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Kitchen Fixed Charge Prepay Meal Credit Proposal

Prepared for:

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What is the Kitchen Fixed Charge?

The Kitchen Fixed Charge is a termly charge (currently £128) levied on your College Bill. It is designed to cover the cost of staff, buildings, utilities, insurance and infrastructure which underpins the catering provisions around College. These include:

1. Servery – lunch, dinner and brunch at the weekend
2. Butterfield Café – serving breakfast and baguettes throughout the day
3. Formal Hall – candlelit dinner three times a week

It is also designed as an 'incentive scheme' – the more the students as a whole who eat in College, the less KFC should be, because more money is available from food sales.

What is wrong with it?

The main problem with KFC as an incentive scheme (something which encourages students to eat in College) is that it simply doesn't work. Whether you want to eat every meal in College or you don't like the food, everyone pays the same flat-rate 'tax' and does as they please.

We have already demonstrated last year that despite a 25% increase in sales, the catering department only made a 1% increase in profit, and so were unable to give any KFC reduction. KFC therefore cannot be reduced by the increase in sales alone, thus there is no group incentive to eat in the servery. As College continues to improve the kitchens in student accommodation there is even less incentive to use College catering.

College catering cannot survive as the number of students eating there ultimately moves towards zero. College must provide this catering, therefore the idea of stopping all catering provision is not a viable option. The fewer people who go, the less financially viable it is. So some system must be in place to encourage the maximum use of the service which College is obliged to provide.

If KFC continues, it will continue to spiral upwards. Next year KFC will be £135 and it will be higher again the year after. There is no chance of a KFC freeze, let alone a reduction in the near future. Our estimate is that KFC must rise roughly above inflation (due to rises in the cost of staff and other overheads).

How should it change?

In order to have an effective incentive scheme, there must be a benefit at the individual level to eat in the servery. The proposed solution to this is 'meal credit'.

The meal credit works in the same way as a pre-pay mobile phone – you have to spend a minimum amount on food in a given term. Anything you spend over and above your 'prepay charge' is added to your College Bill as it would be now.

You will be able to spend your credit on meals in the servery, on formal halls (including guest tickets), on sandwiches in the Butterfield Café and even on College-sold wine.

College is very reluctant to take any risk on the new scheme. Having tried scrapping KFC (to £0.00) in the past, and having made a substantial loss from this initiative, it is understandable that they are hesitant.

After lengthy discussions between the JCR and relevant College officials, we have come to an agreement for a tentative level of meal credit which will be used for a trial in Michaelmas 2005. This will be the equivalent of spending an average of £2.50 each day on food. This system is already in use at Selwyn, and based on their charging scheme we propose a trial of:

- £200 prepay credit per term
- and £70 Fixed Charge per term

For comparison - if no changes are made and we do nothing, then we will pay £135 KFC per term next year.

In order to make any scheme work, some food prices may move closer to the market rate. However, Formal Hall prices are guaranteed to remain frozen next year.

We believe that the assumptions made when producing these calculations are extremely cautious. We think that the nature of this scheme will be successful to the extent which will allow College to give students a rebate at the end of trial period, as well as decreasing the prepay amount in Lent 2006.

We intend to have a further vote at the end of Michaelmas 2005, to check that students are happy with the new system. If not we will revert back to the standard KFC system for Lent 2006.

How will Meal Credit affect me?

The best thing about the meal credit is that it is actually fully redeemable in food – as opposed to KFC which you still have to pay even if you are a regular customer.

Someone who eats regularly in College might spend up to £400 on their bill now (i.e. £270 on food + £128 KFC). Since they would no longer have to pay the full KFC but still eat as regularly they have saved £65. In the future, we envisage this scheme enabling us to move towards having no Fixed Charge at all – and so regular users will benefit even more. Therefore we hope that there will be only the 'meal credit' in operation.

Even a moderate user of the servery and formal halls will benefit in the same way. If you currently spend more than £130 per term on formal halls, Butterfield, wine and the servery combined, then you will still save having to pay that flat-rate KFC, and you will easily spend more than the prepay amount.

However if you are a 'bad citizen' and don't ever eat in College then you will probably not be happy! Unfortunately this is a problem with any scheme which encourages you to eat in College. The good news is that there are now lots of ways to spend your credit – and if you really hate the food that much you could just buy a lot of wine and be done with it! We are still working with College to improve the quality of food. Also don't forget that the Servery is stocking an ever-increasing amount of daily groceries such as cereal, milk, teabags and coffee.

What is College doing to help?

Of course College realises the need to save money. It cannot survive on KFC or student catering sales alone, so efficiency saving measures are clearly beneficial. College is not complacent. Many changes to the way the kitchens are run have already been made, especially to reduce the wastage. The West Range redevelopment brings fresh impetus to make changes to the way in which students choose and receive their meals.

In the short-term, the JCR has also suggested many ways to improve the catering provisions, which have been well-received by College. These include:

1. Super Formal

Once a term there will be a even better formal hall than normal, which is black tie, five course and with a string quartet. Perfect for bringing your family and friends to, to show them the best of life in Cambridge.

2. Breakfast in the Butterfield

Cereal and cereal bars should now be available in the Butterfield.

3. Formal Hall Improvements

Some of our suggestions were: increased amount of vegetables; salt and pepper grinders; hot bread rolls at every formal; candlelit even in the summer; and College mints without exception.

4. Group Booking in Formal Hall

We have agreed that those who make group bookings for birthday parties will receive a free birthday cake presented to them at the end of their meal by College. Similarly, there will be an incentive scheme for those booking for society or sports dinners – we are currently negotiating this and we hope this will result in a free bottle of College port with your meal.

Seat reservations will once again be possible, therefore you will be able ensure that all of your group sits together without having to turn up at 6.45.

Summary

If you were to approve this scheme, you will be provided with £200 meal credit which can be spent on formal hall, the Servedy, the Butterfield Café and College-sold wine. This will mean that for every pound you spend, you see real value for your money.

College are not taking their current losses lightly. They are willing to work with us on this extremely controversial idea, in order to provide a fairer service for the students.

The quality of food has been improving, and will continue to do so as the Catering Manager works alongside the Head Chef. Wastage is being reduced, since College are currently tracking the most popular meals purchased to ensure that the demand is met.

Now is the prime time for any new schemes to be introduced, as the DCAC is working with College to finalise the plans for the new Servedy system – which will be implemented at the end of the West Range Project, Easter 2006.

The £70 Fixed Charge we believe is an extremely conservative estimate of the amount College will need to sustain their current income using this new system. Therefore we envisage this will be reduced dramatically in Lent 2006.

If we do nothing to change the current system of KFC, there is no way that College will be able to freeze the amount, let alone reduce it to zero in the near or distant future.

Please consider our proposal carefully. Think not only of yourself as a user, but of those future Downing students who might face both higher charges to attend this College and University, let alone the spiraling cost of KFC.