

LTS review and outlook for 2023/24

School Food

Reflecting on last year's performance:

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

This year was the first of 'normal' trading since 2019/20. We saw a strong rebound in meal numbers to just under 5.5m primary meals served. We launched a new menu in September 2022, which continued to offer Food for Life Gold Standard to all children and was largely well received. Theme days this year included our Christmas menu, as well as an Easter special and meals for the Platinum Jubilee.

However, the financial performance in this year was considerably below target. This was partly because of the impact of the Ukraine war and general inflation that is adding almost 20p per meal to our target provision price, as suppliers used *force majeure* clauses to raise their prices. Of considerably greater impact was the effect of the local government pay award. This added over 10% to the wage bill, around £1.2m of additional cost.

The situation in Leicestershire is no different to that being faced by any school caterer as increased meal prices and funding from central government have simply not kept pace with the rate of inflation. It is notable that a recent paper from the IFS argues that the Universal Infant Free School Meal rate should be closer to £2.87, if it had kept pace with inflation.¹

As a result of these significant cost pressures, we embarked on a process of working with our customers on new contracts, taking into account the individual circumstances of each school and its costs. We are pleased that we have retained the vast majority of business this way and are very grateful to our customers for their appreciation of the challenging circumstances surrounding school food.

Illness within our staff team and the challenging recruitment situation in the catering sector continued in the winter of 2022. However, we managed to avoid having to introduce the emergency menu apart from on the first of the school strike days. Strikes affected numbers in a great many schools and continue to do so into FY 2023/24.

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, partly due to the considerable instability in the school food sector. We lost two substantial multi-academy trusts at tender in the Autumn of 2022, which was disappointing. However, it is indicative of some MATs who are keen for cheap school food, which is not something that LTS are prepared to provide with our fresh-cook

¹ <https://ifs.org.uk/sites/default/files/2023-03/The-policy-menu-for-school-lunches-options-and-trade-offs-in-expanding-free-school-meals-in-England.pdf>

ethos. It is this ethos that is helping us continue to gain schools outside of the county, with our reputation for quality being very strong.

School Food was forecast to deliver a loss of £749k to the authority. In light of the challenges of the year, it instead delivered a loss of just over £2.6m.

Looking forward to this year

A new menu launched to all primary schools from April 2023. This has been very popular with our children and we are delighted to see a substantial increase in uptake. We have moved to a two week menu, rather than three week menu and have worked hard to create meals that we believe are child friendly and take on board the learning that we and others have had from the way in which food tastes changed during the pandemic. The new menu has also allowed us to reset our provisions costs at a new target price, allowing us to better control food inflation. We continue to work with our suppliers and the Commissioning Support Unit to ensure we have the best market intelligence to forecast the effects of continuing food price inflation.

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 £2.52. We are hoping for an equivalent rise in Universal Infant Free School meals.

We will continue to work with our customers to ensure that our contracts deliver excellent value for money, adhere to the strategic principles of the new Traded Services Strategy and deliver an appropriate margin to the council. We have made allowances both for continued food price inflation and the likely effects of the local government pay award for 2023/24. Our new target operating model will necessitate a significant transformation programme which started in April 2023, supported by the Transformation Unit.

Professional & Business Services (PBS) Overview

Reflecting on last year's performance

PBS focus this year was to build on utilizing technological infrastructures to ensure we deliver Service Level Agreements to our customers. Staff are fully prepared, knowledgeable and have a strong skill set to deliver services to customers from multiple locations using a blend of onsite and remote services.

We have focused on ensuring that our staff are confident and flexible and can cover multiple roles, within the team or for customers covering short term absence. PBS remain a key supplier of Management Information Systems (MIS) Support and gained accreditation in multiple platforms to assist with customer retention and ensure business continuity remains high on our portfolio for paying customers.

Challenges

Cloud Management Information Systems (MIS) remain a challenge as Multi Academy Trusts require trust-wide analysis of key data. As a result, LEAMIS lost contracts with two large MATs last year, who are growing with the constant conversion of LA Maintained School joining Multi Academy Trusts.

In addition, budgetary pressures on schools have resulted in lack of additional products and services purchases by customers and MIS Suppliers competing to pull their MIS product support in-house.

Looking forward to this year

The 2023/24 service level agreement will see Professional and Business Services (PBS) diversify to deliver a face-to-face event from all MIS suppliers to our customers, in order that LEAMIS can continue to be the front facing support team regardless of the MIS product that a school chooses to use. This has brought new business to internal services and sponsorship from suppliers to keep cost as low as possible for customers. The aim of the event is business retention and opportunities to target and communicate with returning customers.

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.

Our revised portfolio of cost-effective products and services to schools and academies 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 outcomes for pupils in Leicestershire.

We will be implementing a review of the LEAMIS service in 2023/24, following on from the review of school food in 2022.

People Services (Human Resources, Health, Safety & Wellbeing and Learning & Development) Overview

Reflecting on last year's performance

Coming out of the pandemic was a concerning time. Although all the services which we provide had continued, albeit having to be delivered in a different way, there was a sense that our customers may wish to make changes to future service delivery that could be difficult to meet, at an affordable price point. 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 several improvements, particularly for delivering our Learning and Development courses.

We have 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 retained our customers and continue to generate a surplus.

Challenges

The key challenge is the stretched budgets of our customers and despite the excellent feedback we receive on the quality of our service delivery, our customers are shopping around for cheaper alternatives. We are unable to lower our prices any further and in fact prices have to be increased to take account of the pay award.

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. We will continue to look 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 seen to add value. To achieve this, we will continue to be proactive in our approach to understand 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 another challenging year for traded services, all OPS team activity has now transitioned away from supporting Covid initiatives to traded opportunities.

There has been some continued growth in contribution in this challenging market from traded "Soft FM" managed services which slightly exceeded the stretch target contribution of £362k, a 21% increase from its outturn in 2021/22. Recent successes include re-securing Leicestershire Constabulary Grounds Maintenance Contract, Melton Borough Council Grounds Maintenance services and "out of hours" call out response and security services.

Premises Support Services opportunities have not returned to pre-covid levels, and has struggled to recruit staff to vacant positions.

The Hard FM project pipeline is still healthy, and fees have been reviewed and increased each year to ensure they reflect recent pay increases.

Challenges

The recent staff pay awards have necessitated significant increases in fees and charges for traded services which has caused a decline in demand for some services. LTS Print, Traded Premises officers and the Furniture team have only seen a gradual return to work and income volumes this year. There have also been some recruitment challenges in the Premises Support team which led to delays in filling some vacant posts in year following retirements and leavers.

A restructure of the Print Team commenced in-year to ensure that the service can meet future needs, and contribution targets, but this necessary disruption has also negatively impacted the service in year.

Looking forward 2023-24

We will be redefining the Print Service operating model for the future with much of its previous work moving to digital formats and processes. The department restructure will be completed in July 2023 and will bring the Post Room and Print Service teams together enabling the services to further exploit future opportunities in “web-to print” and Hybrid-Mail services that support hybrid work models moving forward and enable a reduction in time-consuming manual processes.

The Sites Development Team has a healthy pipeline of projects and has successfully recruited new staff in-year to ensure that they can deliver the pipeline and grow new business in 2023/24

Hospitality and leisure overview

Reflecting on last year’s performance

The past twelve months have been marked by a continuation of robust trade in our cafés and at Beaumanor Hall, a growth in trade at the County Hall Food Court and a slower return to normality at Beaumanor Park and Century Theatre.

Business in our cafes remained strong and Tithe Barn saw an income over £200k for the first time, whilst Beacon Hill café saw sales increase by 6% year on year. Whilst Beacon Hill made a small operating surplus (£2k), this was lower than budgeted for and Tithe Barn made a loss of £27k, against a budgeted contribution of £17k. This was through a mixture of factors, all linked to inflation around provisions, wages and energy costs. At Tithe Barn, the cost of gas rose fourfold in this financial year.

We were delighted this year to bring in AE Catering Ltd, trading as Grounds, to operate Colliery Café at Snibston. The new operators have significant experience in

the region, managing the café at Hick's Lodge in the National Forest. The effect of bringing in new operators helped stem the losses at Snibston and delivered an improvement of £32k to budget.

County Hall catering uptake has improved steadily throughout 2022/23, helped in large part by the new tenants in the building. Our income was up over £160k on budget. However, high provisions and labour costs, in common with our other outlets, meant this year we made an overall greater loss than budgeted.

Beaumanor Hall had a good trading period, with income in the Hall outperforming budget. The Winter Fayre was extended to cover three weekends and achieved record numbers and profit. The Activity Centre's performance was a little more muted than we had hoped for, reflecting the long tail of the pandemic on outdoor education bookings, where schools had delayed bookings or cancelled trips due to the pandemic. We also saw a few examples of schools cancelling bookings due to cost-of-living pressures on families. However, we still saw over 23,000 children coming to the site during the year.

Again, Beaumanor was hard hit by inflation this year, with wage inflation adding £50k and utilities costs almost doubling. Overall, the site made a £100k loss, rather than the budgeted £72k profit. However, this was an improvement on the previous year's loss of £177k. In reality, this cost is higher as a number of Beaumanor's costs (c.£250k), including repairs and maintenance, marketing and premises officers, are held in other budgets.

We have made investments in wedding sales and marketing to boost our trade in this sector going forwards. We have also made significant investments in our camping equipment so that our visiting schools have a quality experience whilst onsite.

Trading at the Century Theatre, in common with theatres around the country, has been very challenging. The post pandemic recovery has been slow across the entire sector. We have brought in external support to advise us on how to develop our programme and expect to see much better financial performance in 2023/24.

Once again, we held a successful pantomime at Christmas and the Academy has delivered its first in house produced show. This year the theatre made a loss of £101k, compared to a budgeted loss of £56k.

Looking forward to this year

We will continue to develop our weddings offer at Beaumanor, building on our learning from the external consultants and launching a new website, brand and marketing material.

The pipeline of bookings for 2022/23 and beyond is already looking very healthy, with spring, summer and winter fayres booked in. We anticipate a much stronger

performance in Beaumanor Park as more schools are comfortable undertaking residential trips once again.

A new standardised menu will be launched in our cafes, to ensure high quality food, at an improved margin position.

Marketing Overview

Reflection

In 2022/23 our ambitions were to improve the spotlight on commercial services, bolster our unique selling points and put digital exposure at the forefront of our work.

We spent time with teams to harness facts and figures that could be packaged into good news stories. One of the most positive media stories in the last year was the Jewels Hill (Beacon Hill Country Park) closure which was picked up by various news outlets as a positive change, protecting wildlife and caring for the environment. Another success was the Century Theatre being removed from the Theatres at Risk list for the first time since 2014 which gained coverage in local, trade and national publications such as What's On Stage, The Stage and Broadway World. We also celebrated welcoming Grounds Coffee as tenants at Colliery Café which gained positive media coverage in local news sources including Coalville Times and Leicester Mercury. Overall parks did particularly well in the media spotlight often securing BBC radio and TV spots to convey their activities and successes. In total across LTS, Heritage, Leisure and Country Parks the media coverage took a leap in 2022/23 with 216 articles – a 34 per cent increase year on year. Social media and engagement also continued to grow with major milestones reached – most notably Beaumanor Hall reaching 7.5k followers (+600 followers Facebook, +251 followers Instagram – both YOY) and Century Theatre which reached over 5k followers on Facebook and 400 on Instagram. Century Theatre also had a significant increase in page visitors with more than 22k Facebook page visits in 2022/23.

An organisational focus on the environment gave country parks the opportunity to thrive – Beacon Hill, Snibston Colliery and Market Bosworth Country Park were awarded Green Flag status and multiple events were hosted in our green spaces that sold out including taster fishing, den building and bird walks. Snibston and Watermead were used as a focal point for digital campaigns in 2022/23 where video and photography shoots were organised in May 2022 at both venues. Snibston's campaign went on to launch in the summer as part of Love Parks Week and Watermead's campaign was scheduled in for Spring/Summer 2023.

With services in full recovery mode post pandemic, the return of varied programmes at the Century Theatre, Beaumanor Hall and Leicestershire Country Parks enabled more traditional forms of marketing to take lead such as printed materials and print

advertising. We opted for digital channels where they had proven to be successful and embraced people's natural preference to book online, anytime and anywhere. Teaser campaigns, sneak-peaks behind the scenes and live video at events all formed part of our social media strategy to showcase experiences that people wanted to be part of and could see themselves in – this included Coalville's first ever Coalville Has Talent, the first performances from the Century Theatre Academy group and an extended series of Festive Gift Fairs at Beaumanor Hall which had almost 4k visitors and secured more than £50k income generation across three weekends (income figure includes stallholders, entry fee and refreshments/bar).

Following lower attendance numbers at the Schools and Academies show in 2021 we opted to not attend the show in 2022 as an exhibitor but instead encouraged any representatives attending the event to share marketing materials while on the move. We realigned the budget to support more direct marketing by investing in longer-term advertising features which offered access to school and business databases in return. In doing this, we were able to pull together plans for direct and email marketing that would target the right people.

Technology continued to advance at a rapid speed meaning customers were contacting us in multiple ways. In addition to auto-responses and adjusting biographies, we scrutinised our online copy and developed more meaningful content that would answer customer needs.

Customer engagement remained high as people had shifted how they wanted to be communicated with and in turn, response time expectations were heightened. Chat functionality development across multiple social media platforms and the rise of TikTok as a search engine meant customers were looking for things in a different way and contacting us at any time of day – sometimes utilising more than one channel. Auto-responses, adjusting biographies and the introduction of LinkTree allowed us to manage customer expectations and reduce the volume of general queries.

Strained school budgets in 2022/23 following the cost-of-living crisis meant that we needed to think differently about cross-selling and utilising departmental channels to bolster the value of our products and services. The pandemic created a domino effect for schools whereby Health and Safety, HR, Learning and Development and Property services were in higher demand. Utilising established channels such as the Headteachers Briefing alongside LinkedIn, email marketing and direct digital mail allowed us to get messages to schools in a timely and efficient way. We also made full use of extended networks with partners like schools, district councils and parish councils for ongoing recruitment challenges in School Food and Hospitality. Bespoke localised campaigns were developed for hard-to-fill roles to capitalise on prospective employees looking for local roles that could work around them.

Filming and location requests increased in 22/23 with developers, photographers and film crews requesting permission to film across various council-run sites throughout the year. This demand emphasises the potential opportunity to pursue this further in 23/24.

Email marketing proved to be a powerful tool in 22/23 with cinema walk-ins at the Century Theatre being evaluated as a direct result of email marketing. Creating new and engaging emails with strong call-to-actions that emulate quick purchasing habits showed visible improvements on bookings and ticket sales.

Looking forward

In 2023/24 we'll be looking to increase the use of video to convey quality and memorable experiences. School Food, Watermead Country Park and Beaumanor Hall all have video development work planned in as part of their communications activity for 23/24. We'll continue to keep customers informed by building and growing our email marketing lists – 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, what trends have changed and how their budgets are being affected by national and global issues so we can adjust and evaluate our methods. The data, insight and feedback we gather will underpin our activity and selected channels for marketing.

The environment, recruitment and growth will continue to be key themes in 23/24 and we'll also look to support a 'delivering for you' series which will highlight the work that employees are doing every day to keep our services and products relevant, reliable, and ready for the future. We'll look to work with departments to identify opportunities and create a pipeline of good news stories that will keep our media score and positive reputation buoyant. Promoting our services and products will support our growth narrative showing Leicestershire as a great place to work, live and develop business.

Utilising new content features of email marketing and creating video campaigns, we'll push teaser clips and sneak peek previews to create demand on experiences and events. To remain competitive in the tourism market we'll carefully consider offers, prize draws and discounts to ensure that our pricing aligns with peoples' fluctuating disposable income. Continuing to shatter content will allow us to increase our digital presence across multiple channels which will make us effective with our resource and budget.

Increasing our media score in 2022/23 was a great achievement and we'll look to continue this trajectory by pitching and packaging stories that emphasise the quality of our services and how they are supporting communities. Seeking recognition through local and national awards, we'll share our successes in the media spotlight

for regional and trade press. Online, we'll develop our digital offer by improving microsites that will expand our visibility to potential clients. We'll scrutinise analytics to improve online 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. Overall, our ambitions for 2023/24 are to use a blended mix of traditional and digital channels that will resonate with our wide-ranging audiences. We hope to significantly grow our email subscription lists to allow for on-demand purchasing and expose our venues as assets for hire, occasions, and entertainment.