

APSE Scotland Soft Facilities Management Seminar 29 March 2023

Session 4: The Challenges facing the facilities
management services in relation to the cost of-living
crisis

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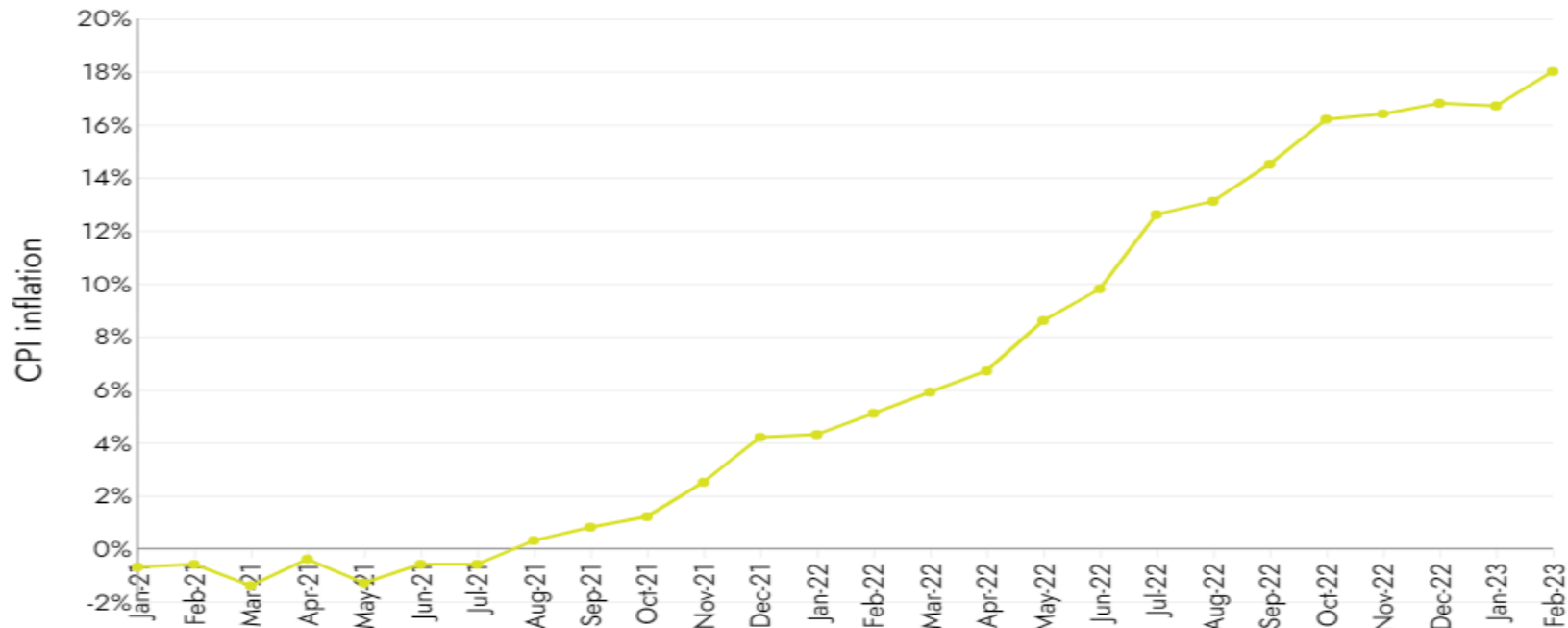
Impact of the cost-of-living crisis and increasing costs on services

- Why reducing inflation does not mean that the cost of food will decrease
- Supply chain disruption
- Scotland Excel values and commercial opportunities project

Food Inflation

Food inflation hit 18.2% in February 2023 according to Government data

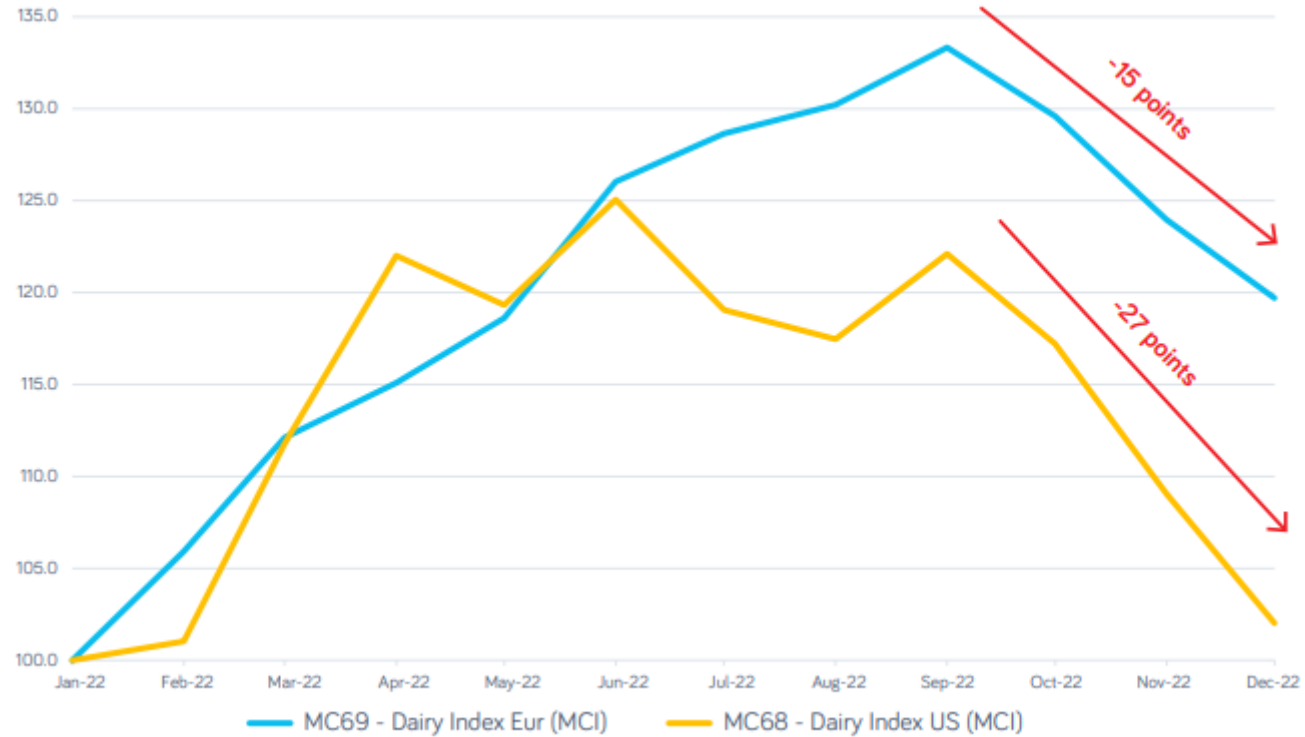
Annual CPI inflation rate for all foods and non-alcoholic beverages



Source: [ONS, Consumer price inflation tables](#)

Dairy Market

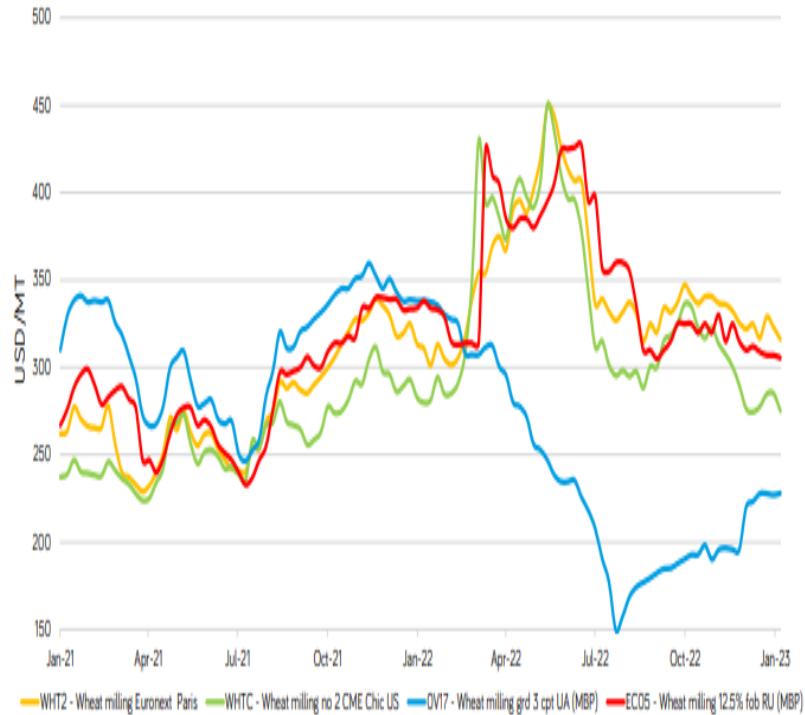
EU & US Dairy MCI (Butter, Cheese, SMP & WMP)



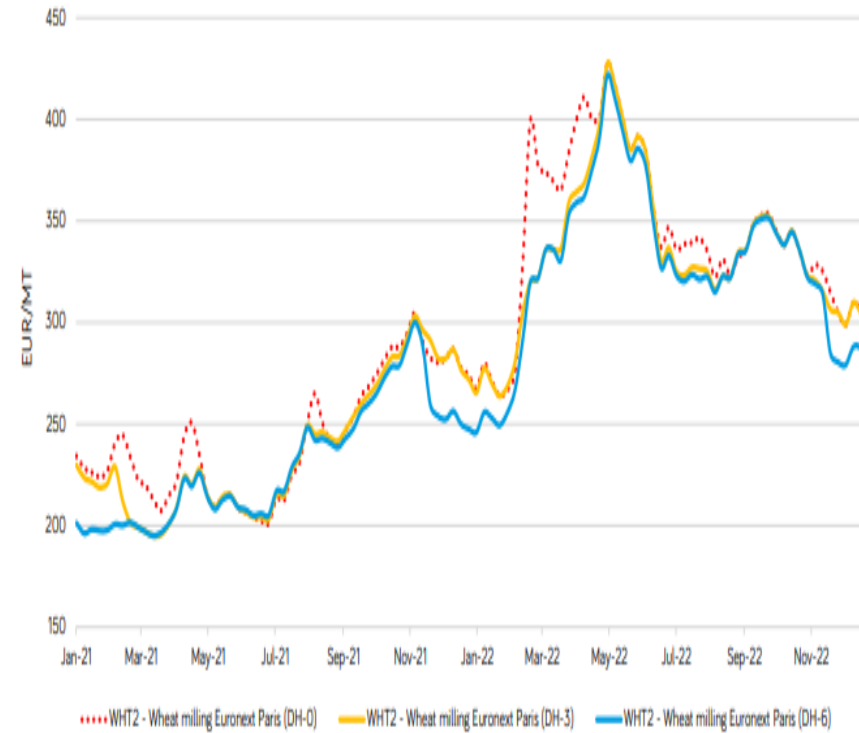
Source – Mintec Global – March 2023

Wheat

Wheat Prices have Declined from Peaks



Wheat Spot Price and Forwards

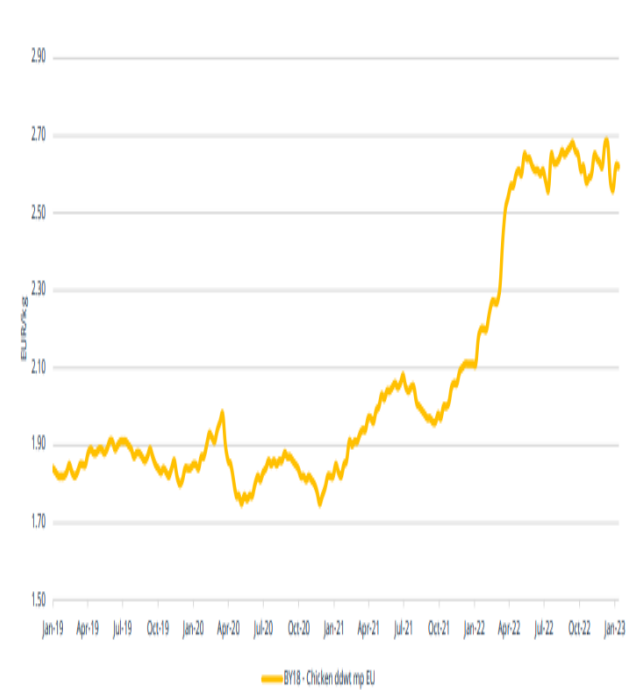


Meat, Poultry and Fish

Cattle Steer Prices US



Chicken Prices EU



Norwegian Salmon Prices - Atlantic Salmon Prices



Food Shortages and Supply Chain Disruption



Scotland Excel values and commercial opportunities projects

Delivering Value



KEY

- Core work stream
- Current Development Work stream
- Current Improvement (in progress)
- Underway but not recognised in previous review
- Opportunity for further value?



Foundations to enable change

Councils – the mandate

- Collaboration mandated
 - Stand Orders/Contract Rules
- Strategic direction agreed at an organisational level
- Central controls – Purchase to Pay Systems to optimise uptake
- Focused on required change management and culture shift

Scotland Excel – the mechanism

- Frameworks structured differently
 - Logistics and delivery
 - Standard services
 - Pareto focused ranges
 - Minimum order quantities
- Policy focused engagement (e.g., food) and advocacy
- Key Supplier Management and Community Wealth

Delivering Policy and reducing cost through Food Framework

350,000 School meals daily - Sustainable Menus

10% **Meat free** = £1.6M saving (35,000 meals)

Product Swaps = £300K.

Reduced deliveries from 2.5 to 2 = £300k

Activities

Brakes development chefs working with 5 councils to design for Primary schools

Sectoral event planned for 29 November 2022 to sample example menus and feedback

Core product reviews to facilitate cost mitigation

Roll out of new smaller/taller cages to reduce deliveries.

Considerations

Nutritional Guidelines – lower additives/cost

Special Diets – rising numbers

Provenance – cost of “local”

Market conditions
Pandemic, Brexit, Ukraine

Emerging Policy - e.g., Good Food Nation Bill

Logistics

Review 20 SXL frameworks with multiple delivery distribution

Initial focus on Catering Sundries

Consolidate stock locations and minimise deliveries, reduce distribution costs and improved order fulfilment

Activities

Analyse orders, determine delivery frequency and revise

Amend T&Cs to facilitate change incl. pricing

Increase minimum order quantities

Test effectiveness of hub and spoke distribution models

Considerations

Executive mandate for implementation

Buyer behaviours and internal controls

Supplier compliance and contract management

Storage capacity & consumables shelf-life

Applying % reduction in distributions costs to dispersed budgets

Optimising Framework Usage - Functional

Washroom review

Z fold 1 ply hand towel would see overall savings circa £1.1m
5l Soap £130k, Foam £105k, Hand Towels to Dryers £130k pa

Activities

Benchmark opportunities from current usage to proposed

Local controls to manage change and implementation

Collaborative working between services, Scotland Excel and a suppliers to define optimum solution based on pattern of spend

Considerations

Lack of support for alternative products

Ensure switch decisions support high standards

Current contract commitments

Cost of change from dispensing requirements

Optimising Framework Usage – Combine Impact

Cleaning Chemicals

Potential to change approach to soluble products
Lower **environmental** impact, lower **logistics** costs, lower **storage** overheads

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**Thank you
Questions**