

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 08 OCTOBER 2019

THE DEVELOPMENT OF TAYSIDE MEALS CENTRE (TAY CUISINE)

REPORT BY MARK ARMSTRONG, DEPUTE CHIEF EXECUTIVE AND IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

The Children and Learning Committee on 29 January 2019 agreed to proceed with the implementation of a cook-freeze centralised meals production facility at Tay Cuisine (the Tayside Meals Centre), for the delivery of the primary school and early learning and childcare (ELC) meals service. The Policy and Resources Committee on the same day approved the financial implications of this decision based on the understanding that Dundee City Council, Perth and Kinross Council and the joint committee of Tayside Contracts were also required to make decisions on this proposal. [Report 32/19](#)

Following the recent decision by Perth and Kinross Council not to proceed as part of the Tayside Meals Centre this report advises on the implications for Angus Council and recommends the way forward.

1. RECOMMENDATIONS

It is recommended that the Policy & Resources Committee:

- (i) Note the decision by Perth and Kinross Council not to proceed as part of the Tayside Meals Centre;
- (ii) Consider the content of this report and the implications for Angus Council's continued involvement in the Tayside Meals Centre;
- (iii) Agree that Angus Council continue to proceed with the implementation of a cook-freeze centralised meals production facility at Tay Cuisine (the Tayside Meals Centre), for the delivery of the primary school and early learning and childcare (ELC) meals service on the basis this will require no additional investment by Angus Council and will still achieve a financial saving as outlined in Section 6 of this report;
- (iv) Note the need to progress the Tayside Meals Centre project as a matter of priority to best ensure the increase in early learning and childcare meals can be achieved by the August 2020 timeframe; and
- (v) Agree that should the committee decide not to agree recommendation (iii), that officers will require to bring forward urgently a further report detailing options and their implications.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

2.1 This report contributes to the following local outcome(s) contained within the Angus Local Outcomes Improvement Plan and Locality Plans:

- The best start in life for children
- More opportunities for people to achieve success
- Improved physical, mental and emotional health and wellbeing

2.2 This report contributes to the following Council priorities:

- We want to maximise inclusion and reduce inequalities
- We want Angus Council to be efficient and effective

3. BACKGROUND

- 3.1 [Report 32/19](#) provides the background to the development of a production facility at Tay Cuisine (the Tayside Meals Centre). Details are summarised below.
- 3.2 The current school meals service delivery model is outdated. It is overly-labour intensive and does not exploit the opportunities now available through advances in food science over recent years which have led to frozen fresh meals now being equal in quality to freshly cooked meals.
- 3.3 Angus is working to deliver the Scottish Government's policy to expand early learning and childcare provision by August 2020. As part of this expansion there will be a requirement to provide a meal for children in ELC provision. The increase in funded provision from 600 hours to 1,140 hours per year is estimated to result in an additional 1.2 million meals per annum being required across Tayside.
- 3.4 The main advantages of the Tay Meal Centre are:-
- a viable solution to meeting the required additional ELC meal provision,
 - financial savings,
 - improved food safety, meal quality and meal choice.
- 3.5 Through [Report 32/19](#) the Children and Learning Committee agreed to proceed with the implementation of a cook-freeze centralised meals production facility at Tay Cuisine for the delivery of the primary school and ELC meals service. The Policy and Resources Committee approved the financial implications of this decision based on the understanding that Dundee City Council, Perth and Kinross Council and the joint committee of Tayside Contracts were also required to make decisions on this proposal.

4. CURRENT POSITION

- 4.1 Perth and Kinross Council have recently decided not to proceed as part of the Tayside Meals Centre. This decision has implications for the project business case as presented in [Report 32/19](#)
- 4.2 For Angus Council the service rationale for the development of a production facility at Tay Cuisine (the Tayside Meals Centre) remains as summarised in Section 3 of this report.
- 4.3 The decision by Perth and Kinross Council has however altered the financial model and benefits associated with the Tayside Meals Centre. As a result, Tayside Contracts have reviewed and revised the projected costs and savings associated with the implementation of the Tayside Meals Centre across Angus and Dundee only.
- 4.4 The revised financial implications are detailed in Section 6 of this report but the headlines are:-
- Tayside Meals Services will continue to provide a net saving to Angus Council.
 - This is projected to be £107k as opposed to £138k as stated in [Report 32/19](#)
 - The one-off contribution from Angus Council of £100k to fund the estimated infrastructure costs remains unchanged. There will continue to be an equal contribution of £100k from Dundee City Council.
 - Tayside Contracts' capital investment of £1.9m will now have a payback period of 3.8 years compared to the 2 years in the original proposal.
- 4.5 It should be noted that as in [Report 32/19](#) the projected financial implications are based on assumptions and the most accurate service delivery projections that can be made at this stage. Since January 2019 these assumptions have been revised and refined as more detail became known, for example, the updated staffing structures has had a positive impact on the estimated labour cost savings for Angus.

5. PROPOSALS

- 5.1 Based on the fact that the service rationale for the development of the Tayside Meals Centre remains as detailed in [Report 32/19](#) and that the revised financial modelling continues to deliver financial savings to both Angus and Dundee City Councils, it is recommended that Angus Council continue to proceed with the implementation of a cook-freeze centralised meals production facility at Tay Cuisine (the Tayside Meals Centre), for the delivery of the primary school and early learning and childcare (ELC) meals service.
- 5.2 The Committee is advised that there is now a very constrained timescale for making the necessary changes to the existing Tay Cuisine facility to create the new Tayside Meals Centre. This includes refurbishment work and installation of new equipment. There is now a need to progress the Tayside Meals Centre project as a matter of priority to best ensure the increase in early learning and childcare meals can be achieved by the August 2020 timeframe. This will be challenging but advice from Tayside Contracts is that it remains achievable.
- 5.3 If the Committee was minded not to agree the recommendation to continue with the Tayside Meals Centre officers would require to bring forward urgently a further report detailing options and their implications. It is highly unlikely that alternative options will meet the ELC meals timeframe or deliver better value for the Council given the economies of scale the Tayside Meals Centre will still achieve even with only 2 partner Councils.

6. FINANCIAL IMPLICATIONS

- 6.1 Appendix 1 provides information on the revised anticipated savings that will be achieved across Angus and Dundee City Councils without any detriment to the quality of service. Appendix 1 details Angus Council's share of these savings which amounts to £85k in direct savings plus £22k as a share of additional Tayside Contracts surpluses generated (£107k in total).
- 6.2 This compares to previous anticipated savings in [Report 32/19](#) of £109k in direct savings plus £29k as a share of additional Tayside Contracts surpluses generated (£138k in total).
- 6.3 The calculations in the recast appendices to this paper, take account not only of Perth and Kinross Council's withdrawal from the project but also update the anticipated impact on labour costs now that more information on ELC meals requirements is known. As can be seen from Appendix 2 the movement arising from the refining of staffing structures in both Council areas has resulted in significant movement in the estimated labour cost savings. At the time the initial staffing structures and associated labour costs were estimated neither Angus nor Dundee City Council plans for the delivery of 1140 hours were at an advanced stage. Over the past year more specific staffing information has enabled a more accurate assessment of what frontline staffing structure will be required by August 2020.
- 6.3 The original project costs featured an estimated one-off £100k outlay from each of the 3 Councils for their school estate infrastructure costs, this figure remains at £100k for each of Angus and Dundee City Councils.
- 6.4 The original project outlay estimate also featured £1.9m (£800k Tay Cuisine building conversion costs; £500k Tay Cuisine equipment costs; £200k Hub equipment costs; £400k professional fees and other project costs). Without PKC, the CPU Project cost of £1.9m will now have a payback period of 3.8 years compared to a project investment payback period of 2 years in the original proposal.
- 6.5 In summary, the withdrawal of Perth & Kinross Council from the Tayside Meals Centre project results in a reduction in the net savings which Angus Council will achieve from £138k to £107k p.a. This is due to the investment costs which Tayside Contracts will fund being shared across 2 partners rather than 3. Angus Council's upfront investment in the project remains at £100k and will be funded from the Council's 2019/20 capital budget as previously agreed in [Report 32/19](#)

7. OTHER IMPLICATIONS

- 7.1 The expansion in meal numbers required in Angus associated with the increase in early years and childcare provision is a significant factor in the proposals in this report. This increase in meal numbers for early years makes the case for a single meal production facility more compelling financially but it is also driven by the practical challenges of being able to increase meal production through existing kitchen facilities. If members were not minded to support the proposals in this report urgent action would be needed to determine just how Angus Council would meet the required increase in meal provision in circa 10 months' time.
- 7.2 Should the Committee decide not to agree recommendation (iii) in this report there would be a significant risk that the council will not be able to deliver on its commitment to the expansion of ELC in August 2020.
- 7.3 There are no workforce implications for Angus Council related to this report. However, the Tayside Meals Centre model would impact Tayside Contracts workforce. Whilst the substantial increase in meal demand through the ELC initiative will result in a net increase of 38 Tayside Contracts posts with the introduction of the model, this model does remove the need for skilled catering employees outwith the Tayside Meals Centre. Tayside Contracts has consulted with the Trade Unions and the potentially affected employees to reassure them that the implementation of the Tayside Meals Centre model will not result in any existing employees being out of a job and that there is a high a degree of confidence that no employees will experience detriment of any kind following the introduction of the model (e.g. a reduction in grade, hours, etc). Tayside Contracts will achieve this through natural wastage, promotion to positions in the new structure or to promoted posts in secondary schools, early retirement/voluntary redundancy, etc. Tayside Contracts is also of the view that the implementation of the TMC and the associated modernisation of the service, cost-efficiencies, service improvements and capacity for service expansion afford Tayside Contracts' catering workforce far greater job security than the existing service delivery model ever could.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- [Report 32/19](#)

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List of Appendices:

- Appendix 1 – Recast of Financial Implications
Appendix 2 – Recast of Labour Savings/Workforce impact