

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 9TH DECEMBER, 2019

REFERENCE FROM CABINET: 18TH NOVEMBER, 2019

**“C146 RESHAPING SERVICES – CATERING PROJECT UPDATE (DL / ER)
(SCRUTINY – LEARNING AND CULTURE) –**

The Deputy Leader and Cabinet Member for Education and Regeneration introduced the report which outlined that in April 2017, Cabinet agreed the proposal and implementation of the Vale of Glamorgan’s first Local Authority Trading Company (Minute C3547). Delegated authority was granted to the Director of Learning and Skills, in conjunction with the Cabinet Member for Regeneration and Education to:

- Undertake the necessary consultation and engagement activity as described in the report;
- Respond as appropriate to any points raised as part of the engagement and consultation process;
- Report back to Cabinet any material changes to the proposals resulting from the consultation process; and
- Progress the implementation of the proposals following conclusion of all necessary consultation and engagement activity.

The report and associated appendices provided the final update prior to the creation of “The Big Fresh Catering Company” from 1st January, 2020 aimed at transforming the way services were delivered to meet increasing financial pressures following years of austerity.

As the Council’s first Local Authority Trading Company (LATC), The Big Fresh Catering Company would provide delicious, innovative food services for schools, business and events. All profits generated would be invested straight back into schools which used the service.

Following a reduction in budget of £460k since 2015, as an LATC, The Big Fresh Catering Company would become self-sustaining, removing the requirement for the remaining subsidy of £150k from the Council, while simultaneously establishing new income streams ensuring sustainability of the service and its staff, and enhancing the offer available to the Council’s schools and pupils.

The Big Fresh Catering Company would operate a service delivery model based on 4 key areas: Free School Meal Entitlement, School Meals (paid for meals), Miscellaneous Income (grants and awards) and Traded Income.

In addition to enhancing services to schools, the establishment of The Big Fresh Catering Company would enable the service to become self-sustaining, thus removing the Council's existing liability of the services revenue budget of £150k per annum, further contributing to the Reshaping Services programme.

The financial appraisal could be found in the relevant section of the report and was outlined in the appended Commercial Business Plan in greater detail and highlighted a reduction of the Council's subsidy from £150k to £48,548 in 2019/20, and then generating a profit of (£13,762) in 20/21 and (£138,138) in 2021/22, eliminating any future subsidy from the Council.

This was a matter for Executive and Full Council decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

- (1) T H A T the contents of the report and appendices which provide an update on the Reshaping Services Catering Project be noted.
- (2) T H A T the report be considered in connection with the Commercial Business Plan included with the associated Part II report later in the agenda.
- (3) T H A T subject to Recommendation (2) above, Cabinet agree to proceed with the transfer of services to a Local Authority Trading Company (LATC), wholly owned by the Council, and to begin operation from 1st January, 2020.
- (4) T H A T subject to Recommendation (2) above, the establishment of a Shareholder Committee comprising the Council's Managing Director in his capacity as Director of Resources and the Cabinet Member for Education and Regeneration who will represent the Council as the shareholder of the company and who will be advised by a Shareholder Advisory Panel, consisting Council Officers, be noted.
- (5) T H A T subject to Recommendation (2) above, Cabinet agree that the Council should provide indemnities pursuant to the Local Authorities (Indemnities for Members and Officers) Order 2004 in relation to any financial / other liabilities arising for Councillors and Officers as follows:
 - Councillors and senior officers acting in good faith, working outside the Council as an authorised representative of the Council in respect of the wholly owned LATC in respect of acts or defaults covered by the Order;
 - Councillors' and Officers' liabilities and legal costs in defending any claim brought against them for acting in good faith but outside the powers of the Council in relation to the wholly owned LATC will be indemnified in appropriate circumstances which will be considered on a case by case basis should the liability arise.
- (6) T H A T subject to Recommendation (2) above, Cabinet agree that all indemnities be subject to the following provisions:

- The indemnity will apply retrospectively to any act or failure to act which may have occurred before the date the indemnity was approved and shall continue to apply after the Councillor, officer or other Member has ceased to be a Councillor, officer or other Member of the Council as well as during his / her membership of or employment by the Council;
- The indemnity shall only extend to actual loss and expense incurred. The indemnity does not cover any loss or expense for which the Councillor, officer or other Member can obtain re-imbusement from any other source, including insurance whether taken out by the Council, Councillor or officer, or by any other person or organisation;
- Any application for an indemnity received from a Member or officer should be processed in accordance with the Council's procedures.

(7) T H A T subject to Recommendation (2) above, the Director of Learning and Skills be authorised, in consultation with the Leader of the Council, the Cabinet Member with portfolio responsibility for Education and Regeneration, the Council's Monitoring Officer and the Section 151 Officer, to approve:

- the Articles of Association (Appendix 1) for the LATC, and the size and composition of its Board of Directors;
- the Catering Services Agreement (Appendix 2) between the Vale of Glamorgan Council and the LATC; and
- such other documents as may be necessary to govern the LATC and to manage the relationship between the Council and the LATC.

(8) T H A T subject to Recommendation (2) above, delegated authority be granted to the Council's Section 151 / Head of Finance, in consultation with the Leader of the Council and Cabinet Member for Resources, the Council's Monitoring Officer and the Director of Learning and Skills, to authorise future provision to the LATC compliant with state aid.

(9) T H A T subject to Recommendation (2) above, the report be referred to Council to make the necessary constitutional changes to establish the role of the Shareholder Committee.

Reasons for decisions

(1) To ensure that Cabinet are satisfied that all necessary work has been undertaken to enable the Local Authority Trading Company to begin trading for the provision of Catering Services.

(2) To ensure approval from Cabinet of the Commercial Business Plan in compliance with the Local Government (Best Value Authorities) (Power to Trade) Order 2009, and to allow the Part I and II reports to be considered together.

Subject to Recommendation / Reason 2:

- (3) To ensure Cabinet are satisfied with the updates provided prior to the transfer of services to an LATC for the delivery of the Council's catering services from 1st January, 2020.
- (4) To ensure appropriate governance arrangements are established.
- (5) In exercise of the Local Authorities powers to grant indemnities (subject to restrictions set out in Regulations) to cover the potential liability of Councillors and Officers involved in the LATC.
- (6) To ensure that in exercising the Local Authorities powers to grant indemnities that restrictions set out in legal Regulations are adhered to.
- (7) To progress the establishment of the LATC and associated service level agreements and such other agreements necessary to govern the LATC.
- (8) To authorise the Council's Section 151 Officer / Head of Finance, in consultation with the Leader and Cabinet Member for Resources, the Monitoring Officer, and the Director of Learning and Skills, to make future provision to the LATC which is state aid compliant and which is subject to the prior written consent of the Controlling Shareholder.
- (9) To amend the Council's Constitution to reflect the establishment of the role and terms of reference of the Shareholder Committee."**

Attached as Appendix – Part II minutes from Cabinet meeting: 18th November, 2019

CABINET

Extract from the Minutes of a meeting held on 18th November, 2019.

C154 RESHAPING SERVICES – CATERING PROJECT UPDATE (DL / ER) (SCRUTINY – LEARNING AND CULTURE) (EXEMPT INFORMATION – PARAGRAPHS 13 AND 14) –

The report was read in conjunction with the related Part I report. A copy of the Commercial Business Plan for The Big Fresh Catering Company was attached at Appendix 1 to the report which contained detailed information about the company set up, including financial details which were commercially sensitive.

It being noted that an update report would be submitted to the Scrutiny Committee following a period of months after the Company has started traded.

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

(1) T H A T the content and recommendations contained in the related Part I report relating to this agenda item be noted and agreed.

(2) T H A T, subject to Recommendation (1) and after consideration of The Big Fresh Catering Company's Business Plan attached in Appendix 1 to the Part II report, the creation of the Council's first Local Authority Trading Company from 1st January, 2020 be agreed.

Reasons for decisions

(1) To ensure that Cabinet are satisfied that all necessary work has been undertaken to allow The Big Fresh Catering Company to begin trading for the provision of Catering Services from 1st January, 2020 and to agree Recommendations (3)-(9) as set out in the Part 1 report on this matter earlier on the agenda.

(2) To provide Cabinet with all relevant, commercially sensitive information relating to the business plan for The Big Fresh Catering Company and to approve the transfer of services to the Local Authority Trading Company.