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Showcasing Excellence

University of Reading

A decade ago the University of Reading's catering service was losing £600k a year. But following a major re-organisation and refurbishment, the in-house operation has never been stronger. In the last three years bar income has grown by 600% and retail sales by 67%. The department is now self-supporting, paying all rates and generating an annual surplus of £50k. The once institutionalised work culture has been replaced by a competitive catering team hungry to drive sales through new ideas.

2006 was a self-confessed 'annus horribilis' for University of Reading's in-house food operation. "We were haemorrhaging cash," explains Matthew White, director of catering, hotel and conference services for the university. "I had just been appointed head of central catering and was faced with a deficit of £600k."

"I knew we needed a complete overhaul"

Back then, Matthew had been at the university for 16 years, working his way up from relief chef through the many different areas of the catering department. This experience proved invaluable when it came to identifying what needed to change.

"There was no strategic direction for the department. It had an institutionalised culture with staff slapping food on trays rather than a competitive retail environment with the workforce really trying to sell the product."

Poor quality customer experience meant long queues, limited choice, tired outlets and a sub-standard hospitality offer.

"I knew we needed a complete overhaul," Matthew says. "If we continued with a temporary fix then we'd cost ourselves a fortune on repairs and renewals and still no-one would use the service."

External consultants were brought in and a university wide catering strategy and ten year business plan was developed, including £20m of capital investment.

One of the first major changes was the combination of all catering services under one banner. This gave Matthew a holistic overview of the retail, accommodation and hospitality food offers. It also allowed a rationalisation of outlets, equipment and staff, centralising food production from 12 kitchens to one £5.7m state-of-the-art central food production unit or 'factory'.

"We were one of the first universities to consolidate our catering business," Matthew explains. "It meant setting up a huge operation which produces 44,000 top quality food items per week, everything from cheesy beans to fine banqueting meals for Royal visitors."

Food can now be produced to a higher standard and lower cost than many equivalent products on the market. This gives Reading's in-house service a competitive edge and improved profit margins. Matthew firmly believes that such radical change just wouldn't have been possible if the food operation was run by an external provider due to the huge cultural shift needed within the whole organisation.

He explains that by separating kitchen staff from customer dining areas, chefs work in a calmer environment, concentrating on creating great food rather



than dealing with student queries or service demands.

It has also spurred on a culture change. "We made a big leap from being a traditional catering department, relying on a regular customer base to becoming a commercial operation, focusing on how to boost sales," comments Matthew.

As part of the centralisation process,

"We were one of the first universities to consolidate our catering business"

serving staff received extra sales training and they began to take pride in merchandising meals. The over-familiar culture of the past was replaced with a more driven ethos. At the heart of this was a key goal – to deliver a high-street quality experience to all customers, something made more important by the fact that there would be no more investment from the university. The department had to rely on whatever came in through the till to survive.

Matthew believes this new business mind set has led to innovation. "Our workforce began to contribute in new ways," he explains. "Catering assistants

helped with recipe development. Staff from different countries gave us new recipes and felt like they were selling their own products."

"Every team member realised their part in the business. We even trained the pot washers so they knew that their smile made a real difference to customers. As an in-house provider we have that above an external contractor. There is a sense of limitless potential in terms of what our workforce can bring to the service."

Implementing such major change required careful re-organisation of the workforce. In 2006, all 220 catering employees, including Matthew, were at risk of redundancy. New job descriptions were drawn up and everyone had to re-apply for their roles or request voluntary redundancy.

"The chefs who had previously run kitchens in halls of residence all had to apply to work in the new centralised kitchen or in new finishing kitchens. It was scary for lots of staff and we had to underpin the redevelopment with training and consultation so staff could understand the new roles and opportunities," Matthew explains.

The restructure was managed so that staff with aspirations to work in other areas of catering were encouraged to do so.

Direct Costs 2014/15

Direct Costs	Budget £ 14/15	Expected outturn £ 14/15	Variance to Budget +/- £	Variance to Budget +/- %
Total food production costs	3,485,105	3,566,666	81,561	2.34
Total food production costs ratio %	47.62%	48.30%	0.68	1.43
Agency staff	0	0	0	0.00
Total staff costs	2,499,099	2,533,902	34,803	1.39
Staff cost ratio %	34.15%	34.32%	0.17	0.49
Total Direct Costs	5,984,204	6,100,568	116,364	1.94



"Some people had been catering assistants all their life but actually wanted to be a chef," says Matthew. We identified these ambitions and helped people to develop on the job, supporting them to get new qualifications."

A formal learning and development plan is now in place for all staff, backed up by a system of sharing best practice. Nine years on from the restructure, Matthew continues to seek ideas from staff. The Eat newsletter promotes employee contributions and asks workers for feedback. 'No Mushrooms' talks every term update catering staff on new plans. The department's investment in both staff development and communication has won it a silver Investors in People award.

In other areas of HR, Matthew has made considerable savings by building up a bank of 150 fully trained temporary workers, reducing fixed costs and avoiding agency fees. Casuals are trained to work across different areas of catering and hours are carefully monitored.

Permanent staffing is adjusted according to seasonal business. Employees work either 31 or 44 week contracts, with very few employed for the whole year. Such

meticulous planning has enabled Reading's in-house catering department to achieve a staff cost ratio of just 35% to net turnover.

Streamlining the cost base of the department was something Matthew White has worked hard on. One particular area was purchasing. "We looked at what we bought and how we procured it," he explains. National catering consortium TUCO was a big help with this process. "They offered us framework agreements where the strain had been removed, ready for our gain!" Matthew beams.

"We made a big leap from being a traditional catering department, relying on a regular customer base to becoming a commercial operation, focusing on how to boost sales"

TUCO procures goods and services for 340 universities and colleges, 28 local authorities and four NHS trusts, meaning it can use its purchasing muscle to secure lower prices and demand high quality. In 2014 Reading saved £208,487 by using TUCO's range of catering frameworks.

As part of the food operation's strategy, its procurement is benchmarked against the Catering Price Index. Matthew commissioned TUCO to run a shopping basket experiment which demonstrated that his department was achieving strong savings in the food and equipment it was buying.



"TUCO are a breath of fresh air," comments Matthew. "All universities have got the same problems, so if we combine effort, not just on procurement but on other things like learning and development, we can get things sewn up!"

Matthew was a commodity champion on one of TUCO's tender working groups and then became a director on the consortium's board. His catering colleagues at Reading are equally involved. They sit on working groups, go on study tours and organise TUCO contests where university chefs from across the UK compete against each other.

"We've widened our vision through the involvement with TUCO. I feel like we're part of a national catering team. You share learning and best practice with other university services and I find that seeds of new ideas are planted."

One of these ideas was developing a partnership with the university's food biosciences school. This allowed Reading's catering team to complete a nutritional and allergen analysis of every menu item sold. Information was made available in each outlet, online and on selected products way ahead of the government's revised

Surplus / (Deficit) 2014/15

	Budget £ 14/15	Expected Outturn £ 14/15	Variance to Budget +/- £	Variance to Budget +/- %
Operating Surplus/ (Deficit) before financing charges	458,228	482,030	23,802	5.19
Loan charges	27,228	27,226	-2	-0.01
Central costs	410,00	410,000	0	0.00
Surplus/ (Deficit)	21,000	44,804	23,804	113.35



Procurement costs and savings – 13/14

	£
Total expenditure via TUCO frameworks	£1,835,394.68
Cash Savings	£151,691.67
Process Savings	£54,000.00
Manufacturer Rebates to University	£3,015.99
TUCO Annual Subscription	(£ 220.00)
Total net savings	£208,487.66

Income 2014/15

Income Stream	Budget £ 14/15	Expected Outturn £ 14/15	Variance to Budget +/- £	Variance to Budget +/- %
Bar Income	844,627	1,007,469	162,842	19.28
Residential Students	1,543,732	1,544,815	1,083	0.07
Till Sales	2,210,725	2,305,703	94,978	4.30
Conference Income	892,479	580,385	-312,094	-34.97
Functions	401,951	543,918	141,967	35.32
Vending	42,050	41,936	-114	-0.27
Other Income	43,214	50,109	6,895	15.96
Total Sales	5,978,778	6,074,335	95,557	1.60
Transfers to outlets	1,339,275	1,309,390	-29,885	-2.23
Total Income	7,318,053	7,383,725	65,672	0.90

SUCCESSES SO FAR

- » Retail income grown from £4.3m in 2011 to £7.2m in 2014
- » Bar sales grown from £144k in 2010 to £1m in 2013
- » Now running 23 catering venues on campus
- » Surplus of £50k achieved in 2014 (after £410k central charge and operating costs)



“Catering assistants helped with recipe development. Staff from different countries gave us new recipes and felt like they were selling their own products”

allergen labelling regulations, showing that Reading was leading the way. It's this type of creative thinking and close working with other departments in the university that has enabled catering to make such a significant contribution to the entire student experience – something a contract caterer wouldn't be able to match. Another innovation that has gone down well is the Smart Card, a cashless catering system developed by Matthew and his team in 2010. It enables students to buy food in any campus outlet, rather than having to eat meals in designated cafes or halls. “By getting rid of the differentiation between residential and cash catering we gave students total flexibility and we were one of the first universities to allow this

approach,” Matthew explains. Reading's Smart Card has proved a strong selling point for the university at open days. Students have £57 loaded on to the card each week and on Sunday the balance goes back to zero. Parents like it because they know their offspring are eating evenly throughout the term. For Matthew, the system provides a solid income that he and his team can plot out when budgeting. A careful redevelopment of the university's eateries has also helped with budgeting. “Whenever we combine food with another activity we find it successful,” Matthew says. The Ice House is a prime example. A cinema screen has been installed in this bar and students bring their own DVDs. They buy giant pretzels, popcorn in martini glasses and sit on vintage cinema seats. Park Bar is the university's largest bar. By day it is Park Eat, serving everything from reasonably priced breakfasts to salad lunches and hot dinners, all accompanied by relaxing classical music. By evening it transforms into Park Bar, pumping up the music and selling more drinks than Reading Football stadium. Bar sales have grown by a 30% year on year, from £144k

in 2010 to £1m in 2014. In total, the catering service now operates 23 destination venues across its three campuses including a Starbucks 'We Proudly Serve' outlet in the SportsPark as well as lots of developed in-house brands. Reading's hospitality business has also been completely overhauled. There used to be no delivered service and academic staff would have to collect finger buffets in their cars. Matthew realised that a huge opportunity was being missed and the catering service now operates a fleet of vehicles that deliver food not just to university departments but also to businesses across Reading town centre. “Often when people come to one of our functions they book again and we're getting lots of non-university business. Our reputation is really good. We cater for weddings, funerals, bar mitzvahs, Christmas parties. We're busy all the time.” In 2014 the department generated over £613k in conference income and just under £600k in functions revenue. Reading's high hospitality standards are particularly crucial when senior staff host functions. Matthew explains: “Our vice chancellor hosts lots of dinners for visitors. The quality of the catering for



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Indirect Costs 2014/15

Indirect Costs	Budget £ 14/15	Expected Outturn £ 14/15	Variance to Budget +/- £	Variance to Budget +/- %
Staff related costs	28,065	12,095	-15,970	-56.90
Cleaning	31,587	31,437	-150	-0.47
Disposables	125,000	123,910	-1,090	-0.87
Equipment & Furniture	87,765	116,187	28,422	32.38
Travel & Entertainment	43,616	43,616	0	0.00
Professional fees & External services	5,260	5,260	0	0.00
Refuse	51,670	46,351	-5,319	-10.29
Laundry	21,186	25,455	4,269	20.15
Premises Costs	109,233	97,967	-11,266	-10.31
Utilities	119,757	123,144	3,387	2.83
Other	38,660	41,084	2,424	6.27
Office expenses	104,622	104,622	0	0.00
Bad debts	0	0	0	0.00
Contingency	109,200	30,000	-79,200	-72.53
Total Indirect Costs	875,621	801,128	-74,493	-8.51
Indirect cost ratio	11.97%	10.85%	1.12%	9.35

CRUNCHING THE NUMBERS

The in-house catering team:

- » Serves 44,000 food items a week
- » Sells approximately 6,800 cups of coffee, 1,600 cups of tea and 300 hot chocolates a week
- » Serves 960 fully catered students who have £57 each a week to spend over seven days across a total of seven catering units
- » Delivers on and off campus to both internal and external clients, seven days a week
- » Has 21 units in total covering snacks, impulse and fuelling catering styles
- » Has the highest recycling rates out of any other department on campus
- » Has won two Green Impact awards from the NUS (National Union of Students) for environmental responsibility

On campus there are:

- » 17,000 students from over 140 different nationalities
- » Nearly 4,000 academic and support staff
- » 120 catering staff (70 contracted, 40 casual) plus 100 casual bar/ events staff

these meals is imperative, so people go 'wow'. The vice chancellor recently got feedback from someone saying that he hadn't experienced such good university catering before. This puts us in a strong position when someone says 'why don't we outsource?'"

Today's financial figures also put the food service in a strong position. Catering is not a subsidised department. It covers rent, utilities, business rates, loan charges and fees plus a £410k capital contribution to the university – something Matthew believes a contract caterer wouldn't be prepared to pay. Despite this, the department still delivered a £50k surplus in 2014 which is being used to create new food units.

"In 2006 we were ashamed," Matthew says. "We are never going back there. Now we are totally self-supporting and we make enough surplus to constantly refresh our offer. We give tours to other university catering staff so they can learn from our work. It's our turn to show off!"



TUCO

Share. Learn. Buy. Grow.

TUCO is the leading professional membership body for in-house caterers operating in the higher and further education sector. A total of 340 universities and colleges use our services every year. We also support in-house catering teams in the wider public sector, including 28 local authorities and 4 NHS Trusts.

We are committed to advancing the learning and development of catering and hospitality teams, and we work to boost quality standards and provide essential market advice and information to those working in the sector.

No longer just a purchasing consortium, TUCO has responded to the changing needs of its members and now provides like-minded individuals with a place to go to share their values.

From running conferences, competitions, study tours and courses, to researching and providing the tools needed to help institutions get better at what they do, TUCO has grown into a bespoke membership organisation.

Membership is open to all in-house catering operations in the higher and further education sector.

If you are not a further or higher education institution, then it is still possible for you to join TUCO. Please email info@tuco.org for more details.

Our members receive support and guidance from TUCO in four key areas:

SHARE

TUCO provides a platform where members can combine ideas and achievements to collectively raise the profile of university and college catering in the UK. We also help members to network with other professionals and industry experts, sharing best practice and culinary trends.



LEARN

We offer a wide range of subsidised courses, training, study tours and professional advice, to maximise each member's potential.



"In four years, I have seen TUCO grow from a purchasing consortium into a true vehicle for the benefit of university caterers."

– **Jeremy Mabbutt**, Head of Hospitality Services at Aberystwyth University

GROW

We help our members to keep up-to-date with the latest market research, industry trends and consumer preferences and gain insight into studies on topics affecting the foodservice market.



BUY

TUCO has significant buying power, purchasing £100m of goods and services every year for 340 universities and colleges as well as 28 local authorities and 4 NHS Trusts. Members can choose from 17 EU compliant catering frameworks and 182 suppliers.



For more details of how to join **TUCO** call **0161 713 3420** or email **info@tuco.org**