



**SCRUTINY COMMISSION – 12 JUNE 2023**

**COMMERCIAL STRATEGY ANNUAL UPDATE AND PERFORMANCE  
REVIEW**

**MINUTE EXTRACT**

The Commission considered a report of the Director of Corporate Resources which provided an update on the performance of Leicestershire Traded Services (LTS) during 2022/23. The report also sought the Commission's views on the revised Traded Services Strategy (previously titled the Commercial Strategy) for 2023-28. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Arising from discussion, the following points arose:

- (i) Whilst all traded services had recovered well over the last 12 months, wage inflation and rising energy costs had unfortunately eroded these improvements and so overall contribution was still down compared to target.
- (ii) Members were particularly interested in the performance of Beaumanor Hall. Whilst it had performed well, the changes having been made to address the deficits in previous years arising from Covid now coming to fruition, its financial performance had been affected by increased energy costs given the age and size of the building, and other inflationary pressures.
- (iii) The school meals service had continued to face significant challenges, but these were also being experienced by other similar organisations providing such services and so the Council's position was not unusual.
- (iv) Whilst it was clear that every effort was being made by officers in the face of some very significant and unexpected challenges, a Member commented that a very significant increase in turnover would be needed to address the gap in contribution versus the MTFs figure. A Member further highlighted that before Covid, the Council's traded services were making a profit and contributing to the Council's budget, avoiding the need for more cuts. Further consideration of the planned approach to return to such a position would be beneficial.
- (v) In response to concerns raised, Members were reassured that in considering the profitability and future improvement of each traded service, all aspects of the business were considered as well as different types of

operating models, including outsourcing. In respect of country park cafes, for example, the cost of car parking was considered to ensure this was not prohibitive. In respect of Beaumanor Hall, external advisors had been engaged to provide advice on future improvements to both its external activities and wedding services.

- (vi) A Member commented that as the Council was facing some stark decisions regarding its future spending it would be necessary to shine a spotlight on all services provided, particularly those that were discretionary, like traded services.
- (vii) Members requested that a Scrutiny Commission workshop be held to discuss in more depth the service action plans and the costs and income generated by all traded services noting the need to manage some commercially sensitive information. A Member further suggested that after the workshop, in approximately six months' time, a further performance update report be presented to a future Scrutiny Commission meeting.
- (viii) Efforts had been made to encourage schools that had missed out on residential activities at Beaumanor Hall as a result of Covid-19, to now take these up, this being beneficial for the business but in particular the children that were otherwise missing out. However, increased transport costs were challenging for some schools. In any event, the service was actively working with head teachers to try and expand and adapt the offer to encourage more visits in future.
- (ix) It was suggested that the proposed workshop would be helpful to demonstrate the journey the Council had been on over the last year and following the pandemic, as well as providing an opportunity to share the input of external advisors on how to make services like Beaumanor Hall more effective for the future.
- (x) It was recognised that some organisations which the Council traded with were also going through difficult times. For example, school budgets were also being squeezed which was affecting both the school meals service and Beaumanor Hall. It was anticipated that the school meals business would be smaller going forward as schools and multi-academy trusts sought to retender their catering operations. As the ethos of the Council's school meal service is to offer food which is both affordable, but also healthy and locally sourced, where possible, a fall in customers was expected if schools valued cheap provision ahead of a quality offer. A degree of flexibility had been built into the service to respond as necessary.
- (xi) A Member commented that, in terms of country parks and cafes etc. it was not entirely clear what assets the Council owned and from which it operated a traded service/generated an income and suggested that more clarity could be provided on this within future reports.

- (xii) The previous Strategy had set both the strategic direction for the service and included an overall action plan of outcomes to be achieved. Such a centralised, prescriptive approach was no longer considered appropriate given the varied nature of the Council's traded services. The new Strategy had been revised to set the overall strategic principles which would guide the Council's approach to traded activity in the future. Action Plans would then be produced and included within service plans, ensuring alignment to the Council's Medium Term Financial Strategy. A Member commented that sight of those service plans would enable more detailed scrutiny to be undertaken on how well each traded service was recovering and the Director undertook to share details with Members outside the meeting.

RESOLVED:

- (a) That the performance update on Leicestershire Traded Services (LTS) during 2022/23 and the revised Traded Services Strategy (previously titled the Commercial Strategy) for 2023-28 be noted;
- (b) That the comments now made by the Scrutiny Commission be presented to the Cabinet at its meeting on 23 June 2023 for consideration;
- (c) That a Scrutiny Commission workshop be held to consider in more depth the Council's traded services, related action plans and the costs (including capital costs) and income being generated;
- (d) That following the workshop referred to in (c) above, a further report be presented to the Scrutiny Commission in six months' time providing a further update on performance.

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