



Cabinet (Resources) Panel

11 September 2013

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| Report Title | Wolverhampton Frozen Home Delivered Meals Service | |
| Classification | Public | |
| Cabinet Member with Lead Responsibility | Councillor John Reynolds City Services | |
| Key Decision | Yes | |
| In Forward Plan | Yes | |
| Wards Affected | All | |
| Accountable Strategic Director | Keith Ireland | |
| Originating service | Delivery | |
| Accountable officer(s) | Chris East Tel Email | Head of Facilities Management 01902 55(0132) chris.east@wolverhampton.gov.uk |

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

- i) To approve the proposed charges to fully recover the cost of providing a Frozen Home Delivered Meals Service to the residents of the City.
- ii) To allow future changes to fees and charges to be implemented by a Green Decision report because charges will need to vary in accordance with any cost increases incurred for the supply of the frozen meals.

WOLVERHAMPTON FROZEN HOME DELIVERED MEALS SERVICE

1. PURPOSE

- 1.1 The purpose of this report is to recommend charges for the delivery of Frozen Home Delivered Meals to residents of the City.

2. BACKGROUND

- 2.1 Current charges do not reflect the full cost of provision for each type of frozen home delivered meal and a standard charge is levied that does not reflect the actual cost of providing this service.
- 2.2 The Frozen Home Delivered Meals Service involves the delivery once a fortnight of 14 meals to a residents home for the individual resident to then heat in a microwave. This is a different service to the daily delivered meals service. The service is not an 'assessed service' and it is simply made available on request.
- 2.3 If a resident has a frozen home delivered meal with **no equipment** (microwave, knives, forks and spoons) then the resident would pay £2.40 for that meal even though some of the meals cost more than the £2.40 charged.
- 2.4 Similarly, if a resident has a frozen home delivered meal **with equipment** (microwave, knives, forks and spoons) then the resident would pay £2.80 for that meal even though some of the meals cost more than the £2.80 charged.
- 2.5 Following the award of the new tender for the supply of Frozen Home Delivered Meals, it has been identified that the Catering Service needs to increase the costs of the frozen home delivered meal to the clients. This is to simply recover the increased cost of providing the service.
- 2.6 The **new contract prices** for the various band of frozen home delivered meals is outlined below:

| Frozen Home Delivered Meal | With Equipment | Discounted (Without Equipment) |
|----------------------------|----------------|--------------------------------|
| Band A | £2.69 | £2.52 |
| Band B | £3.00 | £2.83 |
| Band C | £4.23 | £4.10 |

- 2.7 On the new contract price a Band A meal (basic meal) the current charge is £2.80 (with equipment supplied) and the meal costs £2.69 to provide. For a Band B meal the current charge for a meal is £2.80 (with equipment supplied) and the meal costs £3.00 to provide. Therefore the customer is not paying for a higher specification of meal. Currently, 53% of customers are supplied with a Band A meal and 47% of customers being supplied with a Band B meal. There are currently only two customers receiving B and C meals.
- 2.8 The difference in costs for each of the meal bands reflects the cost of producing the meals by the supplier. The meals to meet special requirements are most expensive to produce and therefore the most expensive to purchase.

3. PROPOSAL

- 3.1 Reflecting paragraphs 2.5 to 2.8 above a fundamental restructuring of charges is recommended to reflect the actual cost of providing each banding of frozen home delivered meal. The proposed charges are set out below. The proposed charges include delivery costs as well as the costs of purchasing the meals.

| Frozen Home Delivered Meal | New contract price | 10% Increase to recover true cost of service |
|-----------------------------------|---------------------------|---|
| Price Band A | £2.69 | £3.00 |
| Price Band B | £3.00 | £3.30 |
| Price Band C | £4.23 | £4.65 |

| | | |
|-------------------------|-------|-------|
| Price Band A (discount) | £2.52 | £2.75 |
| Price Band B (discount) | £2.83 | £3.10 |
| Price Band C (discount) | £4.10 | £4.50 |

Note: The discounted charges reflect when a microwave, knives, forks and spoons are not provided.

- 3.2 The above schedule of charges is recommended because the true charge of the service is then recovered; it shows transparency across the charging structure; and makes it easier for the client to decide which option they wish to purchase. It is proposed that clients purchasing Band C meals receive a discount for the initial 6 months because they are experiencing the greater increase in the charge for a frozen meal. The discount would be to pay £3.30 for meals for 6 months. Only a very small number of residents take up Band C.

4. FINANCIAL IMPLICATIONS

- 4.1 The proposed charges will move the service to operating on a full cost recovery basis, rather than the existing subsidised arrangement, with the costs of the service fully met by the clients. This will equate to an annual revenue budget saving of approximately £7,000 [CH/27082013/W].

5. LEGAL IMPLICATIONS

- 5.1 The Council has power to increase charges for the frozen meals service as detailed in this report. [FD/28082013/G]

6. EQUAL OPPORTUNITIES IMPLICATIONS

- 6.1 The cost of providing meals under Band C, the users in this group are those with special dietary needs and the cost of manufacture is substantially higher in the tender offer received. However, there are very few users of Band C (two clients at present).

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 There are no direct environmental implications involved in this report.

8. SCHEDULE OF BACKGROUND PAPERS

- 8.1 There are no background papers associated with this report.