

Meeting of:	Start Well Scrutiny Committee
Date of Meeting:	Monday, 10 November 2025
Relevant Scrutiny Committee:	Start Well Scrutiny Committee
Report Title:	Annual Shareholder Report Big Fresh Catering Company
Purpose of Report:	To provide the Start Well Scrutiny Committee with an overview of the performance, financial position and governance arrangements of the Big Fresh Catering Company Ltd for the 2024/25 financial year, as part of the Council's shareholder oversight responsibilities.
Report Owner:	Director of Corporate Resources
Responsible Officer:	Director Corporate Resources
Elected Member and Officer Consultation:	Consultation is not applicable
Policy Framework:	This is a matter for noting by the Start Well Scrutiny Committee
<p>Executive Summary:</p> <ul style="list-style-type: none"> • This report provides an overview of the Big Fresh Catering Company Ltd's (BFCC) performance during the 2024/25 financial year. It summarises the company's operational activity, financial position, achievements, and key challenges. • BFCC continues to deliver catering services across the Vale of Glamorgan's schools, contributing to healthy eating initiatives and supporting the Council's wider priorities around well-being, sustainability, and community benefit. • The company remains financially stable but is operating within an increasingly challenging environment due to rising food, energy, and staffing costs, combined with uncertainties regarding future funding for Free School Meals (FSM) and the Universal Primary Free School Meal (UPFSM) Programme. • The company's commercial operations, including the Pier Pavilion Café and Belle Vue Community Centre, continue to contribute to turnover but face financial pressures as costs rise faster than income. 	

Recommendations

1. That the Start Well Scrutiny Committee note the contents of the Annual Shareholder annual update report for the Big Fresh Catering Company Ltd (BFCC) for the 2024/25 financial year.
2. That the Committee note the ongoing financial, operational and governance arrangements in place between the Council and the Company, including the requirements of the Shareholder Committee under its Terms of Reference.
3. That the Committee note the potential for future commercial and traded service opportunities being explored by the Company, with any developments to be subject to the appropriate governance, financial appraisal and confidentiality provisions through the Shareholder Committee.

Reasons for Recommendations

1. To provide the Scrutiny Committee with oversight of the Big Fresh Catering Company's operational and financial performance as part of the Council's shareholder governance arrangements.
2. To ensure that Members are aware of the governance and financial controls exercised by the Shareholder Committee in line with the company's Articles of Association and the Council's responsibilities as sole shareholder.
4. To acknowledge the Company's ongoing consideration of new traded and commercial opportunities and to ensure that the Committee is informed of progress within the bounds of commercial confidentiality and proper governance.

1. Background

- 1.1 The Big Fresh Catering Company Ltd was established as a Local Authority Trading Company (LATC) in 2020 to deliver school and commercial catering services on behalf of the Vale of Glamorgan Council. The Council is the sole shareholder.
- 1.2 The company provides meals across primary, secondary, and special schools, as well as operates commercial ventures including Penarth Pier Pavilion Café and Belle Vue Community Centre.
- 1.3 BFCC's operating model focuses on the delivery of statutory Free School Meal provision, delivery of the Welsh Government's UPFSM programme, paid meal services in schools and commercial catering and traded income.
- 1.4 The company also works collaboratively with the Council and partners to deliver on strategic priorities including Project Zero (carbon reduction), healthy schools, local food sourcing, and employment support programmes.
- 1.5 In accordance with its Terms of Reference, the Shareholder Committee exercises control over approval of the company's business plan, annual report, and audited accounts. The Committee currently maintain oversight of the company's strategic direction, financial parameters, and reserved matters as defined in the Articles of Association. The Shareholder Committee is responsible for the appointment and removal of Directors, the Managing Director, Company

Secretary, and Auditors. The Shareholder Committee also maintains assurance that the company retains 'Teckal' compliance and acts within its agreed operational and financial framework.

2. Key Issues for Consideration

- 2.1** From a service delivery and partnerships perspective BFCC continues to deliver school meal provision across the Vale with no service disruption reported during the year.
- 2.2** The company employs 275 staff and continues to invest in training and professional development, ensuring compliance with food safety, allergen, and safeguarding requirements.
- 2.3** Partnerships have strengthened with Food Sense Wales, Public Health Wales, and Vale Communities for Work Plus, supporting initiatives such as local produce sourcing, health promotion, and volunteering opportunities.
- 2.4** BFCC participated in the "Great School Lunch" event at the Senedd and continues to promote sustainable, healthy food choices.
- 2.5** Secondary school paid meal uptake remains a challenge (average 45%) and is impacted by cost-of-living pressures.
- 2.6** In relation to its commercial operations the Pier Pavilion Café and Belle Vue Community Centre remain important contributors to income. The company continues to operate the café and bookings at Belle Vue Community Centre, where future management and licensing arrangements are under review.
- 2.7** Staff consultation has led to revised contractual terms for commercial staff to align with standard working patterns, expected to improve future financial performance.
- 2.8** Opportunities for growth are being explored including service transfer discussions with a secondary school.
- 2.9** In relation to governance and compliance quarterly meetings of the Board of Directors and Shareholders have taken place as scheduled. The Shareholders met with the LATC's Managing Director and Council Director in September 2025 to receive and consider the LATC's annual report and to discuss the LATC's strategic direction of the coming year.
- 2.10** The interim external audit report and issues arising from the report were discussed and the interim report was to be reported to the Board of Directors at its next meeting. This audit report will accompany the Council's Statement of Accounts.
- 2.11** The Company's Managing Director confirmed the position with regards to Teckal compliance based on figures for projected traded income over three years.
- 2.12** There was discussion and approval of the LATC's financial plan for the coming year with cash flow and forecast. In line with the Shareholder Terms of Reference, the Committee is required to consider and, where appropriate, approve the company's financial plan for the coming year, including cashflow, forecasts, and any proposed traded services.

- 2.13** During 2024/25, the company identified a number of potential opportunities for future traded activity and partnership development. These included exploring additional commercial catering opportunities within the Vale, as well as initiatives to promote meal entitlements and uptake through the education system in support of the Welsh Benefits Charter. Any specific proposals, including those under consideration for commercial sites, remain at an early and confidential stage and will be subject to the necessary governance and approval processes through the Shareholder Committee.
- 2.14** The Shareholder Committee retains authority to agree any reserved matters as required under the company’s Articles of Association and Shareholder Agreement. These reserved powers enable the Council, as Controlling Shareholder, to restrict or direct any of the powers of the directors to such an extent and for such duration as may be prescribed in writing to the company. No reserved powers were exercised by the Shareholder during the 2024/25 financial year.
- 2.15** The company adopted and continues to follow Council policies and procedures for HR, finance, and governance.
- 2.16** BFCC remains covered by the Council’s director and officer liability and employer/public liability insurance.
- 2.17** Ongoing audit recommendations include resolving HMRC and PAYE employer status given payroll is processed via the Council under a single PAYE number.
- 2.18** Proposed changes to the way in which funding is provided to BFCC via the Council are being developed and will be introduced from April 2026. The company are currently working with the Council in identifying the impact of proposals and in developing financial forecasts for income in the future, including for school meal prices. eFSM entitlement continues to be promoted by the company and its Headteacher Directors to those not taking up meals in secondary schools.
- 2.19** In demonstrating sustainability and community benefit BFCC plays an active role in the Project Zero initiative, focusing on carbon reduction and sustainable food sourcing.
- 2.20** The Welsh Veg in Schools pilot continues with ten schools, promoting local produce.
- 2.21** BFCC has supported community activities as part of its Good Citizenship programme for local groups, including Bro Radio, Vale Vipers Basketball, and school productions.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The Well-being of Future Generations Act 2015 (“the 2015 Act”) requires the Council to think about the long-term impact of their decisions, to work better with people, communities and each other and to prevent persistent problems such as poverty, health inequalities and climate change.

- 3.2** The Council has committed as part of the Corporate Plan 2025-2030 to achieving a vision of 'Strong Communities with a Brighter Future'. This plan is reflective of the Welsh Government's Well-being of Future Generations Act. The Council and BFCC work together to deliver commitments in Vale 2030 across all five wellbeing objectives. The Company regularly involves customers in decision making, with its Board having representation from schools, The purpose of BFCC is to enable a long-term, sustainable service and the school meal agenda has a significant preventative aspect to it.

4. Climate Change and Nature Implications

- 4.1** There are no direct climate change and nature related implications associated with this report. The Corporate Plan incorporate our key commitments which aim to have a positive impact on climate change and nature overall and through its work, BFCC make significant contributions in this regard.

5. Resources and Legal Considerations

Financial

- 5.1** The LATC's total income for 2024/25 was £8.8m, total expenditure was £8.47m and an operating surplus of £322,864.
- 5.2** While a modest surplus was achieved, the company is under increasing financial pressure due to rising food, energy, and transport costs (up to 40–50% in some areas). The Real Living Wage and annual pay award increases (c. £250k in 2024/25). No uplift in funding for the price per meal, despite cost inflation. Proposed changes to FSM and UPFSM funding structures which may move to actual uptake rather than PLASC-based delegation, creating potential cashflow risks.
- 5.3** Despite the LATC achieving a surplus of approximately £300,000 for 2024/25, this position reflects increasing cost pressures arising from national pay awards, the reinstated National Insurance increase, and the application of the Apprenticeship Levy, now applicable as turnover has exceeded the relevant threshold.
- 5.4** Overall, the financial outlook for 2025/26 remains positive for core school meal provision, although commercial operations continue to experience variable performance linked to cost pressures and income volatility.
- 5.5** The LATC's future financial resilience is contingent on a number of issues, including the agreement of the FSM/UPFSM funding model, a review of the true cost of a school meal to ensure sustainability and clarification of the company's tax status and treatment of surpluses to maximise reinvestment in services. Forming a part of these considerations are the cost pressures being experienced by the Company (for example. National Insurance, the Real Living Wage and take up at secondary school level.
- 5.6** Resolution of payroll and PAYE employer status issues raised by external auditors is currently being addressed.

Employment

- 5.2 There BFCC employs 275 staff, including recent TUPE transfers from Cowbridge Comprehensive School.
- 5.3 The company continues to uphold the Real Living Wage commitment.
- 5.4 Positively, an additional one hundred employees have now joined the Cardiff and Vale Pension Scheme. This reflects the company's continued commitment to fair employment practices and alignment with Council standards on pay and conditions.
- 5.5 Staff training remains a key priority, with investment in accredited qualifications (Food Hygiene, Allergen Awareness, Safeguarding, HACCP, COSHH).
- 5.6 Revised contractual terms for commercial staff came into effect from April 2025 following a 15-month consultation process with trade unions.

Legal (Including Equalities)

- 5.7 BFCC operates as a wholly owned company of the Vale of Glamorgan Council under Teckal exemption, allowing it to trade up to 20% of turnover commercially. The company remains bound by the Companies Act 2006; its Shareholder Agreement and Articles of Association and the Catering Service Agreement with the Council.
- 5.8 Changes to funding arrangements, service contracts, or staffing structures must comply with these frameworks and the Council's governance requirements for LATCs.

6. Background Papers

Big Fresh Catering Company Ltd – Annual Report 2024/25 *if/when it is published*

Articles of Association

Catering Services Agreement

Council Constitution Shareholder Committee Terms of Reference [25-06-16 Section 14](#)