



Housing LIN Catering Research Report

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The purpose of this Housing LIN research report is to review the views of the industry about catering and how it is managed, and then to explore some practical examples of how to create a successful catering operation, weighing up the pros and cons of the various options available.

Written for the Housing Learning and Improvement Network by **Helen Bailey**, Director of Aviatrix, an independent consultancy specialising in diet, nutrition and food hospitality

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Introduction

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Purpose of the Research

The purpose of the research is to understand the views of the industry on catering and how it is currently managed and how the future of catering is perceived in Extra Care Housing Developments.

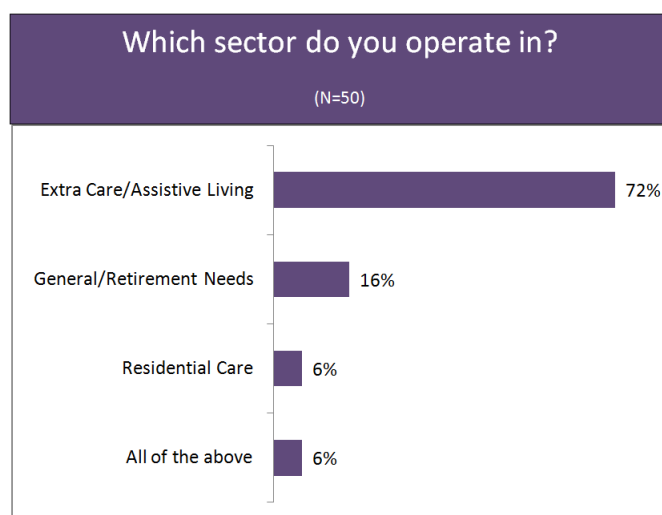
Methodology

In conducting this update, an on-line survey was issued to Housing LIN members earlier this year. A total of fifty people responded to the survey – all of whom were management, director or board level within their organisations.

Summary of the research findings

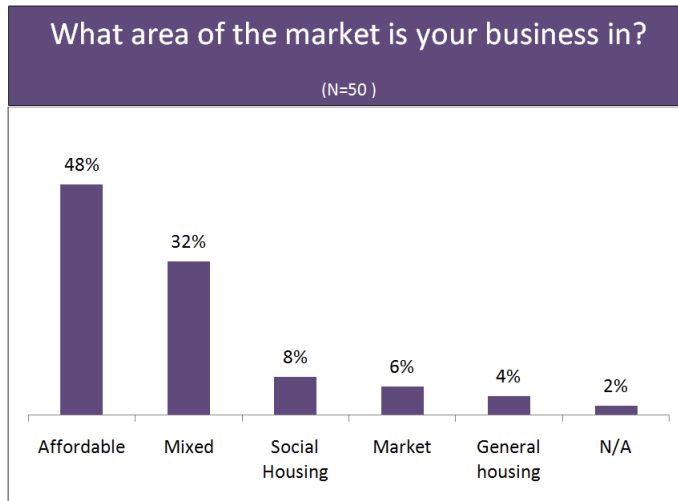
Profile of the respondents

The job title of those that completed the survey include Chief Executive, Head of Independent Living, Chair to Trustees and Extra Care Scheme Manager.

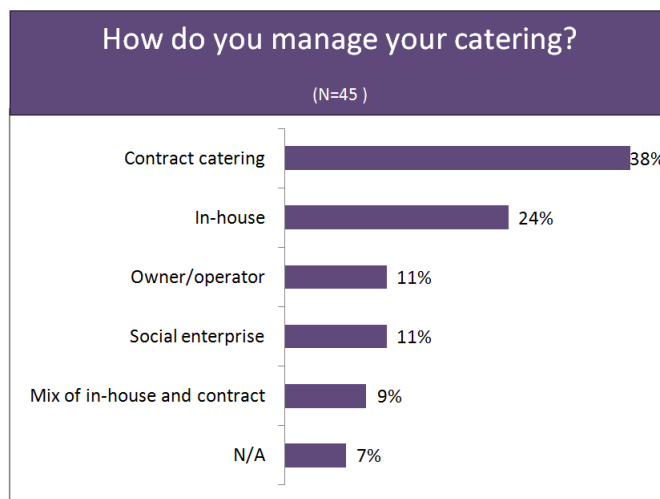


72% of those who participated in the survey operate within extra care/ assisted living sector with the remaining respondents from retirement needs and residential care.

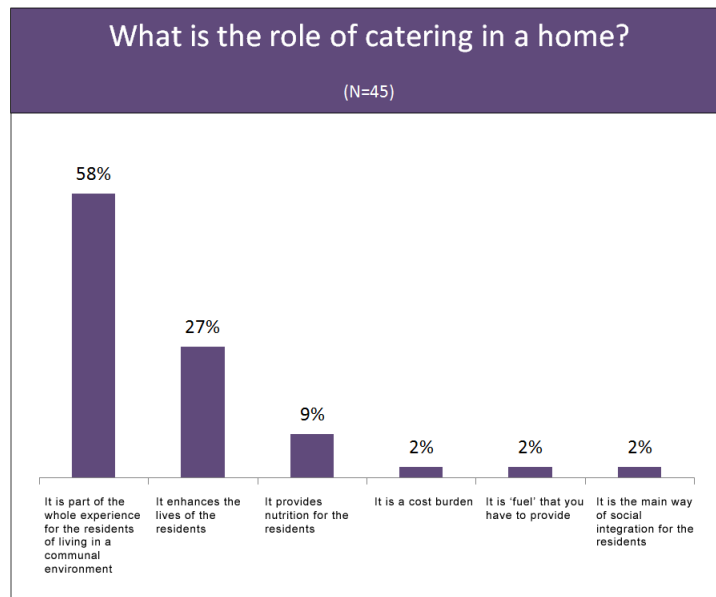
¹ www.housinglin.org.uk/Topics/tags/?tag=catering



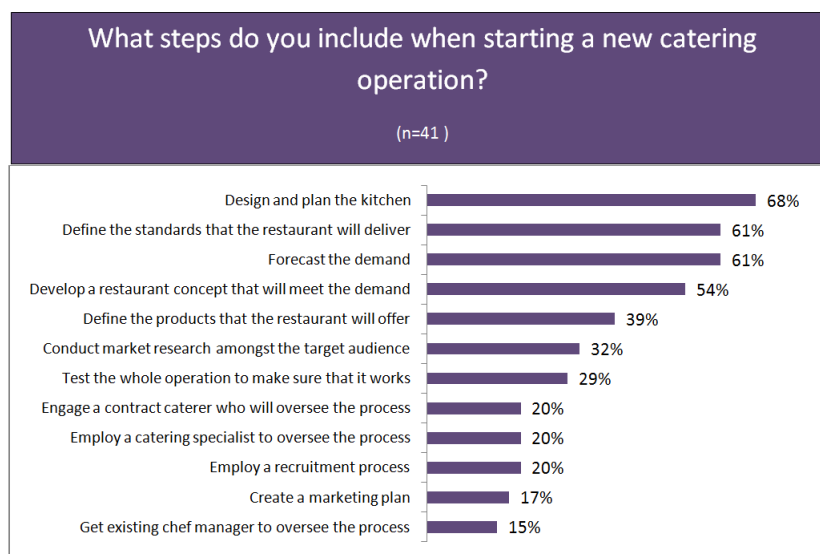
Just under half of respondents (48%) are in affordable housing with 32% in a mixture of affordable and market housing.



The most popular means of managing catering is using a contract caterer (38%), 24% do the catering themselves and an equal number (11%) use a social enterprise and an owner operator. 9% of multiple site organisations use a mixture of in-house and contract catering to manage their catering.



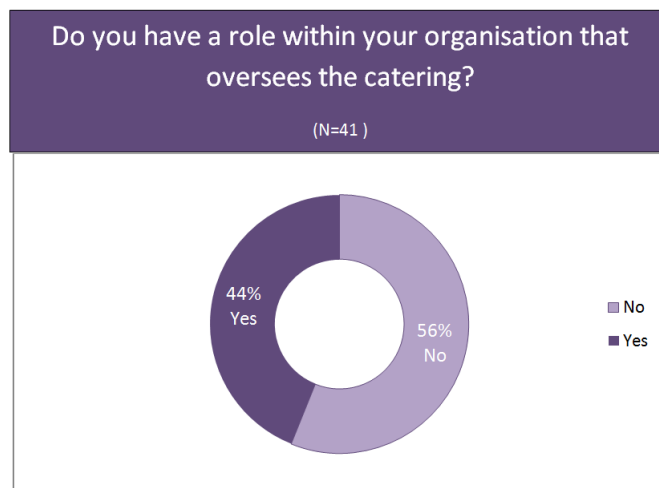
When asked what the role of catering is in a home 58% believe 'it is part of the whole experience for the residents of living in a communal environment' with 27% believing that catering 'enhances the lives of the residents'. Only one respondent considered catering to be a cost burden and one felt that it is "fuel" that you have to provide. Equally only one respondent felt that catering is 'the main way of social integration for the residents.'



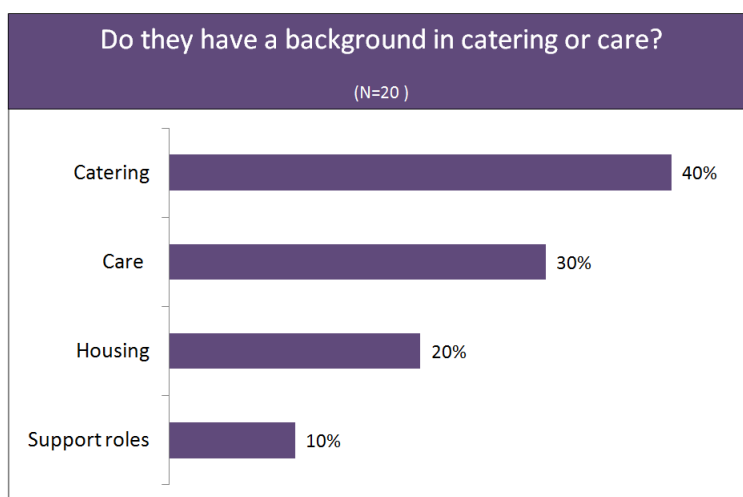
When starting a new catering operation the top three steps for 60+% of respondents are to:

1. Design and plan the kitchen
2. Define the standards that the restaurant will deliver and
3. Forecast the demand.

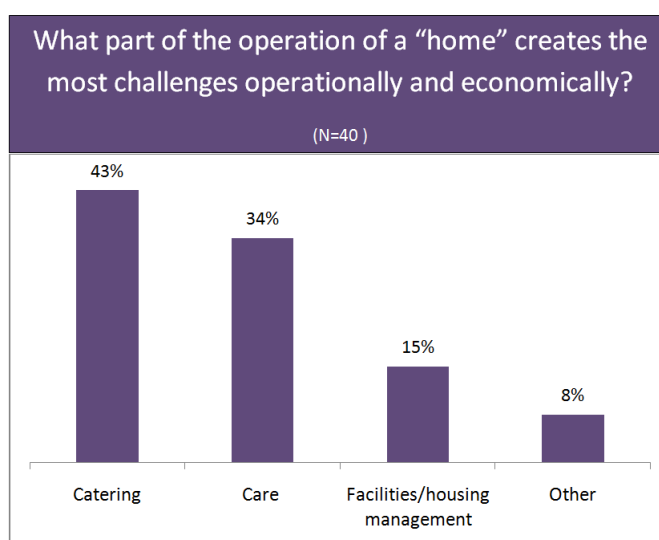
Only 17% create a marketing plan, 20% employ a catering specialist to oversee the whole process and 20% employ a recruitment process for finding an operator albeit a contract caterer, individual or company.



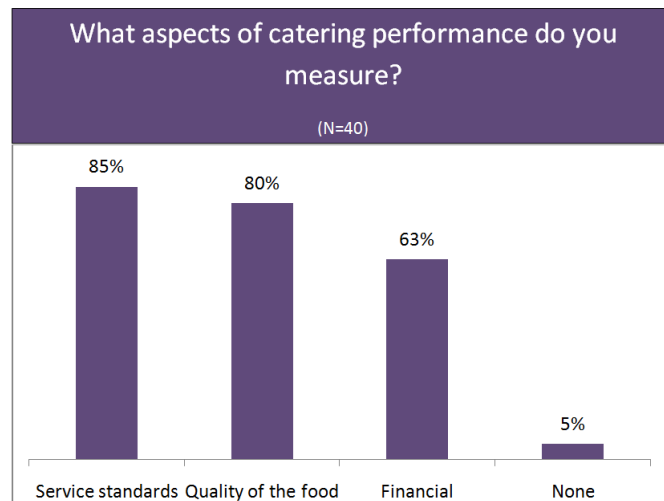
Just under half (44%) of the respondents described having a role within the organisation that oversees the catering.



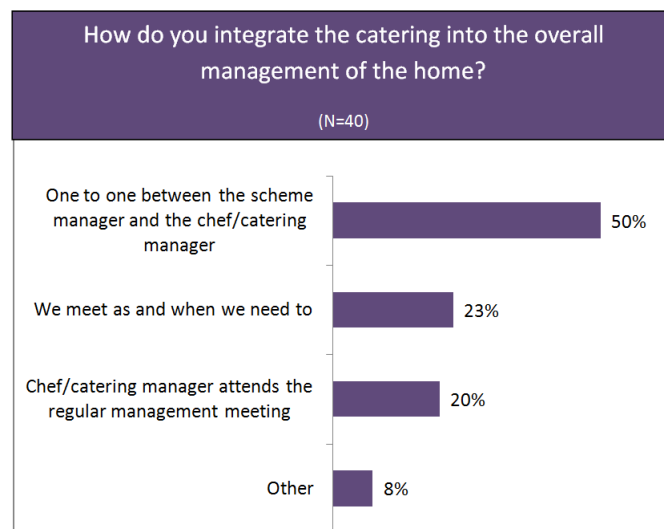
Of those that employ someone to oversee the catering, only 40% have a background in catering/ hospitality. The majority of the Catering Managers have experience in care, housing or support roles such as finance.



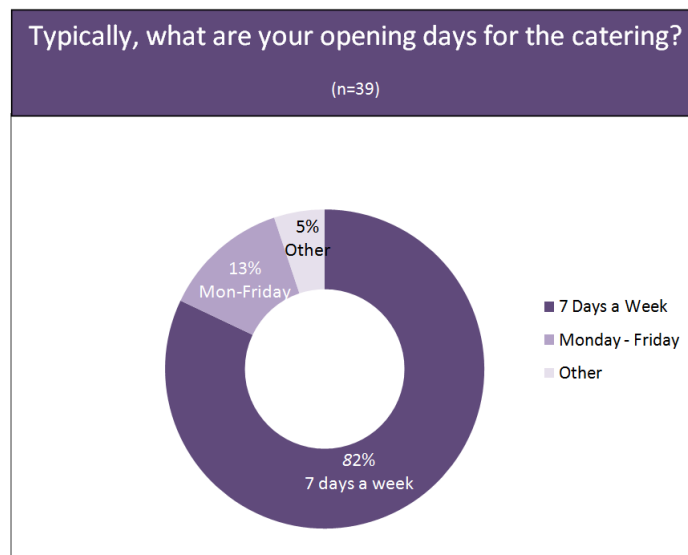
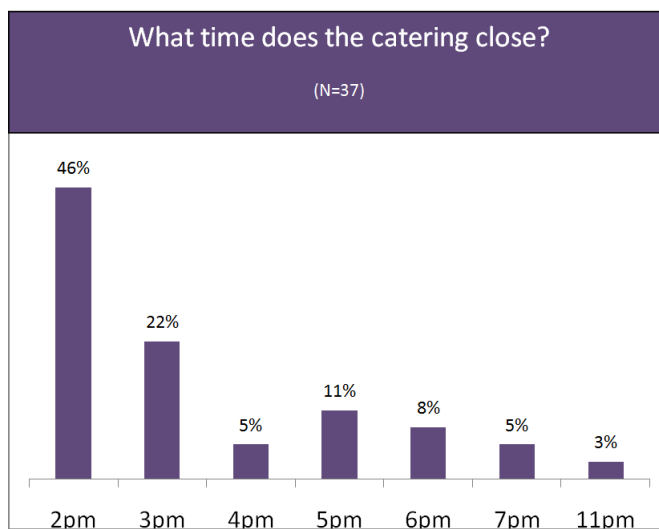
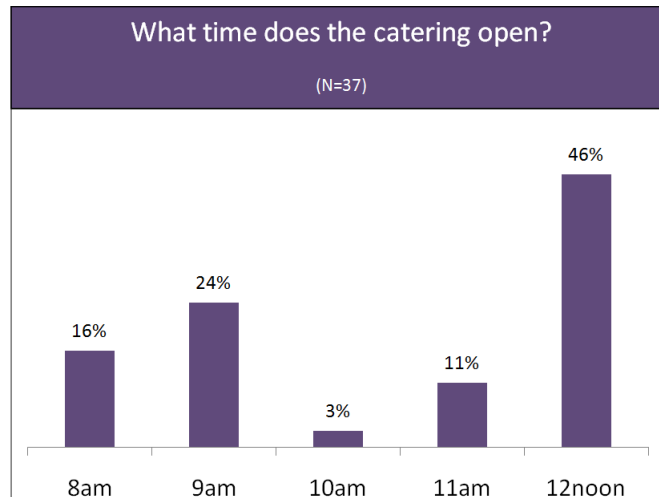
The part of the operation that creates the most challenges operationally and economically is perceived as the catering (43%) and care (34%) and facilities/housing management (15%)



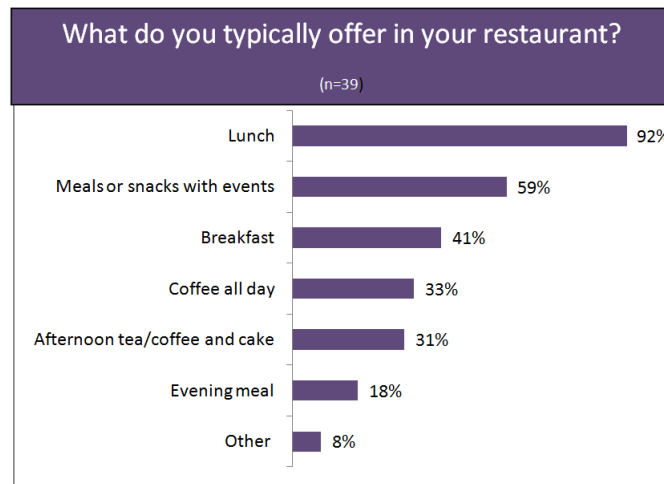
The aspects of catering performance that are measured are the service standards (85%) and quality of the food (80%) with 63% measuring the financial aspect. There is only one location that does not measure catering performance.



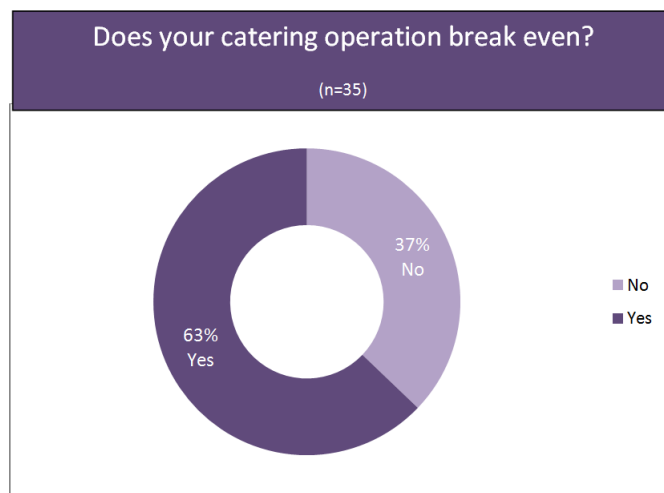
Catering is integrated into the overall management of the home through a one to one meeting with the chef and the scheme manager by 50% of respondents and in 23% of cases a meeting is arranged on an as needed basis. 20% include the chef in the regular management meetings.



82% open 7 days a week with 13% Monday to Friday only. Opening hours for the catering for the majority of restaurants are noon (46%) for lunch, and breakfast at 9 am (24%). The majority close at 2pm (46%) and 3pm (22%) with 5% staying open until 7pm and 3% open until 11pm.



Lunch is offered by 92% of the restaurants, with meals or snacks, with events (59%) being the second most frequent part of the offer. Breakfast is also popular being offered by 41% of locations. The average price of a one course meal based on the 19 responses is £3.37 with a range of prices from £2 to £5. Two course average price is £5.23 with a range from £3.00 to £7.50, and £6.23 on average for three courses with a range from £4 to £8.



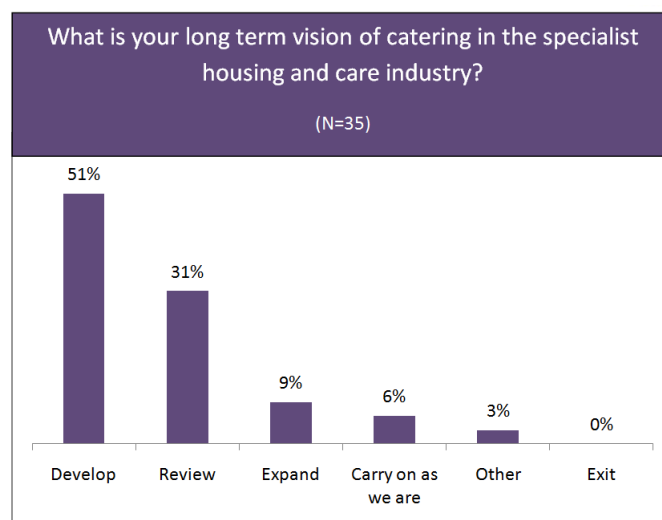
63% of the respondents confirmed that their catering operation break even. Viability issues have been addressed in a variety of ways by respondents including:

- Making the lunch a condition of tenancy
- Offering additional meals including breakfast and tea time snacks that residents can enjoy in their flats
- Introducing stringent KPI's
- Short and regular review periods in the first year to ensure performance
- Not charging an economical rent
- Involving the residents at all key points of recruiting a new caterer
- Continuously monitoring financial performance and resident satisfaction

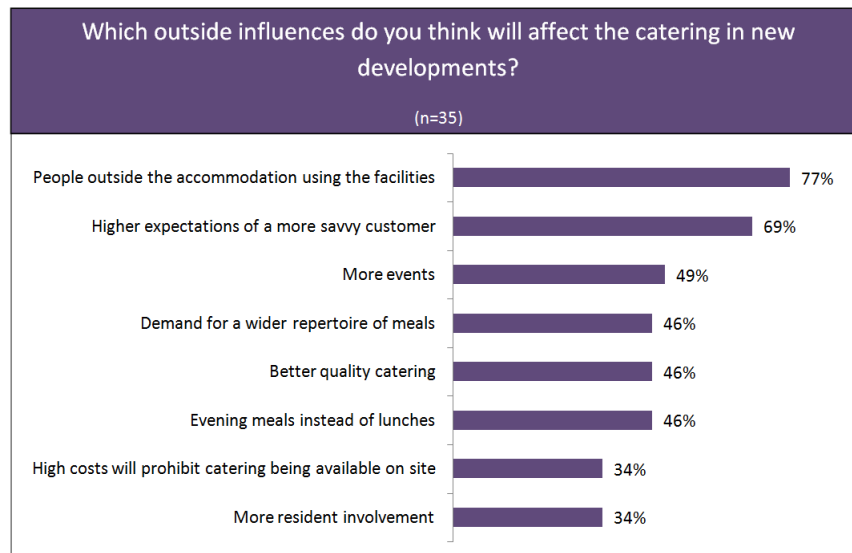
- Marketing the offer
- Working with suppliers
- Getting the income, the costs and staffing to work

Organisations have adapted their catering model to meet the business and resident demands by the following methods:

- Employing a catering chef manager rather than a cook to improve the quality of the cooking AND the value for money through better management controls
- Regular meetings with residents.
- Increase the demand through introduction of condition of tenancy
- Match opening hours to the demand
- Introducing flexibility on the meal time – Dinner or lunch
- Introduction of a coffee shop concept
- Calling in an expert
- Offering more choice
- Make meal times special
- Constant review and exploration with Catering Partners on new models including coffee shop, grazing model and two meals a day for a fixed price
- Meeting cultural needs
- Focusing on the needs of the residents
- Consultation groups with all those involved in the catering
- Involvement of the residents in detail from decor to the menu planning



Looking to the future, the long term vision of catering in the specialist housing and care industry is that 51% are planning to develop their restaurants, 31% will review them and 9% will expand. Only 6% are planning to 'carry on as we are.'



The top two outside influences that will have the most impact on catering in new developments are considered to be: people outside the accommodation using the restaurant (77%) and, secondly, higher expectations of a more savvy customer (69%). 45% believe that better quality catering will be required in the future as a result of external influence.



46% believe an industry wide measurement of catering quality and service would be a quite good/great way of improving standards, sharing best practice and benchmarking.

Summary of Findings/Conclusions

Catering is a challenge

Overall the findings from the survey are consistent with the qualitative feedback from numerous organisations that were surveyed as part of this work. Namely, that catering is a challenge at best and a nightmare at worst. That catering can occupy proportionately more management time than other parts of the scheme especially when the restaurant is not serving quality meals that satisfy the residents.

Despite this, it is evident from the findings that a great deal of work has and continues to be invested in finding a model that can work for all parties: residents, scheme and caterer. This has resulted in a number of alternative methods of operating the restaurant to meet the demands of the business.

Making Catering Pay

With the majority of the people who responded to the survey working within the affordable housing sector, it is a challenge to create enough demand to make the restaurant sustainable unless there is a contractual commitment from the residents to dine frequently or the food is so delicious the residents cannot resist it. Notwithstanding different interpretation of housing benefit regulations by different local authorities, several organisations have introduced or launched restaurants within development schemes where the food is a 'condition of tenancy' which has helped to make the catering pay. The views are different of the commissioning authorities to the type and size of catering facility. It is often a question of negotiation around financial viability and what is appropriate for a given scheme.

When there is a 'condition of tenancy' there is a greater opportunity in particular to attract an external catering provider to manage the restaurant. This is because the caterer knows that they have a guaranteed turnover from the residents without doing anything and they therefore have a better chance of covering their costs and making a profit. However, when there is a condition of tenancy in place, experience would suggest that you have to oversee the quality of the food and service to a greater extent to ensure that the operator does not become complacent.

'Condition of tenancy' may feel like it flies in the face of 'independent living' but the reality is that it makes a hot, quality, nutritious meal affordable for all and is an essential ingredient of integrating the residents into the home. This is vital for the resident's mental health and well-being, as discussed in the Catering Viewpoint² for ensuring social integration and vital nutrition. This is also consistent with the predominant views from the survey that the role of catering 'is part of the whole experience for the residents living in a communal environment' and 'enhances the lives of the residents.'

Operating and Managing the restaurant

Contract Catering is the most popular choice for managing catering. This route allows you in theory to limit your costs and most importantly to delegate the responsibility of the catering to an expert with years of experience and knowledge. The risks are dramatically reduced in terms of statutory risks and financial losses in theory if you have a water tight contract. Contract catering can of course go wrong if you abdicate responsibility rather than delegate. In most cases, the catering provision will be more expensive than say an owner operator route which is the second most common method of managing the catering.

² www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareProvision/SupportServices/?&msg=0&parent=990&child=8969

The key to making contract catering work is to ensure that you work with the contract caterer like they are a partner. This starts with the recruitment process where you create a clear vision of how you want the catering to work and define what you want. This brief should be more of a sales document and exploration of the opportunities rather than a focus on minimum standards and contractual information on what they must ensure they do. You need creativity and flexibility from your catering partner, an organisation that is willing to experiment with trialling breakfast, events and afternoon cakes than one that will only consider trials that on paper work financially.

Social Enterprises and Owner Operator are equally popular but represent collectively one fifth of this sample. This is a really interesting area and there are fascinating and inspiring stories of success. The entrepreneurial spirit found in these operations appears to result in higher levels of risk taking and innovation, with owner operators not only earning a living but making a small profit.

The restaurant needs to be overseen whoever you have running it, no matter how competent they are. You need to acquire the basic skills and understanding of how to manage the catering. This means understanding the essential financial controls that should be in place, the basics of food management such as the food hygiene course and be involved in the menu planning and approve the dishes to ensure the food offer is to a standard you would expect for yourself and your loved ones. Anything that does not meet this standard simply is not good enough.

An essential part of managing the restaurant is to have a regular meeting with the manager of the restaurant. Integrating this into the existing management meeting is the most effective approach as it keeps all members of the team up to date with any issues with the residents at the same time. The range of prices that are being offered within the homes for one, two and three course meals vary considerably. Some of the pricing appears unrealistic if it has to cover the food costs and the labour and may be a reason for some of the restaurants not breaking even. Whilst the residents are extremely price sensitive, they are willing to pay a reasonable sum for a lunch, c.£5.00 if it is good, freshly made home cooked food. Again, this is evident when you speak to owner operators who are charging up to £9 for a three course Sunday Roast and they are packed every week. This is because it is a delicious Sunday Roast that the residents enjoy and want to invite and share with their family and friends. Residents should be proud of their restaurant and want to show it off. They do not want to be embarrassed by an old fashioned, lack lustre, poor quality dining environment with 'old people' food.

Developing a Restaurant

The most common steps that are taken in establishing a new restaurant appear to focus on important elements such as the design and planning of a kitchen, defining the standards that the restaurant will deliver, forecasting the demand and creating a restaurant concept that will meet the demand. Less than 40% of respondents are defining the food that the restaurant will offer as part of this process or conducting market research. This seems like a missed opportunity to find out what the restaurant supply is in the local catchment and what the potential clientele might like or want. Churning out the same restaurant model, e.g. menu, format, meal offer for each new location, is not giving the restaurant the best chance of success nor taking advantage of market opportunities. Creating a marketing plan for the restaurant is not a common part of setting up a restaurant amongst those who participated in the survey, which again can lead to missed opportunities and a lack of focus on restaurant sales.

When you review what organisations and schemes have done to address how to fix and develop the catering and make it break even, the majority start with the customer and what they want.

There appears to be a disparity in the amount of time spent on marketing and developing the service and financial model that needs to sit behind the excellent facilities offered on most new schemes.

Finding the right operator

Finding the right operator through a rigorous recruitment process is the most critical step for establishing a new restaurant. The person that runs the restaurant is the one that will determine if the restaurant will succeed or not and getting it right from day one is essential – people unfortunately do judge on first impressions so life becomes much harder if you are not ready to go with the right person on day one. This is all obvious, but it is surprising that so few people with a new restaurant test the whole operation to check that it works before opening. Having ‘free’ trials of the restaurant to test out staff, food, service and equipment for the residents and the community is an excellent way of marketing the restaurant, and people are much more forgiving when it is free. This is a tried and tested successful way of launching a restaurant.

How to manage catering

It is surprising how few of the people that are employed to oversee the catering have any background in catering or hospitality. Having some experience in catering as part of the credentials of the role would be extremely helpful to efficiently manage the restaurant. It is not that the people employed in the roles will not be competent to run the catering, it is that a person with a housing or care background is perhaps less likely to consider the commercial opportunities of the restaurant than someone with a catering background. Larger operations/ organisations could consider the investment in a specialist member of staff for catering as this would pay for itself in developing a financially viable and innovative catering offering within an organisation.

What to measure

Whilst the majority of schemes/organisations are measuring quality of food and service standards, only half are measuring financial performance. It is vital for a sustainable restaurant business that all three areas are regularly and proactively measured. Through the process of measuring all parts of the restaurant performance a deeper understanding of catering will result and encourage the scheme manager to direct and focus the restaurant manager on the areas of the business that need attention.

The offer

Balancing the customer demand, opening hours and costs is complicated. The least risky option is to simply open for lunch, however demand can be created by trialling other meal occasions and snacks such as breakfast, afternoon tea and cakes, as has been found by a number of the respondents.

How to break even

Of the sample of 35, 22 operations broke even which is excellent. For those that have had viability issues with the catering some have created demand by making the meals a condition of tenancy and others have adapted and created demand by meeting the needs of the residents by offering a wider range of services such as the snack service, more events etc. If the cost of the lunches through a 'condition of tenancy' is covered all additional offers provide incremental income.

The 'coffee shop' concept is becoming more popular and considered to be part of the future vision of catering in extra care. A smaller operation can afford to be open longer, be less labour intensive but offer more choice – it also creates the opportunity for smaller but more frequent high margin purchases such as coffee and cake. The net result is a more profitable business potentially with higher sales.

The Future

More than half of respondents feel the number one outside influence that will impact the catering in new developments will be the wider community using the restaurant. If this is the case a marketing plan and understanding of the local catchment will be vital. This is also an opportunity for existing developments both financially and socially for the community. In order to take advantage of this opportunity it will be necessary to overcome the residents' inertia in allowing the wider community to use 'their' restaurant. From the qualitative feedback from various providers, ways that existing residents have been persuaded to let 'outsiders' into the restaurant include an exclusive discount for resident meals so a two tier pricing structure is employed. Also, to look at restricting the profile of people who are allowed to come in, e.g. over 55's. Security of their homes needs to be addressed to ensure that any visitors cannot get into the 'private' areas such as the corridors where the flats are located.

It is very encouraging that 91% of the respondents are planning to develop, expand or review their catering in the long term.

Benchmarking Catering

The introduction of an industry wide measurement of catering quality and service is considered to be a good idea by just under half the respondents to help improve standards, share best practices and benchmark against. From the qualitative feedback this would be welcomed more if it was part of an ongoing learning process to gain greater insight into how to improve and innovate in the catering area rather than used as a way that made people feel that they were not doing well.

So What? Next steps...

Do not fixate on the outcome that you are expecting – have a desire to deliver an amazing meal experience to guests, for example – but do not lay down in stone what that will be from day one. Creating a restaurant is always a work in progress and each day is an opportunity to adapt, improve and review – think of it as a journey/ adventure rather than a tightly controlled expedition with a fixed itinerary. By creating an innovative and opportunistic atmosphere around the catering with robust and sensitive measurement and management processes you have the ingredients to develop a special place that the community can enjoy and thrive in.

At the heart of a great restaurant is a well costed, consistent, fresh, quality food offering that is priced to make sufficient margin to cover costs. No turkey votes for Christmas, and equally no resident is going to welcome higher prices, but if it is making the business viable then you must charge a proper price as long as the meal is competitive with the local catering provision and high quality food.

The survey demonstrates that there is lots of innovation in the industry and there is still room for more – the reference point has to be the high street and new eating trends that are in the world of restaurants and eating out. The vision of more coffee shop concepts in extra care in the future is a reflection of the explosion in the last 15 years of coffee shops on the high street.

The reality is the future of catering in extra care housing really does appear to be providing a space for the over 55's that provides nourishment, friendship, entertainment, health and well-being. At the heart of all these activities is food and drink. The implications on design, decor, access and staffing are far reaching, but it presents an incredibly exciting prospect for the industry and, more importantly, older people. More thinking out of the box, gaining insight from other industries and disciplines to explore 'crazy' thinking, could create unseen opportunities and ideas.

Note

The views expressed in this paper are those of the author, and not necessarily those of the Housing Learning and Improvement Network.

About Aviatrix

Aviatrix are a strategic research consultancy that have collaborated with Care Sec Ltd to provide catering advice and support to the housing and care industry. Projects include defining an appropriate catering offer, conducting a feasibility study, auditing a current offer, managing and assisting catering tender processes and conducting research amongst existing and potential residents. Helen Bailey MD of Aviatrix has twenty five years' experience of working in the hospitality industry as adviser, researcher and operator. www.aviatrix.co.uk

For further information, please contact: Helen@aviatrix.co.uk



About the Housing LIN

Previously responsible for managing the Department of Health's Extra Care Housing Fund, the Housing Learning and Improvement Network (LIN) is the leading 'learning lab' for a growing network of housing, health and social care professionals in England involved in planning, commissioning, designing, funding, building and managing housing, care and support services for older people and vulnerable adults with long term conditions.

The Housing LIN welcomes contributions on a range of issues pertinent to housing with care for older and vulnerable adults. If there is a subject that you feel should be addressed, please contact us.

For further information about the Housing LIN's comprehensive list of online resources and shared learning and service improvement opportunities, including 'discovery' visits and network meetings in your region, visit: www.housinglin.org.uk

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