last summer. However, park rangers and other volunteers had worked with the County Council and carried out litter picking in those areas affected which had addressed the issue.
- (x) A member commented on the disparity in the location of country parks across Leicestershire and urged the County Council to look at its land holdings to see if it could secure a more equitable spread across the County. The member suggested that this had become a more evident issue during the pandemic as people's ability to travel outside their area meant not everyone had been able to enjoy these outdoor spaces. The Director agreed that country parks were predominantly located in the North West and middle of Leicestershire with little being located in the North or South. However, he emphasised that this was a historical issue outside of the control of the County Council and to open a new country park would be a very big undertaking. The Council would, however, look at any opportunities that came to light to redress the imbalance.

RESOLVED:

- (a) That the update now provided on the performance of Leicestershire Traded Services during 2020/21 taking account of the impact that Covid 19

restrictions have had on these services, be noted;

- (b) That future annual reports include more detail on capital costs and forecasted returns and provide a breakdown of income across geographical areas;
- (c) That the Director of Corporate Resource provide more detail on the specific amount received from Government which had offset some of LTS costs and loss of income.