

LTS review and outlook for 2022/23

School Food

Reflecting on last year's performance

LTS Catering School Food continued to provide all of our customers catering services in what were very challenging and difficult circumstances.

Whilst we were not impacted by school closures due to Covid-19 in the same way as in 2020/21, the number of children who could be off sick or isolating at any one point meant that income was unpredictable throughout the year. By the end of the financial year, numbers had stabilised at pre-covid levels. In addition, Government schemes such as the Coronavirus Job Retention Scheme and the Sales, Fees and Charges Compensation Scheme came to an end in the first half of this year.

Linked to this, illness within our own staff team and the challenging recruitment situation in the catering sector meant that we introduced an emergency simplified menu to all primary schools from January to April 2022. This achieved all nutritional requirements and met Government Food Standards but was simpler for our staff to prepare with reduced numbers. Food parcels continued to be supplied to isolating pupils.

Our business development opportunities continued to be limited, as many schools and academies delayed or shelved their ambitions to put catering contracts out to the market.

We were pleased to retain our Gold Food for Life accreditation - reinforcing our quality food provision.

School Food was forecast to deliver a contribution of £118,000 to the authority. In light of the challenges of the year, it instead delivered a loss of just over £400,000.

The table below gives an indication of the geographic spread of our school food contracts:

Area	Number of sites
Ashby-de-la-Zouch, Coalville and area	32
Loughborough and north A6 corridor	28
Melton Mowbray and A607 corridor	29
Oadby, Wigston and Market Harborough area	30
Blaby and area	27
Hinckley and area	27
Castle Donington and area	16
Leicester City	28

Birmingham	3
Cambridgeshire	4
Luton	15
Derbyshire	1

Challenges

Rising costs were the big challenge at the end of the financial year. Due to a variety of factors linked to lack of staff, Brexit, rising cost of fuel and the war in Ukraine, basic staples such as pasta or cooking oil have seen substantial price rises of 75% and over 100% respectively. Whilst switching suppliers has been able to stave off the worst of the price rises, we know this is a short term measure and inflationary pressures will continue.

MATs that are current customers, continue to be a significant challenge as they seek to re-tender and consolidate suppliers, but this is also an opportunity. We will further develop and refine cost effective catering 'packages' that provide a 'MAT deal'.

Tendering for new business via procurement portals remains a real challenge to us. This market is very competitive, with significant unknowns in relation to food prices and increases in the minimum wage. This means our tenders have to price in a lot of risk. We will review and improve upon our 'visual' presence and marketing strategy within the market through communications and social media to capitalise on our USPs.

The National Living Wage increases our labour costs every year and the team will need to employ tight wage controls to ensure that this is managed.

Whilst prices continue to rise, the allowance from central government has increased only for Free School Meals and not for the Universal Infant Free School Meal provision. This remains unchanged at £2.34 and is extremely challenging for us and the whole school meals market. We have been working to lobby central government to review this pricing.

Looking forward to this year

Schools are now all back to normal service and no longer using disposables and it is expected that meal numbers will continue to be pre covid numbers. This will help us with controlling costs.

The government has raised the allowance given to schools for Free School Meals and we have therefore been able to raise the price we charge schools for Free School Meals to £2.47.

A new menu will be rolled out September 2022, schools will be consulted on menu type and any significant changes may be subject to the school being charged additional costs. The menu will reduce the number of variations we have across our different schools and improve options for vegetarian and vegan pupils.

Throughout this year we will be looking at all of our school contracts to ensure they remain at our desired margin levels and are returning a contribution to the council.

Professional & Business Services (PBS) Overview

Reflecting on last year's performance

PBS rose to the challenges during and post pandemic to ensure we could continue to deliver our Service Level Agreements and provide reassurance to customers of a 'business as usual' service, including a blend of onsite and remote services. PBS use technologies to host events, deliver training via eLearning , continue to provide support to all services using LTS to share information with schools and academies and are looking to extend their knowledge and skills improve effective use of technology to share Service Orders and are currently learning how to use the data to streamline invoices.

Overall, Professional and Business Services contributed £370k, against a target of £367k.

Challenges

Cloud Management Information Systems (MIS) remain a challenge as Multi Academy Trusts require trust-wide analysis of key data. As a result, LEAMIS have lost contracts with two large MATs who now obtain support direct from the supplier.

To try and combat this loss of business LEAMIS have gained accreditation in a further new MIS and finance systems to extend our portfolio to support MIS from 4 different MIS suppliers, which will put our service in a much better position for customer retention and increase our attractiveness.

In addition, we have had difficulties in procuring hardware and this has meant equipment has not been available in the same volume as pre-covid.

Looking forward to this year

The 2022/23 service level agreement will see Professional and Business Services (PBS) diversify to deliver more online webinars to targeted groups of users, improving their skills set, sharing best practice and keeping up to date with the current move in legislation with exams.

Our portfolio of cost effective products and services to schools and academies now includes support for a new digital cloud service to enhance teaching and learning, parental engagement, reduce paper costs, reduce impact on the environment, meet the digital agenda and help improve better outcomes for pupils in Leicestershire. We successfully assisted a growing MAT to move to a 'hosted' solution to help reduce the cost of change.

PBS will continue to work in partnership with internal services to help remodel and deliver an effective budget management service to enhance the School Financial Services. We are also working with suppliers to market our secure remote backup service. Cyber security remains a threat to data in schools, therefore we are currently contacting all our customers regarding their data backup options, this will include marketing the service to new customers including nursery sector and private establishments.

People Services (HR, H&S and L&D) Overview

Reflecting on last year's performance

Coming out of the Pandemic was a concerning time. Although we were aware that all of the services which we provide had continued, albeit in a different format, there was a sense that our customers may wish to make changes to our future service delivery that could be difficult to meet, within cost. However, this has not been the case and we have been able to continue to meet the needs of our customers, using an increase in technology which has also brought about a number of improvements, particularly for delivering our Learning and Development courses.

We have reviewed and introduced new cost-effective packages of services through a new digital approach including an increased number of training offers. This has provided customers with a wider choice to meet their business needs. Despite the impact of Covid we have maintained our customers and contributed in excess of c.£185k profit across the three distinct areas within People Services, against a budgeted contribution of £95k. It has to be noted, however, that a proportion of this has been due to our ability to manage a number of job vacancies.

Challenges

Covid inevitably had an impact on service delivery, in particular the challenge to how we were to provide our services remotely. However, we have adapted our service delivery to digital wherever possible and this has given our customers a wider choice of accessing our services going forward which is a welcome addition to our overall service offer.

One of the key challenges for Health and Safety was the impact Covid placed upon the risk assessment process and workplace activities including audits, some training courses, and site visits. This last year has had a focus of catching up with this work which has been welcomed by our customers. A continued area of challenge for HR is the growth of multi academy trusts, where they centralise the 'back-office' services and appoint their own in-house specialists. This is set to continue attention is being given to how we can attract other businesses to take up our service offer.

Budgets continue to be stretched for our customers so in order to retain their business we have also promoted a loyalty discount for customers that buy into a multiple year SLA. This has proven popular, in particular with Multi Academy Trusts.

Looking forward to this year

People Services have re-defined their Commercial Strategy and Delivery Plan which has a focus on attracting new customers, reviewing our service offering to make sure it is still of a high quality, relevant to meeting customers' needs and it is cost effective providing value for money. Following the successful appointment of an Adviser to the Learning & Development team a traded service offer has been developed and this is starting to generate additional income.

We will continue to diversify our customer base through the active marketing of our services and products beyond the education sector. As a People Service, we aim to offer a compendium of products that will be viewed as adding value. To achieve this, we will continue to be proactive in our approach to understanding both current and new customers' requirements. We will also ensure our services and products are flexible enough to respond to their business requirements in an ever-changing world of business priorities.

Operational Property Service (OPS) & Facilities Management (FM) overview

Reflecting on last year's performance

Within a challenging year for traded services, all OPS teams have been operational during all Covid restrictions over the last 24 months. They have supported frontline services with workplace recovery, PPE distribution, the provision of a "Drive Through vaccination HUB" and COVID test sites. This is in addition to maintaining functions essential to keep our corporate sites and maintained school buildings operational.

There has been some continued growth in contribution in this challenging market from traded "Soft FM" managed services achieving its stretch target contribution of £300k, a 15% increase from its £260k target in 2020/21.

Premises Support Services, Furniture Moves & Logistics Services continued to provide support to the "Ways of Working" programme and office workplace transformation.

LTS Central Print Services have supported Public Health and Corporate Resources with over 463 individual requests undertaken in year to support frontline efforts against COVID.

The Site Maintenance & Adaptations Team reorganisation has been successful, and the service has achieved a £44k surplus against budget.

Overall, the service delivered a contribution of £495k*, against a target of £780k.

* Includes £44k contribution from Site Maintenance & Adaptations Service

Challenges

Soft Facilities services tender opportunities reduced considerably this year with many potential bid opportunities being delayed during the pandemic. Despite this, the Soft FM team were still able to secure additional contracts for Leicestershire Police cleaning (over 8 years) as well as multiple school and academy trusts.

LTS Central Print, Traded Premises officers and the Furniture team have all seen reduction in work and income volumes this year, which has also been impacted by recruitment challenges in the Traded Premises Support team.

The Sites Development team has been heavily impacted by COVID restrictions, with clients suspending operations and reducing the volume of orders, it achieved a £38k contribution against the stretch target of £93k.

The impact on all traded services has been mitigated by staff being redeployed to support other service areas where staff may be shielding or dealing with increased workload on frontline services due to the pandemic as well as the distribution of PPE to adult care providers, schools and academies.

Financial impacts on affected services have also increased with the withdrawal of financial support available from the Government furlough scheme.

Looking forward this year

Recent 2021/22 structural reorganisations have been implemented for Soft FM, Furniture Team and Premises Services, but the full-year benefits of these won't be fully realised in 2022/23. We will be redefining the Central Print Service operating model for the future with much of its previous work moving to digital formats and processes. With remote working now the norm this presents huge challenges for the Print Service in terms of how it will operate going forward.

In 2021/22, the Property Helpdesk and OPS business support functions have been reorganised to support ongoing financial efficiencies.

In 2022/23, we will be reshaping the Hard FM team to ensure it is structured to meet service user needs in relation to planned and reactive maintenance services and project delivery.

The Sites Development Team already have a growing pipeline of summer works amounting to over £350k, this is against a backdrop of capacity issues due to ongoing recruitment and retention challenges to overcome.

Hospitality and leisure overview

Reflecting on last year's performance

The past twelve months have remained extremely challenging for the whole of the catering and events sector and our cafes and Beaumanor Hall were no exception. Business at Beaumanor was heavily impacted by government restrictions that prevented reopening and by cancellations which lasted most of the academic year. However, once Beaumanor was allowed to reopen and the new academic year commenced, business has returned very strongly, at times exceeding pre-pandemic levels.

Overall, Beaumanor made a loss of £177k, against a budgeted contribution of £8k. In reality, this cost is higher as a number of Beaumanor's costs, including repairs and maintenance, are held in other budgets.

By contrast, business in our cafes remained strong and Beacon Hill café & Tithe Barn café returned a contribution of £78k, against a projected contribution of £47k. Colliery Café at Snibston has struggled to achieve the sales volume intended and so made a loss this year of £63k. County Hall catering uptake has fluctuated during 2021/22 reflecting the change to working from home in line with government guidelines and has gradually returned, albeit only to a peak of 28% of pre-pandemic levels it nevertheless, produced an underspend of £52k against a budget of £122k. All of our cafes benefited from the government's support around VAT with the reduced level meaning we received a greater income than forecast.

Trading at the Century Theatre, in common with theatres around the country, has been very challenging. A number of shows were not able to take place either due to covid restrictions, or illness in the cast. Despite this, we held a successful pantomime at Christmas the the Academy programme continues to develop. This year the theatre made a loss of £48k, compared to a budgeted loss of £31k.

Challenges

Recruitment is an acute challenge as there is a major shortage of skilled hospitality staff in the industry. It is testament to the team that they have often filled additional hours at short notice and worked shifts with unsocial hours to help deliver events and activities.

By the end of the financial year, the impact of food price rises and rising energy costs was already manifesting in issues with supply and pricing from our suppliers and we expect this trend to continue in the next financial year.

Looking forward to this year

We will be launching new packages for weddings and private hire at Beaumanor in rooms for smaller numbers. This will give us the option of catering for more than one wedding a day for smaller numbers.

Our margin position will be significantly improved as we will deliver fewer in house events and make full use of the grounds and open space for social large-scale events such as Gin Picnic in the park, Outdoor cinema and Winter fairs, delivered by third party organisations. The pipeline of bookings for 2022/23 and beyond is already looking very healthy.

Our café offer will be reviewed in line with resources and rising food costs, a new menu has been rolled out to reflect demand and protect and improve our margin position.

Colliery Café will be let to bring in a rental income for the space, whilst maintaining a café offer for the Snibston Colliery Park site.

Leicester-Shire Schools Music Service

As a wholly grant funded programme we have removed the Music Service from this report. To better align with the education strategy for Children and Families Service they now reside in that Department.

Marketing Overview

Reflection

2021/22 remained unsteady for a number of areas in the LTS portfolio. Our ambitions for marketing in 2021/22 was to clearly convey that ‘we’re open and ready for your business’.

Following the knockback that media coverage had in this area in 20/21 with just 47 articles being published, we wanted to share as much good news as possible from offering school food vouchers and learning and development courses, to promoting new offers at our leisure sites and jobs in school food. As the pandemic became more manageable, there were opportunities to take advantage of the media spotlight and really pitch and package stories. In total across LTS, Heritage, Leisure and Country parks more than 470 media points were gained including national and local coverage. Social media following and engagement continued to grow, notably the Colliery Café, which had a significant growth in followers on the Facebook page (+271% year on year).

The government’s culture recovery fund and the crowdfunding operation for the Watermead Memorial Trail meant that new things were able to open in 2021/22 despite the uncertainty of the ongoing pandemic. New features at the Century Theatre including an outdoor stage and upgraded equipment allowed for further development of the Century Theatre Academy. A celebration event was hosted at Snibston Colliery Park in July 2021 to showcase what’s on offer at the regenerated park – it received significant coverage in the media across TV and radio and all

events (free) across the week were fully booked. The park later went on to receive Green Flag status for its connectivity to the town which was another key highlight of 21/22.

In person events were able to start again in summer 2021 but our identified shared learning across all sites meant that some services and products remained online. We opted for online brochures where they had proven to be successful and embraced people's behaviour change by hosting more events outside where possible. Teaser campaigns, showcasing our safety-first measures, competitions and online polls all formed part of our rolling social media strategy – to get people excited and engaged in our products and services. We highlighted the success of services as they shifted and adapted and streamlined customer service journeys by redirecting the LTS inbox to the helpdesk. Following the absence of trade shows in 2020, we attended the Schools and Academies Show which provided the opportunity to network with potential clients. 33 leads were established at the event and although less than previous years, the quality of enquiries was much higher. Customer engagement remained high as people had shifted how they wanted to be communicated with and in turn, response time expectations were heightened. Rapid tech developments in Teams chat , Skype chat and direct message functions on social media meant customers were contacting us in multiple ways at the touch of a button any time within a 24 hour period. Auto-responses and adjusting biographies allowed us to manage expectations and volume.

In June 2021, we successfully opened the Watermead Memorial Walk following the council's first involvement in a crowdfunding initiative. Later in the year, the park went on to secure funding from the Severn Trent Community Fund for further environmental projects in the park.

Our Health and Safety, HR, Learning and Development and Property services all had an increase in demand as a direct result of the pandemic – school facilities needed to be maintained, there was an increase on mental health first aid and the uncertainty of the job market meant advisory and professional services were in high demand. We supported this through direct email marketing, LinkedIn sharing and digital flyers.

We supported school food through the recruitment and food supplier crisis by creating bespoke campaigns for vacancies (72) and drafting direct and public communications for parents and the media when an emergency menu was required.

Throughout 2021/22 we created new and engaging content using Reels (Instagram) and video for Beaumanor Hall to increase customer relationships and supplier engagement.

Looking forward

In 2022/23 we'll be looking to fully recover services and will target focused new audiences when the time is right. We'll keep our customers informed by ensuring email marketing lists are up to date - highlighting current offers and cross-selling where possible. Working with colleagues in BI, we'll use research to find out how our customers are operating and how their budgets are being affected by national and global issues so we can adjust and evaluate. The data, insight and feedback we gather will underpin our activity and selected methods of marketing.

Key themes running throughout our campaigns this year including recruitment, growth and the environment. We'll look to identify a pipeline of good news stories where we can highlight these themes and showcase how our services and products are contributing to Leicestershire being a great place to live and work.

Utilising new content features of digital marketing and planning video campaigns we'll push teasers showing experiences, prize draws and offers that will keep us competitive in a buoyant market. Shattering content will allow us to increase our digital presence through multiple campaigns effectively using both resource and budget. With an increased interest in locations for filming, we'll look to drive collaborative offers that make use of our spaces, venues and attractions – specifically looking at hire for events and filming.

Leaving 2021/22 on a media high, we'll looking to continue pushing good news stories and seek to receive industry recognition through relevant awards. We'll seek out headline successes and package stories for regional and trade press.

Online, we'll develop our web presence and content on microsites to expand visibility to potential clients and improve customer journeys when completing transactions. Our risk radar will remain sharp to enable us to manage reputational issues as they arise and be on the front foot of key service changes. Ultimately, we hope that 2022/23 will allow us to have greater marketing opportunities to recover and grow our products and services.

Financial contribution

	Budget Target	Outturn	Variance
	£000	£000	£000
LTS Leisure & Hospitality	86	104	18
LTS Education Catering	-118	401	519
LTS Beaumanor	-323	179	502
LTS Professional Services	-462	-557	-95
Music Service	0	-10	-10
Country Parks	235	276	41
Forestry	-18	-11	7
Hard FM	556	631	75
Soft FM	-482	-429	53

Print	-68	66	134
LTS Infrastructure (excl unallocated challenge)	225	313	88
LTS Unallocated Challenge	-1,141	-232	909
Total Commercial	-1,509	731	2,240

The overall result for LTS in 2021/22 is a net spend of £731k. This compares to the budget target of a net contribution of £1,509k, which was set in February 2021. All of the main variances are covered and explained earlier within the appendix.

2022/23 is viewed as being a year for consolidation and development in a number of the areas that failed to meet their financial targets this year, in particular School Food, Beaumanor, Hard FM and Print.

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