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Meeting	Cabinet Resources
Date	23 September 2004
<b>Subject</b>	<b>Meals At Home Service</b>
Report of	Cabinet Member for Social Care and Health
Summary	To agree to tender for new service provider

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Officer Contributors	Paul Edwards
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	None
For decision by	Cabinet Resources
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Paul Edwards – Care Group Manager – Younger Adults

## **1. RECOMMENDATIONS**

**1.1 That approval be given to invite competitive tenders for the Meals at Home Service**

**1.2 That the Frozen Meals Service cease to be provided from the end of December 2004.**

## **2. RELEVANT PREVIOUS DECISIONS**

2.1 None

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

3.1 To provide first class care to vulnerable adults, and promote independence through improved services to enable vulnerable people to stay at home.

3.2 To ensure the Council provides value for money services,

3.3 The Business Plan for the Community Care Service 2004/05 addresses the requirement for local authorities to review their activity in the light of Fair Access to Care Services (FACS) criteria as set out by Government. All such services such as Meals at Home, which include an activity outside of FACS criteria for critical or substantial level of need, are subject to review

## **4. RISK MANAGEMENT ISSUES**

4.1 To continue with the current in-house arrangements risks further price rises over which the department has no control, increased price rises to users in return leading to reduced take-up and increased unit costs

4.2 A successful external tender places a number of posts potentially at risk in the department and in the catering section although it is feasible that TUPE might apply in a transfer of service. This is itself a cost risk for any contractor, a risk built into their tender price.

4.3 A successful external tender removes the service from the direct control of the council and carries the normal risks and benefits inherent in any commercial relationship.

## **5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

5.1 The Community Care service currently spends £650,000 on the provision of the Meals at Home (MAH) service, an in-house service provided by the council's catering department. Despite increases in charges for the service (most recently x% in 2003/4 – CHECK FINANCE) Community Care will provide a subsidy of £246,000 in 2004/5. The Community Resource Team, based at Barnet House and employing 5.5 FTE staff, currently administers the MAH service. It is envisaged that a limited number of the functions provided by this team will transfer to social work teams, i.e assessment and referral to the meals service. The balance will be included in the tender specification.

5.2 In addition to the in-house hot meals service a private company, Appetito Ltd, provides a frozen meals service at cost, although this is again organised through the Community Resources Team.

**6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (Head of Paid Service, Chief Finance Officer, Monitoring Officer)**

6.1 None

**7. BACKGROUND INFORMATION**

7.1 A Management Review of the MAH service took place in July 2004. The service provides over 170,000 meals each year, although the number of meals has declined with each successive price increase – see first table below. The meals service has developed historically to address the dietary needs of the local population. Currently standard/European meals are provided hot 7 days per week, with a four-week menu cycle. Asian and Halal meals are provided Monday to Friday only, on a 3-week cycle, and Kosher meals hot Monday to Friday, chilled on Saturday and frozen on Sunday (4 week cycle).

7.2 The review identified a number of areas where improvements need to be made. In particular it identified a lack of clarity around the purchasing and provision of the service. The Community Resources Team take direct referrals for the service, arrange for the provider to deliver, while at the same time sorting out delivery routes. The provision of meals, the delivery of meals and the management of the delivery system are all provider functions. There is a need to separate the purchasing and provision function.

7.3 The Community Resources Team do not apply the council's FACS criteria when assessing the need for the service. As FACS has not been applied it is likely that a number of service users using the Frozen Meals Service do not meet the FACS criteria. Many have carers who heat up the meals otherwise a hot meal would be provided [THIS SENTENCE DOESN'T MAKE SENSE]. It is proposed that this contract is not renewed when it expires on 31<sup>st</sup> December 2004. It is understood that the contractor (Appetito) will continue to provide this service directly to any of the current users who wish to continue the service at no additional cost.

7.4 There has been a progressive reduction in the numbers of meals provided over the last five years, thus increasing the unit cost of the meal and of the support service provided by Community Care to run it. The cost of the meals service has risen with the an increase of price by £90,000 for £2004/5 . The projected average unit cost for the current year is £5.47 per meal; the service user is charged £3.80 per meal. The Council therefore subsidises each meal by £1.68 per meal or £246,000 p.a. See second table below. Evidence shows that when there is a large increase in the cost to the user, then the demand for the service goes down, and the unit cost goes up. While it will be proposed later in the year to increase the price of meals to recoup some of the loss it is likely there will be a further reduction in take-up. An objective in tendering is to drive down the unit cost and to provide better value to the council and service users alike.

7.5 It is important that the MAH service is rationalised to meet assessed need and provided at a cost that the council and the service users can afford. It is intended that the charges for meals will meet the cost of the services making this service a no cost service to the council tax payer.

Number of meals delivered	1999/00	2003/04
Standard	178,000	118,800
Kosher	41,000	28,000
Asian	8,200	8,460
Frozen	39,700	16,000

Unit Cost	
Costs to prepare and deliver a hot meal	£650,000
Community Care Resource Team Costs	£150,000
Total number of hot meals p.a.	146,000
Unit break even Cost per meal	£5.47
Charge to user	£3.80
Subsidy per meal	£1.68
Annual Subsidy	£246,000

7.6 The timetable, while short, is to transfer the service to the successful bidder from 01 April 2005.

## **8. LIST OF BACKGROUND PAPERS**

8.1 Community Care Meals at Home Service Review July 2004