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Focus on the Public Sector



## Future of UK Public Sector Catering until 2022

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- 1. Market Data**
- 2. Key Influences**
- 3. Expert View – Challenges and opportunities**

# Executive Summary: Consumer Trends

## 2008-2016

### Caution

Sticking with 'what we know' through times of austerity

### Trust

The operator knows best

### Parent Power

Kids very much second best to their parents

### 'Health' or 'Indulgence'

Mutual exclusivity of benefits

### Convenience

Good to have where possible

### Cheapness

Heavy cost-focus, especially outside of FSR

### Specialization

Operators known for their core products

## 2016-2022

### Experimentation

Confidence breeding a shift to trying new cuisines

### Customization

Consumer input into the meal

### Pester Power

Children treated as consumers in their own right

### 'Healthy Indulgence'

Blending of the concepts...if only 'for show'

### Ultra-Convenience

Operators re-doubling efforts to fit into consumers' lives

### Value Proposition

Discerning consumers more willing to spend if convinced

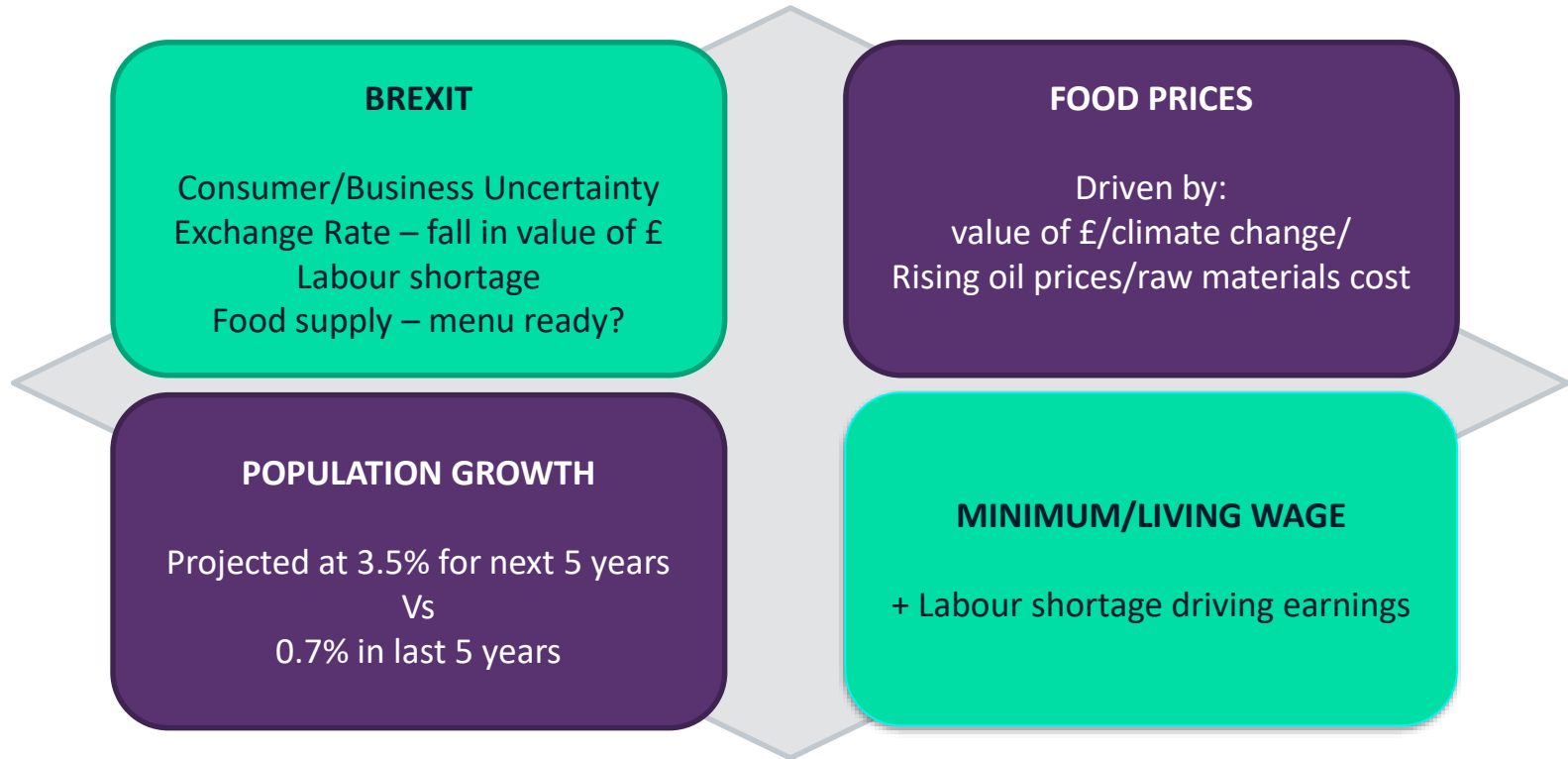
### Convergence

Everyone offering everything, better

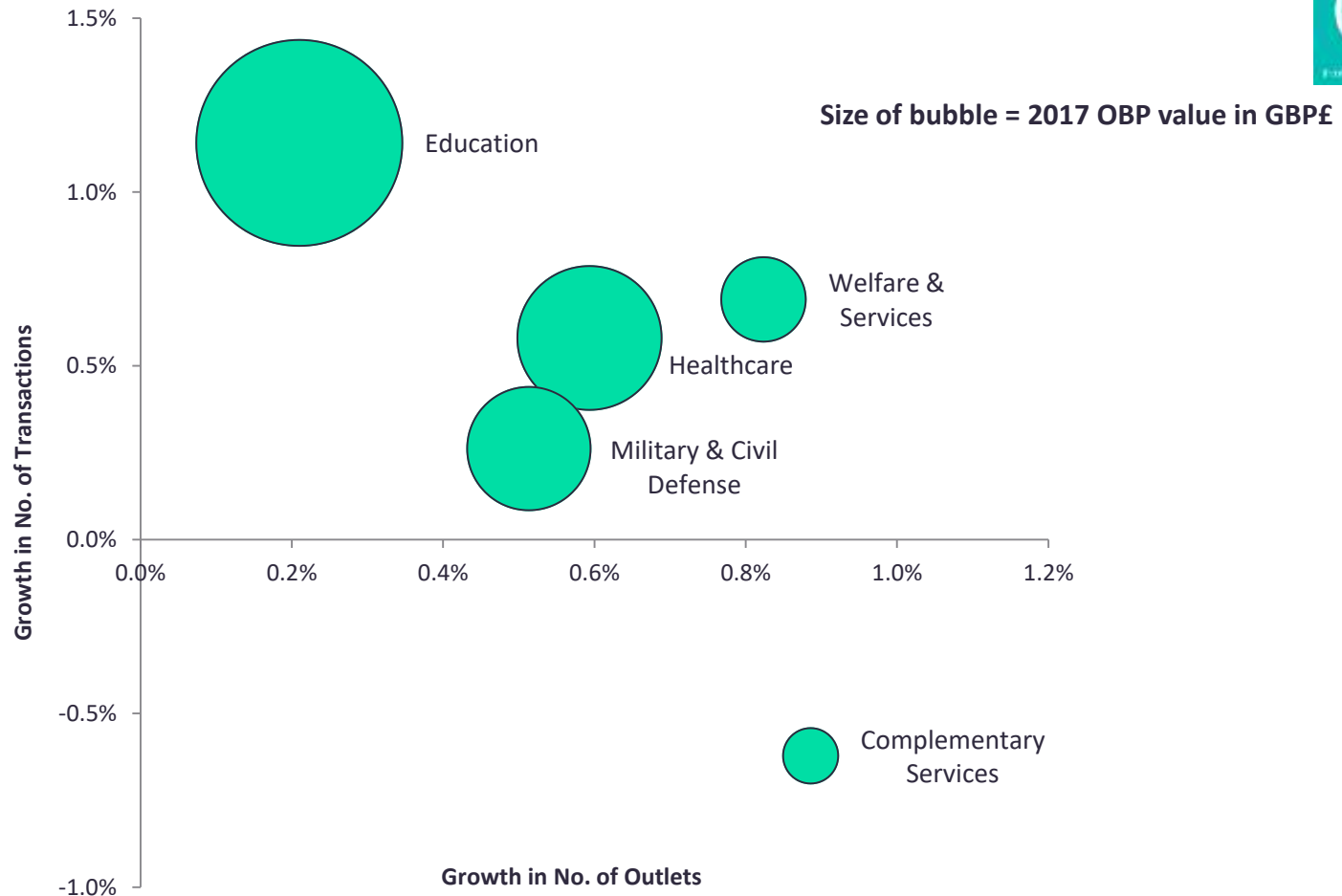


# Macroeconomic Overview

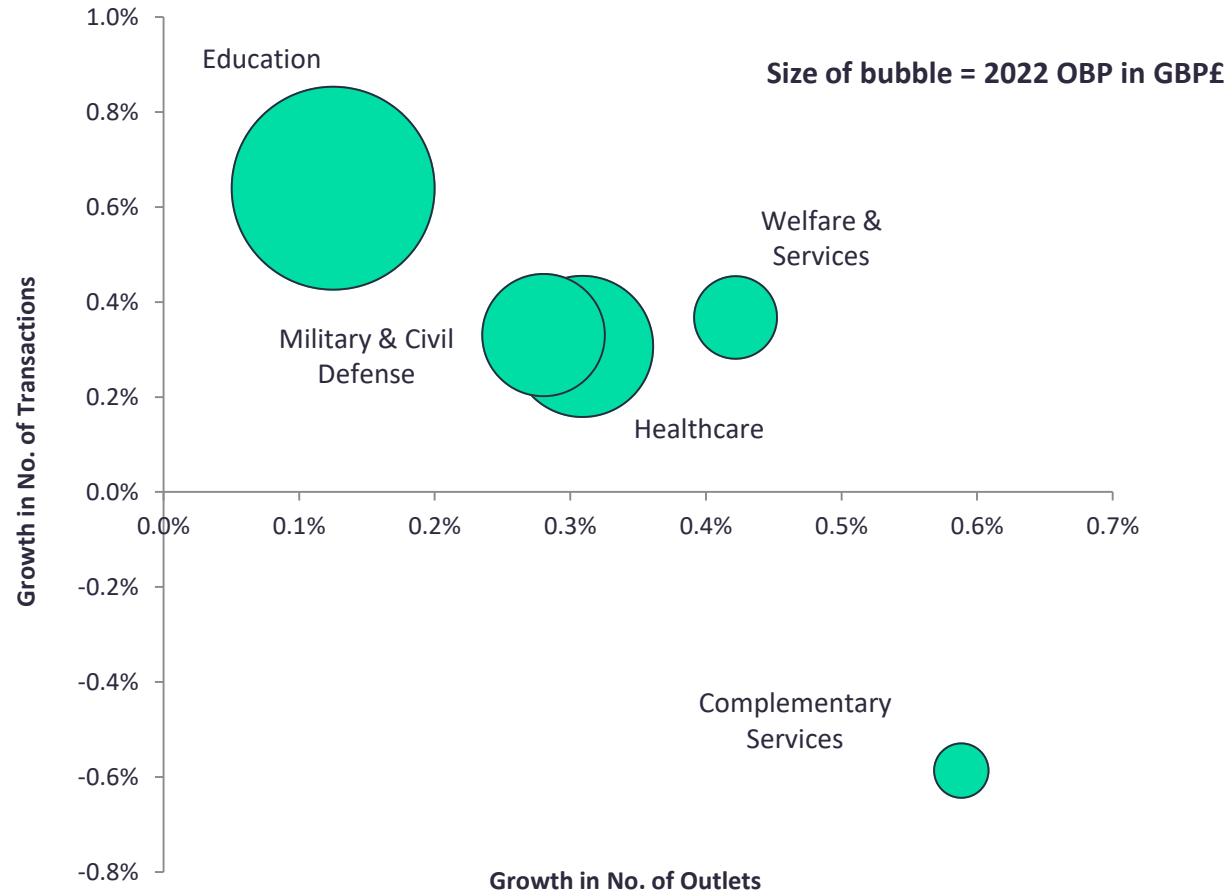
Major macroeconomic factors likely to effect public sector catering.



# Historic Growth 2015-17



# Future Growth 2017-22



Channel	2015	2017	2022	CAGR 2015-2017	CAGR 2017-2022
Education GBP£ M	620	648	696	2.2%	1.5%
Healthcare GBP£ M	306	320	340	2.1%	1.3%
Military & Civil Defense GBP£ M	224	236	257	2.7%	1.7%
Welfare & Services GBP£ M	107	112	119	2.1%	1.3%
Complimentary Services GBP£ M	46	48	53	2.1%	1.7%

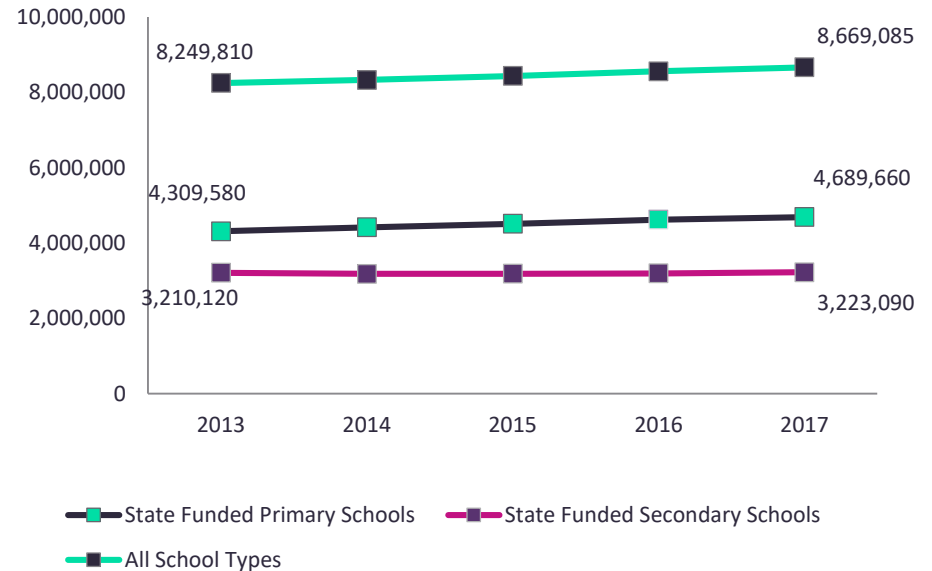


# Education Growth 2015-22

Currency	2015	2017	2022	CAGR 2015-2017	CAGR 2018-2022
GBP£ M	620	648	696	2.2%	1.5%

- Sector worth 47.5% of public sector market value
- Continued growth through population increase – Driving increase in outlets – House of Commons analysis claims nearly 20% of schools near capacity
- UIFSM increased uptake by 35-40%
- Complex service delivery – and getting more so
- Reduction in higher education numbers

Number of school children in England



Currency	2015	2017	2022	CAGR 2015-2017	CAGR 2018-2022
GBP£ M	306	320	340	2.1%	1.3%

- Healthcare = combination of hospital and residential
  - Hospital value = £178m = 56%
  - Residential care = £135m = 42%
- Growth fuelled by aging population using hospitals and care homes
- Way to reduce healthcare costs = reduce obesity – obesity levels forecast to grow to 26.6% of population by 2020

Currency	2015	2017	2022	CAGR 2015-2017	CAGR 2017-2022
GBP£ M	224	236	257	2.7%	1.7%

- Represent Armed Forces – Police – Fire
  - Military feeding in 2 areas
    - Off base – MoD/Leidos controlled
    - On Base – Hestia contracts/PFI – ‘Pay as you dine’
      - Awarded to Sodexo/Aramark/ESS
- Transactional growth will decline on base but grow marginally with ongoing investment in military in particular
  - Government commitment to increase defence spending by 0.5% above inflation every year
  - Approx 26m transactions in Emergency Service channels

Currency	2015	2017	2022	CAGR 2015-2017	CAGR 2017-2022
GBP£ M	107	112	119	2.1%	1.3%

- Prisons and community services (not MoW)
- Growth driven by community services (2.4%) – Elderly population/poverty growth?
- Prison sentences growing (10.7% of sentences are life in UK vs 3.1% in Europe)
  - Ave spend per day = £84 vs Euro Av of £76.62
- End of Meals on Wheels to affect growth?



## Challenges

- Food Prices/inflation
- Recruitment and Retention – Impact of Brexit on workforce
- Labour Cost inflation
- Value of the Pound
- “Unprecedented financial pressures”
- ‘Academisation’ and MAT’s
- Reducing HE student numbers



## Opportunities

- Government capital investment to stimulate economy
- Ongoing private investment in care homes
- Ongoing investment in UIFSM – replacement market
- Outsourced investment





# **PUBLIC SECTOR CATERING** **EXPO 2019**

**MEETING | SHARING | LEARNING**

**TELFORD INTERNATIONAL CENTRE**  
**19<sup>th</sup> – 20<sup>th</sup> November 2019**

# QUESTIONS?

## CONTACT DETAILS:

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# ceda conference 2019