

Community Meals

Service Review – Preferred Option 3: Remodel of Existing Service
on a Commercial Basis

Business Plan – September 2018

Strategic Transformation Team

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1. Introduction

1.1 The objective of this business plan is to demonstrate how the Council's Community Meals service can be remodelled to become a commercial service for the Council and reduce the financial burden on the Council in the future.

1.2 The business plan outlines how the Community Meals service can:

- Reduce operational costs
- Generate additional income
- Develop commercial opportunities

1.3 The business plan highlights the associated risks and potential impact of implementing the proposed changes necessary for achieving a commercial service.

1.4 Project Team

1.4.1 A project team was established to identify and analyse the opportunities and any potential issues associated with developing a Community Meals service based on a commercial model.

1.4.2 The Project Team consisted of:

Damien McCann – Director Social Services
Dave Watkins – Team Manager, Community Meals
Claire Edmunds – Team Leader, Community Meals
Matthew Perry – Service Manager, Community Services
Clive Rogers – Head of Service, Technical Services
Mike Price – Service Manager, Property Services
Mary Welch – Community Options Team Manager
Sarah Abraham – Organisational Development
Katrina Davies – Business Support
Sandra Jones - Accountancy
Dave Rees – Trade Union Representative

1.5 Consultation

1.5.1 In addition to the project team, a number of officers and service areas were consulted to assist with the development of the delivery model detailed in this business plan.

1.5.2 The following officers have been consulted:

Matthew Stent – Team Leader, Transport
Sean Scannell - Communications, Marketing and Customer Access Manager
Wayne Turner – Team Manager, Adult Services
Alyson Hoskins – Head of Service, Adult Services
Mark Morris – Service Manager, Provider Services, Adult Services
Debbie Morgan – Project Manager, Adult Services

2. Vision

2.1 “To provide a nutritional meal to any member of the Community of Blaenau Gwent.”

2.2 Corporate Objectives and Regulations

2.2.1 The Council’s Corporate Plan 2018-2022 details the Council’s priorities. A key priority is to be an efficient council. To achieve this priority, the Council has recognised that it will aim to:

2.2.2 Ensure effective forward financial planning arrangements are in place to support the Council’s financial resilience.

2.2.3 This business plan provides 3 years financial planning arrangements and highlights the associated risks.

2.2.4 In addition to the Corporate Plan, the Well-being of Future Generations (Wales) Act 2015 places duties on the Council to improve social, economic, environmental and cultural well-being.

2.2.5 The detail presented below provides arrangements in line with the Well-Being of Future Generations Act.

3. The Community Meals Service

3.1 Existing Service

3.1.1 Currently the Council’s Community Meals service provides a choice of hot or frozen meals via a home meal delivery service on Mondays through to Friday.

3.1.2 Hot meals can be delivered every day and by any of the four vehicles.

3.1.3 Frozen meals can only be delivered by two out of the four vehicles and at present are only delivered on Thursdays and Fridays.

3.1.4 The service provides meals between 10:30am and 12:30pm.

3.1.5 Approximately 500 meals are provided each week.

3.1.6 At present the service operates a flexible service. Customers can order a meal in the morning for same day delivery and can cancel a meal by 9:30am for any meals ordered for that day and receive no charge.

3.1.7 The service allows for meals to be delivered direct to people’s homes, meals to be plated and time for general wellbeing checks.

4. Fleet

4.1 Existing Fleet Arrangements

- 4.1.1 Currently the service operates four adapted vehicles. All vehicles are built with electric ports to hold two electric hot boxes, which maintain cooked meals at the required temperatures. Two of the four vehicles also have freezer boxes used for delivery of frozen meals.
- 4.1.2 Each vehicle has a maximum capacity to hold 40 hot meals and 40 hot desserts. Frozen meal storage capacity in each of the two vehicles is a maximum of 36 meals and desserts, giving a total maximum capacity of 160 hot meals plus 72 frozen meals.
- 4.1.3 All four vehicles are currently managed under lease arrangements. The lease term will cease with effect from April 2019.
- 4.1.4 At present, drivers identify the preferred routes for delivery, based on customer and local area knowledge.

4.2 Fleet evaluation

- 4.2.1 At approximately £5,000 per vehicle the existing fleet costs have been regarded by the project team as minimal. The project team however agreed that the existing meal numbers of approximately 25 meals being delivered per vehicle was inefficient and that all vehicles should be utilised to operate at maximum capacity.
- 4.2.2 During the review of fleet arrangements, consideration was given toward the time constraints the service has to work within due to a lunch time, meal delivery service.

4.3 Future Fleet Arrangements

- 4.3.1 Due to both the current and future meal numbers (as per sections 4.1.2 and 6.2) the new service delivery model has been based on reducing the fleet numbers from four to three.
- 4.3.2 All vehicles are to be adapted to allow both frozen and hot meals to be delivered.
- 4.3.3 A desktop exercise has been undertaken to identify the potential impact of reducing the vehicles and increasing delivery numbers and times.

4.4 Considerations

- 4.4.1 New delivery routes have been optimised on the basis that all meals will be delivered direct to people's homes only. There has been no provision for time to be available for customers who require additional assistance e.g. plating of meals, etc.
- 4.4.2 There will also be a number of influencing factors, which could affect the delivery times including traffic diversions and road works in the local areas. These factors

have not been taken into account for the purposes of route optimisation.

4.4.3 Although work has been carried out to gain an understanding of the impact of reducing the number of vehicles, it is recommended that the service carry out a pilot of the proposed new routes to further achieve a greater in-depth understanding of the impact.

4.5 Associated risks and issues

4.5.1 Reducing the delivery fleet from four vehicles to three will require the existing delivery period to be extended.

4.5.2 Customers may not accept new delivery times. To mitigate this risk, clear instruction and information will need to be provided. Existing customers will need to be engaged with prior to any changes being implemented.

4.5.3 There is risk that unplanned maintenance of one vehicle is required, resulting in just two vehicles being available for delivering. A contingency plan with a lease company and Social Services will mitigate potential delays in delivery.

4.5.4 In poor weather conditions, the existing vehicles are not fit for purpose, particularly during snow conditions. To mitigate the risk to service it will need to advise upfront that during periods of poor weather, frozen meals only will be available to cover the periods of weather warnings.

4.5.5 Due to the maximum capacity three vehicles can hold, there is a risk that customer demand will exceed the service capacity. The service will have to identify a sustainable maximum customer demand and tipping point before the service considers the requirement for additional vehicles.

5. **Staffing and Structure**

5.1 Existing Staff Structure

5.1.1 Currently the Service Employs:

- 8 Drivers, each employed to work 10 hours per week
- 1 Dual role, employed for 20 hours per week to undertake a cooks role and 17 hours to undertake business support

5.1.2 The service operates two drivers per vehicle and utilises 4 vehicles each day.

5.1.3 Each Driver consistently work additional hours every day. Hours of work fluctuate daily and can also differ amongst individual staff and rounds.

5.1.4 During 2017/2018 staff collectively worked on average an additional 6 hours each day, taking each employee actual hours worked to 14 hours per week.

5.2 Staff Structure Evaluation

- 5.2.1 The project team have deemed two drivers per vehicle as inefficient and one that is not sustainable during the current financial situation.
- 5.2.2 The existing Driver contractual hours are insufficient resulting in the service being heavily reliant up on staff working additional hours daily.
- 5.2.3 This presents a risk to the service as the staff could, at any time, revert to working their contractual hours only.

5.3 Future Staff Structure

- 5.3.1 The future staff structure has been developed based on reducing driver positions to one per vehicle. This decision, along with the changes to fleet numbers, will require just three drivers in the future.
- 5.3.2 It is proposed that the drivers working hours are increased to reflect the consistent regular additional hours worked currently. Also to allow for the additional time required due to a reduced delivery fleet and increased delivery times.
- 5.3.3 The project team has reviewed the positions and have identified that the remaining roles and responsibilities would benefit from change also.
- 5.3.4 The current dual role covering a Cook role and Business Support should be split. The Cook role, moving forward, should include supervisory and operational management responsibilities which are currently limited and restricted to the existing Team Leader.
- 5.3.5 It is proposed that this role is employed on a 30 hour working week initially with the option of reviewing the contracted hours after 12 months, when it is anticipated that the service will be operating business as usual.
- 5.3.6 The Community Meals service will benefit from ongoing business support during year 1 of implementing the new delivery model. The service needs will be different. The service will require marketing and strategic business support compared to the existing administrative support.
- 5.3.7 It is proposed that Business Support is employed for 17 hours per week and the work carried out is in-line with the existing grade 3 Business Support Officer role. This role is to be employed for a 12 month fixed term contract to enable the Community Meals service to review its requirements for Business Support once the implementation plan is completed.
- 5.3.8 The service will benefit from employing a Community Meals Manager to enable the service to move towards a model operating on a commercial basis. It will be necessary for this position to have substantial commercial experience to allow for the best opportunities in managing the service in a new way.

5.4 Associated Risks and Issues

- 5.4.1 There is risk that the Cook and Driver leave will result in staff shortage which could impact up on operations of the service.
- 5.4.2 It will be the expectation that the Cook will undertake Driver duties in the first instance during any period of a Driver's leave.
- 5.4.3 It is proposed that the service appoint on a rolling basis a pool of relief Cook and Driver positions to mitigate any potential risk for disruption to service. It is recommended that CLT agree for the service to implement these positions.
- 5.4.1 It is also proposed that the service develop joint working arrangements with Adult Services to utilise Driver positions on an emergency basis.

6. Financial Position

- 6.1.1 All financial information detailed under this section has been established using a baseline for customer information.
- 6.1.2 Customer and meal data is based on actual demand as at May 2018. It should be noted that given the very nature of this service and the range of customers who purchase a meal, its demand fluctuates regularly.
- 6.1.3 Financial data is based on a mid-year budget forecast for 2018/2019.
- 6.1.4 The current year's financial position is detailed in the table below:

Current Year Position – 2018/2019			
		Forecast 18/19	Unit Cost
Fixed costs per unit		£	£
	Meals (Apetito)	40,000	1.60
Variable Cost per unit			
	Employees	89,875	3.60
	Transport	19,680	0.79
	Premises	4,458	0.18
	Central Costs	19,568	0.78
		133,581	5.34
	Total	173,581	6.94
	Income	102,500	4.10
	Shortfall	71,081	2.84
Number of meals (Week / Year)		100	25,000

- 6.1.5 The current years staffing budget is £89,875. Based on last year's additional hours paid across the service, an estimated £11,000 is expected to be paid bringing the total staff costs up to £100,875 during 2018/2019.
- 6.1.6 A revised staffing structure has been developed and is estimated to cost £84,328 for 2019/2020.
- 6.1.7 The current years' fleet budget is £19,680.
- 6.1.8 A revised fleet budget based on reducing the vehicles from four to three is £15,858.

6.2 Income Target

- 6.2.1 During 2014/2015 the Community Meals service income target was increased by 35%, taking the income target from £133,000 to £178,000 and has been subject to annual increases year on year.
- 6.2.2 Since applying the income target, the Community Meals service has not achieved the income target. There has been no review of the income target
- 6.2.3 Due to a virement in the Community Meals budget the current years' income target is £162,774.
- 6.2.4 To achieve this year's income target the service will need to sell 800 meals each week based on the current years cost per meal of £4.10.
- 6.2.5 Alternatively the service would have to increase the cost of the meal to £6.45 to achieve its income target during 2018/2019.

7. **Opportunities**

There are a number of opportunities that have been identified by the project team and should be developed further by the service.

7.1 Meal Choice / Offering

- 7.1.1 There is opportunity for the service to explore new menu items and introduce a new menu offering.
- 7.1.2 Items to be explored include luxury and gourmet menu items which are available from the existing meals provider but are not made available to customers at present. New items can be made available to customers at varying costs.
- 7.1.3 Another option which should be explored further is the offering of sandwiches. It is recommended that this option is piloted and sandwich orders are delivered at the same time as lunch time meals.
- 7.1.4 Food packages could be made available to customers and could include items such as fresh grocery items and a selection of frozen meals. These packages could be aimed at people being discharged from hospital, following a period of illness or during

period when family members are not available.

7.2 Pricing Strategy

7.2.1 The service does not currently follow a pricing strategy and could benefit from implementing one.

7.2.2 A pricing strategy will allow the service to calculate and analyse factors in setting a price that is suitable for the product and service and help maximise profitability.

7.3 Re – Branding

7.3.1 With the proposed changes detailed within this business plan, the service will benefit from re-branding to help promote a new and improved service and attract new customers.

7.3.2 The existing service name has been deemed as appropriate for the service's vision; however a redesign of promotional material will be beneficial.

7.4 Revised Customer Procedures

7.4.1 To allow the Community Meals service to increase efficiencies and work more effectively, it would benefit from introducing new ordering and billing procedures.

7.4.2 At present the service has manual procedures which require significant resource and time.

7.4.3 There is opportunity for the service to develop online ordering and payment systems which will offer signatures and updates to the customer following deliveries.

7.4.4 It is envisaged that the service will have to maintain some manual elements for those who do not have access to digital means, however all back operations should migrate toward digital working.

7.4.5 A new cancellation policy will allow the service to provide customer and service expectations for improved planning of work.

7.5 Joint Working Arrangements

7.5.1 Joint working arrangements with Health, Housing Associations and Social Care should be utilised.

7.5.2 Housing Associations at present do not promote the Council's Community Meals service but have advised that as part of their community work will be keen to understand the service offering and promote the service with their tenants.

7.5.3 A number of opportunities have identified by improving working practices between

the Community Meals Service and Adult Services, Social Services.

7.5.4 Joint working with Adult Services will increase social care knowledge and allow for more effective customer service from the Council.

7.5.5 Opportunities include:

Joint working arrangements with the new Home First Gwent Hospital discharge service. This opportunity could allow people who are being discharged from A&E/ MAU at Nevill Hall to be offered a meal service at home and reduce potential reliance of Social Care.

7.5.6 There is opportunity that Adult Services utilise the Council's Community Meals service as a default home meal delivery service. This opportunity will involve replacing signposting to Wiltshire Farm Foods and the domiciliary care service to any new customers who require help with meals.

7.5.7 There is opportunity for the Community Meals service to provide time focused work placements for adults receiving social care. This will add social value to the service and help the Council achieve its requirement to improve social, economic, environmental and cultural well-being.

8. Desired Future Service Operations – The commercial model

8.1 Business Objectives

8.1.1 It is important that the Council utilises service areas which present income generating opportunities.

8.1.2 The Community Meals Service is a service which is not statutory and therefore the Council does not have a duty to provide the service.

8.1.3 There is however a demand for the service in the local area and the existing provision is highly valued.

8.1.4 With this in mind there is opportunity for the Council to generate income to cover its costs and ensure the service is sustainable in the future to continue to meet the needs of its customers.

8.1.5 Blaenau Gwent Council is the only organisation that will delivery hot meals direct to people's homes 5 days per week in the local area.

8.2 Business Change

The existing service delivery model has been deemed as unsustainable and has therefore presented a need for a new delivery model. The changes necessary for the Community Meals service to be delivered on a commercial basis in the future are listed below:

- Reduced delivery vehicles

- Reduced staff numbers
- Increased staff hours
- New delivery times
- A meal delivery only service
- Digital ordering and payments as default
- New cancellation policy
- Increased offering
- Joint working arrangements

9. Assumptions /Considerations

- 9.1 Consideration has been given to a reduction in customer numbers as a result of changes to the service i.e. payments upfront, increased fees, change of delivery times etc. it is anticipated that a 20% reduction customer numbers could occur during the first year.
- 9.2 As a result of promotion, marketing, engagement, new menu items etc. being carried out during year three, it is expected that the service will not see a significant increase in customer numbers until year two of the new service.
- 9.3 A three hour delivery window has been considered as reasonable. Customer feedback confirmed earlier delivery times are preferred compared to later. New delivery times will therefore be between 10am and 1:30pm. Customers will be informed that meals will be delivered during this time frame and individual requests cannot be met.

10. Investment

- 10.1 To allow the Community Meals service to introduce new effective ways of working and implement changes to service delivery it will require some investment.
- 10.2 To introduce more efficient methods of ordering and payments the service will require digital devices for all drivers. The cost for this will be a one off payment of £40 plus an annual payment of £672. This investment will allow online and upfront ordering and payments as well as GPS auto route optimisation, full audit trail and electronic signatures.
- 10.3 To enable the service to increase its maximum capacity and provide an effective delivery provision it will need to invest in freezer storage for one vehicle to increase frozen food delivery capacity.
- 10.4 One vehicle will need to be fitted with an additional electric port which will cost approximately £150 and the service will need to purchase one additional freezer box at a cost of approximately £400. The total cost to increase capacity would therefore equate to approximately £550.
- 10.5 This investment will increase delivery capacity in three vehicles from 192 to 228 at any one time.

11. Financial Forecasting

Appendix 1 sets out the projected financial position for the next 3 years.

It should be noted that at the time of writing this report, it is unknown what the impact of pay modelling could have on the new staffing budget.

12. Legal Implications

Section 93 of the local government act 2003 gives local authorities the power the charge for services that they have a power but not a duty to provide.

13. Staffing Implications

With the desired future delivery model job roles within the service will be required to undergo significant change.

Roles will be subject to job evaluation and if any roles change by 50% or more they will be subject to redundancy.

The reduction of roles will also result in redundancies of staff.

All roles identified as becoming redundant will need to be reported to the redundancy panel for approval.

14. Council Risk

Where a Council is involved in business activity it becomes vulnerable. It will, by its very nature, present reputational risk.

15. Financial Risk

Whilst the aim of commercial activity is to increase income, success is not guaranteed and there is a risk that the business makes a loss. All financial forecasting is based on calculated assumptions and therefore provides associated risks for achieving the suggested targets.