

Leicestershire Traded Services Review and Outlook for 2021/22

School Food

Reflecting on last year's performance:

Throughout 2020/21 LTS Catering School Food continued to provide all our customers with catering services in what were very challenging and difficult circumstances. Ultimately, from a financial perspective the impact on income was significant but with support from customers in respect of supplier relief payments, furlough claims, very active control of food and labour costs and access to sales/fees and compensation the year ended with a £136k surplus. Our teams ensured vulnerable and key worker children were catered for and some volunteered to be seconded to the NHS to support the overall Covid response. The team also provided support corporately in providing food parcels for vulnerable shielding residents across the County.

Our business development opportunities were limited, as many schools/academies delayed or shelved their ambitions to put catering contracts out to the market and this ultimately influenced our ability to meet the required budgetary levels of contribution required. An opportunity to tender for 15 sites in Luton did arise and our tender was successful, adding additional income worth £1.2m per year.

Other significant highlights:

Retained Gold Food for Life accreditation - reinforcing our quality food provision
Won a national training award through LACA in September 2020 – for the dedication in workforce training and apprenticeships.

Challenges:

Variations to contract specification and the delivery of services challenged our resolve and impacted greatly on our levels of profitability and productivity due to the diverse requests from customers.

Whilst ensuring all of our customers' requests were met, the situation did further prompt our need to amend our contract specification and reduce our commercial risk, changes now support guaranteeing income at times when services are greatly affected.

Although a challenge – School Food embraced the new 'virtual' world and have reviewed, developed, and implemented new processes and procedures that will certainly drive our productivity in 21/22.

The National Living Wage adds c500K to our labour costs every year. This will be mitigated by a new business target of 20 new contracts will offset some of this cost, along with meal price and fixed cost increases, as well as very tight control on labour and food costs.

MAT's 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 to 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, and our labour costs are very high in comparison to some of the private contractors.

Our 'visual' presence and marketing strategy will be reviewed to capitalise on our USP's in the market through social media.

Looking forward to this year:

It is hoped that from Sept 2021 schools will be in a position to return to normal service provision and our levels of productivity will return along with a sustained level of meal uptake.

A new menu will be introduced and further support to schools to drive profit share incentives to secure longer contracts for the service.

An increase of 5% on fixed costs from April for all new contract renewals and a meal price increase of 5p from Sept will bring further income generation.

Contract specifications have been re-drafted and reviewed by external commercial solicitors to ensure that they will provide more 'security' in terms of guaranteed payments in the future.

New business opportunities postponed last year will present themselves and in conjunction with finance business partners a new pricing model will be developed with the aim of securing more new business.

Professional & Business Services (PBS) Overview

Reflecting on last year's performance:

The whole of PBS rose to the challenges of the pandemic to ensure Service Level Agreements could be delivered remotely, using technologies to host events, develop an eLearning training service, support other services to utilise the technology of LTS online for training, SLAs and invoices, delivering a tight schedule of DfE Laptops for vulnerable students, assist I&T with the overwhelming number of technical calls, deliver financial support service remotely, gained accreditation in supporting an alternative MIS to SIMS, learnt and rolled out across the team a 'cloud based' service desk tool within two weeks of lockdown, all whilst maintaining a 'business as usual' service, receiving many compliments from customers.

Challenges:

Cloud Management Information Systems (MIS) remains a challenge in particular the target market is Multi Academy Trusts as there is a need for trust wide analysis of key data. As a result, LEAMIS have lost contracts with some schools to cloud

systems. MATs are growing and remain a threat to business when moving to a cloud system obtaining support direct from supplier.

To try and combat this loss of business Leamis now supports 3 different MIS suppliers, which will put the service in a better position for customer retention. In addition, the team are carrying vacancies, which weren't filled during the lockdown period, there is now an increase in demand for new business and the posts will be filled to deliver the necessary services.

Looking forward to this year:

The 2020/21 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 i.e. Webinars are being held for Data managers, Exam Officers, and new this year will be financial and technical webinars. This provides an opportunity to ensure communication with customers can help them access relevant and up-to-date guidance via LTS Online, get to know what their vision is, what they need, what they want.

Leamis provides cost effective products and services to schools and academies and 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.

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. The technical services are working closely with suppliers to deliver full use of 'google in the classroom'. Leamis are also working with suppliers to market our secure remote backup service to help our customers grow in confidence with their use of technology and peace of mind using our acclaimed backup service. Cyber security remains a threat to data in schools, therefore Leamis is 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:

The previous year has been unprecedented due to the impact of the pandemic. However, despite this, much of our work has continued both from a customer facing service perspective and a back office one. Over the last year HR and H&S service level agreements have been added to LTS online. This has allowed our customers to renew their Service Level Agreements (SLAs) and purchase additional services directly. It has also contributed overall to the Council's and trading services digital agenda and as had a positive impact as the SLAs are now more transparent, refined, easier to understand and more importantly, purchasable.

New cost-effective packages and services have been offered through a new digital approach including a number of our training offers. This has provided customers with a wider choice to meet their business needs. Despite the impact of Covid customers have been retained and contributed in excess of c.£120k profit across the three distinct areas within People Services.

Challenges:

Covid has inevitably had an impact on service delivery, in particular the challenge of how to provide services remotely. Service delivery has been adapted to digital wherever possible and this has enabled most of the services provided as part of the SLA's to continue.

One of the key challenges for Health and Safety was the impact Covid placed upon the risk assessment process and workplace activities including audits, training, and site visits. 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.

Budgets continue to be stretched for our customers so in order to retain their business HR have 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:

Following the successful appointment of an Adviser to the Learning & Development team a traded service offer has been developed and although it is early days this is already starting to generate additional income.

HR and H and S are committed to becoming part of the framework supporting the DfE's 'buying for schools' initiative being launched nationally this Autumn. The focus on the provision of a digital offer for both current and prospective customers will continue, as well as scoping our service offer to meet national needs, to be met through the offer of cost effective products and services.

Diversification of our customer base through the active marketing of our services and products beyond the education sector is key. To achieve this, Peoples Services will continue to be proactive understanding both current and new customers' requirements. 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, all OPS teams have been operational during all lockdowns over the last 12 months. There has been some significant growth in contribution against trend from traded, "Soft FM" services including Cleaning & Ground Maintenance Services, Premises Support Services, Furniture Moves & Logistics

Services. This has been achieved through securing additional clients and winning contracts and responding to COVID related initiatives.

“Soft FM” achieved an 23% increase in contribution from the 19/20 figure of £225k. The Traded Premises Support team achieved a 60% increase in contribution from 19/20.

The Furniture & Logistic Team out turned 36% above 20/21 target, a 116% increase on 19/20

Hard FM achieved a £72k contribution against a £66k cost in 19/20.

Challenges:

Facilities tender opportunities reduced considerably this year with many potential bid opportunities being delayed during the pandemic.

The team were still able to tender for 24 bids for new contracts and achieved a 37.5% success rate by winning 9 of the tenders submitted. The team were successful in securing a 5-year contract for Stratford-on-Avon DC Building Cleaning. The LTS Print Service and Sites Development team have been heavily impacted by COVID restrictions, with clients suspending operations and reducing the volume of orders.

The Print team have supported other teams and frontline efforts against COVID with the distribution of PPE and the manufacture of COVID related signage. They have successfully tendered and won a place as a print services framework supplier for UCL, London.

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. Financial impacts on affected services have been mitigated by Individuals being furloughed or part-furloughed aligned to levels of traded business activity which has fluctuated during the various Government restrictions.

Looking forward to this year:

The Central Print Service will be redefined to align with new ways of working that LCC will be adopting going forward. This presents challenges with an increase reliance on digital resources to support home and remote working, but potential opportunity, with virtual mail and remote postal operations requiring printing resource to deliver this effectively. It is hoped that this, supported by the new bid and tender resource, will inform and shape the new LTS Print Service operating model for the future.

New marketing materials have been developed for the Hard FM, compliance services and external site landscaping services which will ensure a pipeline of work is maintained. The Sites Development Team already have a pipeline of summer works amounting to £350k.

Hospitality and leisure overview

Reflecting on last year's performance:

Working through covid conditions the Hospitality and Event sector was closed from March 2020 only having the country park cafés and county hall catering operating on a low-level staffing and catering offer.

As the event side of the business closed along with all attractions the cafes, in particular the Beacon Café excelled in footfall and higher sales.

Colliery Café was successfully opened within the Snibston Discovery Park in December 2020 footfall and interest is gathering, and plans are underway to work with all departments involved to expand and promote the site once possible.

County Hall catering has not closed over this period and changed offers in line with the customers' requirements, from retail/shop to hot and cold offers, open 5 days a week for the staff that are still working within County Hall.

Nearly of Beaumanor Hall staff have been redeployed to different departments within the council to support services that have been running throughout this period. Beaumanor Park also closed in line with government guidelines and interest is high for returning schools.

Demand for private hire for the Hall is high for the rest of 2021 onwards with dates filling up fast, The Business Development Manager is carrying out 2-3 show rounds a day for Parties and Weddings.

The shutdown period has given time to review the offers and staffing structure to deliver all packages. Beaumanor Hall is due to re-open from the 21st June with a 3-month planner of events in line with confirmed private hire bookings.

Challenges:

One of the main challenges this year within the hospitality sector and educational side of the business is the changing government guidelines to plan a recovery roadmap to re-open sites and services.

The success of Beacon Hill café means that there needs to be a review of the equipment in the Café as it wasn't designed to deliver the footfall of trade and will not be able to maintain customer expectations. Some investment may be required to support and grow the business.

Competition for customers in the café's will be intense in the coming year as the sector reopens and as people go back to doing the activities they used to before restrictions.

Providing hospitality events and educational visits in a Covid safe manner will be a challenge and may affect capacity and profitability.

Looking forward to this year:

In order to achieve growth suitable opportunities will be tendered for when they arise.

A review on all prices of services and catering offers will be undertaken for all outlets in line with the customer base.

There will be a focus on marketing the Colliery Café along with the whole Snibston site to raise awareness and gain footfall.

As all the sites start to reopen, joint working with colleagues across all sites to create a joined-up working structure for all site's e.g. running joint events, offering packed lunches for educational visitors to heritage centres, children's birthday parties.

Tap into different income streams, pop up markets, farmers markets, support local independent businesses as restrictions start to lift.

Leicester-Shire Schools Music Service**Reflecting on last year's performance:**

On April 20th, 2020 the Leicester-Shire Schools Music Service launched a new structure in the middle of lockdown. A successful series of online activity and innovative school and home learning packages has been developed. This includes a series of activities for pupils and their families streaming live on our [YouTube channel](#) from 3.30pm every weekday, the sessions aim to help young people continue to engage in music making while learning at home. Within the first few days of running the videos had more than 1,750 views and as the programme went on, more parents and teachers got involved. A teacher at a local Primary School, said: "A huge thank you to everyone working extremely hard to provide these wonderful music resources for our students! The students are engaging really well with the resources being provided by LSMS."

The Century Theatre was successful in obtaining the full amount (£250k) from the Culture Recovery Fund which helped to sustain the theatre's future and allowed for promotion of CT Academy – performing arts classes.

Our new partnership with Royal Birmingham Conservatoire and Julian Lloyd Webber (our new patron) kicked off with '**Soundtrack to Leicestershire**' a composition competition judged by Segun Akinola composer of the Dr Who soundtrack for BBC. Winning entries appeared on the LSMS website / social media and also featured in the 'Leics Make Music' first online festival on Tues 14th July 2020.

'**Leics Make Music**' – LSMS' first online Music Festival were created and curated with young people involving schools, performance groups, bands, producers and professional Headline acts (Leicestershire alumni) to provide aspiration / inspiration. The LSMS Youth Ambassadors were heavily involved in setting up the Festivals (July and December).

'A Million Dream's - Virtual choir launched 4th June 2020 with Mark de-Lisser. Mark worked with a large number of Leicestershire schools. Over 550 young people have registered to take part and the finished performance headlined the LSMS Leics Make Music festival. Online resources and support packs created to support schools and pupils to develop their singing.

LSMS Performance Groups have been meeting regularly online working with staff, hub partners, youth ambassadors and the Hub Executive Board to reshape our vision and values.

Challenges:

Rebuilding our core offer after the pandemic the service needs to be more flexible about the kind of services that are offered. There has been a decline in numbers attending the central ensembles online and in schools offering whole class music teaching. A key challenge is to make the offer more inclusive and have set a target to increase participation of young people from Leicester and Leicestershire in activities funded by LSMS & the Hub to 20%, of which 25% should be from disadvantaged backgrounds.

Looking forward to this year:

The publication of a new (non-statutory) Music Model Curriculum for primary and secondary schools was launched by the DfE on March 26th 2021 has raised the status of music education in schools and given us an opportunity to develop our professional development offer to schools. A researcher working on a documentary about Sir Michael Tippett (ex Leicestershire Schools' Symphony Orchestra conductor) is working with alumni from the LSSO gathering memories of the orchestra. This will be used to inspire the next generation and consider the works of Sir Michael Tippett with the current LSSO.

[Girl Guide Music Badge](#) – The Music Service is working with the Guide Association on a badge. Details have been sent out on the Guide Leaders Bulletin and via our social media

[Make Your Own Kind of Music](#) - A new virtual singing project from Leicester-Shire Schools Music Service for everyone – individuals, schools, choirs, community Groups etc – also includes Signing

[Grime Opera Chorus](#) - LSMS partnering with our partners Pedestrian and Charanga to put on an online performance of Here and Now, from Max Wheeler's Grime Opera - for all singers aged 12-18

[Leics Make Music After School](#) – An online music club starting 20th April - a fun way for children to get involved with music at home. Designed specifically for KS2 children in years 3 – 6 are proving popular.

The Century Theatre will be reopening with the upgraded lighting and ventilation funded by the Arts Council Cultural Recovery Grant.

Marketing Overview

Reflection

2020/21 was turbulent for many services in the LTS portfolio. Marketing to get new business and securing contracts became a bigger challenge than ever before and pressure on resources was high. Despite the setbacks, there were huge triumphs as our digital-first approach carried the sectors forward, giving them the opportunity to bounce back stronger with the support of clients and the public. Media coverage naturally dipped with just 47 articles being published throughout the year on LTS, Heritage, Leisure and Country Parks. Although media took a bit of hit with local headlines on the pandemic leading the competition for the spotlight, there was rapid growth in social media following and engagement, notably the Colliery Café. After opening only in December 2020, the newly built Facebook channel gained more than 500 likes/follows in under four months. Country Parks visitor numbers tripled in some parks, having a significantly positive effect on the operations and outputs of the three cafes – Beacon Hill Café, Colliery Café and 1485 Tithe Barn. With the recovery of sectors came government funding. The Century Theatre was successful in obtaining the full amount (£250k) from the Culture Recovery Fund which helped to sustain the theatre's future and allowed for promotion of CT Academy – performing arts classes.

There has been shared learning across all sites with digital activities and outdoors activities maximised. Outdoor hunts, colouring in sheets, online quizzes, baking at home, school food recipes, personalised messages from acts and performers all formed part of the rolling social media strategy – to keep people involved until they could be welcomed them back properly. The success of services who adapted and shifted to support schools was highlighted – packaging positive media stories to highlight how those eligible for Free School Meals were supported when schools were closed and provided reactive and responsive statements as Marcus Rashford fought for better school food provision. For the first time in four years, LTS did not attend trade shows and instead scrutinised how to continue to stay in touch with existing and potential clients through direct mail. Customer engagement increased significantly, and there was a shift in the way people wanted to access information.

Technology evolved to support the UK workforce and people were spending more time online than ever before. Snibston Colliery Park was opened successfully, complete with bike trails and identified a phased approach to marketing activity that would allow to promote each of park's elements when the time was right for the industry. There was also our first ever crowdfunding operation raising £60k for the Watermead Memorial Walk.

Looking forward

2021/22 will be a focus on stabilising and recovering the services that have been dramatically hit by the pandemic. Customers will be kept informed by ensuring email marketing lists are up to date and reflective of current offers. Adopting teaser campaigns, prize draws and offers will set us apart as in competitive markets – especially hospitality and education support services. Collaborative offers will be developed that make use of our spaces, venues and attractions – specifically looking at promoting private hire and photoshoot/film destinations. Working with colleagues

in BI, research will be undertaken to understand how customers behaved during the pandemic and how they're likely to behave going forward. The data, insight and feedback gathered will underpin activity and selected methods of marketing. From the offset, LTS will be looking to reposition ourselves in the media marketplace – packaging stories for local press and seeking out headline successes for regional and trade press. As part of this, PR opportunities will be sought out, packaging stories and shattering content to ensure the best use of media connections and resource available. Ultimately the pandemic brought services closer together and LTS will continue to develop cross-selling products and services that highlight the offer.

Business Intelligence overview 2020/21

In the past year the Business Intelligence Service has continued to provide commercial research and insight support to services across LTS and the Council's wider commercial programme. Access to valuable learning from existing data and new data from customers has been achieved via a range of approaches including customer engagement activities and data analysis. For example, Google Analytics dashboards for a range of sites (e.g. Beaumanor Hall) provide insights into online customers, including their demographic profile and online behaviour. Tailored customer engagement activities have helped to shape future service strategies. For example, an online forum and survey for the Music Service gathered feedback from young people and other stakeholders to inform future service planning.

Implementation has also started on ServMetric, a collaborative platform to automatically gather, measure and report on customer feedback across a range of services and via a range of channels including email, telephone and web. During the year there has also been a focus on helping to find new business and customers. For example, interactive dashboards have been developed to provide ongoing information regarding tender opportunities and competitor intelligence for school food and human resources. Literature and online research have also contributed to business development, for example horizon scanning and research into school food performance at other local authorities have helped to secure new contracts (e.g. Luton) and indicate further areas for investigation. Other examples include identifying new-build schools due to open and researching additional markets for Strategic Human Resources.

Support for the wider commercial agenda has included research and analysis projects related to a range of services, for example adult learning, commissioning, procurement and Extra Care.

The coronavirus pandemic has created many new challenges, including changing priorities and remote project management. However, it has also presented an opportunity to provide both pro- and re-active business intelligence support. Examples include research on the impact of the pandemic on school food and the outdoor education sector. An interactive dashboard summarising the impact of coronavirus on other local authority traded services has also been developed.

Support directly linked to the pandemic is ongoing, with customer feedback projects taking place to gather valuable insights on past, current and future service delivery across traded services.

Going forward there are many opportunities to build on existing research support and further contribute to the Council's commercial strategy. This includes identifying and making best use of new and existing intelligence, for example analysing customer data and feedback related to the development of the eLearning offer by various services including Leamis and Governor Support and Development. Advances in business intelligence, for example Tableau software developments will also enable new and innovative approaches to providing research support for the commercial agenda.

Financial Performance

LTS Financial Performance 2020/21			
	Actual	Budget	
	(Surplus) / Cost	(Surplus) / Cost	Better / (worse)
	2020/21	2020/21	than budget
	£000	£000	£000
LTS	(61)	(1,918)	(1,857)
Restructuring costs	100	-	(100)
Total LTS	39	(1,918)	(1,957)

The overall result for LTS in 2020/21 is a net spend of £39k. This compares to the budget target of a net contribution of £1,918k, which was set before the Covid pandemic. As part of the long term strategy to improve the profitability of LTS, Action Plans were implemented during the pandemic to reshape specific business units within Catering and Hospitality. These had a one off cost of £100k and without this one off cost, a contribution of £61k was generated by LTS.

The trading nature of LTS' operations were significantly affected by the restrictions imposed across the country in response to the pandemic. These were essential in keeping staff, customers and communities safe and the following occurred:

- Several instances of national lockdowns, where a 'stay at home' order was issued for all except essential travel
- Several instances of local lockdowns, which affected districts of Leicestershire and Leicester City to varying degrees at different points in the year
- Closure of schools to all children except for children of key workers
- Social distancing measures, which required the full or partial closure of some hospitality businesses
- Customers prioritising their response to the pandemic and changing restrictions over development or other activity

This led to significant reductions in income in most areas of LTS which was only partly offset by cost control, support from the Government's Coronavirus Job Retention Scheme and the Sales, Fees and Charges Income Compensation Scheme.

LTS Financial Performance 2020/21			
	Actual	Budget	Better / (worse)
	(Surplus) / Cost	(Surplus) / Cost	than budget
	2020/21	2020/21	£000
	£000	£000	£000
Commercialism			
Leisure & Hospitality	253	72	(181)
Education Catering	(136)	(981)	(845)
Beaumanor	226	(200)	(426)
LTS Catering	343	(1,109)	(1,452)
Music Service	-	-	-
LTS Professional Services	(713)	(765)	(52)
LTS Infrastructure	253	229	(24)
Total Commercialism	(117)	(1,645)	(1,528)
Corporate Services & Operational Property			
Parks & Forestry	72	(5)	(77)
Hard FM	509	401	(108)
Soft FM	(426)	(404)	22
Print	1	(77)	(78)
LTS Property Services	156	(85)	(241)
Unallocated target	-	(187)	(187)
Total LTS	39	(1,918)	(1,957)

Catering was the division most significant affected by the pandemic within LTS.

Educational catering ('school food') saw revenue fall to £11.4m compared to a budget of £17.7m. Schools closed to all children except for those of key workers from March 2020 – June 2020, with some reopening for a small number of year groups in June/July before the summer vacation period. Most schools started a phased return in the Autumn but a second national lockdown took place between January 2021 and March 2021. This was in addition to any school or class level isolations which took place throughout. In this challenging environment Educational catering was still able to generate a contribution of £136k.

Leisure and Hospitality operated throughout the pandemic, although for most of the year this was only allowed on a takeaway basis, or using outside spaces. High levels of fixed costs gave limited ability to scale down in the short term to compensate for the reduced demand, although the structure does mean the businesses have been able to quickly respond as restriction start to ease. The restrictions left Beaumanor unable to host events at the hall, or host schools in the outdoor spaces.

Other areas were affected to a much lessor extent.

Looking ahead to 2021/22, whilst there has been the gradual lifting of restrictions from Spring 2021, restrictions remain in place which impact LTS. Only in May were cafes allowed to open their indoor space and the current guidance from the Government estimates that further restrictions will be lifted no earlier than late June, which could be the earliest date Beaumanor hall could open. Fortunately, the restrictions have not been materially affecting school opening thus far although with the risk of further variants this remains a risk which is being monitored. As a result of the above, and the uncertainty, 2021/22 is being seen as a recovery year.

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