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MAF/SW/10.08

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Dear Head Teacher

The purpose of this letter is to inform you of the forthcoming changes in which Schools will trade with Catering Services. These changes will take effect from 1 April 2009.

Below we provide background information to ensure all Schools have a clear understanding of the reasons for these changes.

BACKGROUND

Buy Back Provision – previously schools have had the choice to use their Free School Meal allocation and Bands 1 – 5 (see below for an explanation) to provide School meals. The income received from the sale of paid meals was retained by the Local Authority. All schools supported each other in this arrangement, each school has a unique contribution, with varying paid uptake, free meal entitlement, and this resulted in some schools running at a surplus, others at a loss. This option will no longer be available.

Legal Requirements

Schools have a legal obligation to provide Free School Meals, along with ensuring the following standards are adhered to:

- Food-based Standards for School Lunches and Food-based Standards for food other than Lunch, became Legal requirements from September 2007;
- Primary Nutrient Based Standards became a Legal requirement from September 2008;
- Special/Secondary Nutrient Based Standards are a Legal requirement from September 2009.

The new performance framework for Local Authorities and Local Authority Partnerships has a specific Children and Young People Indicator relating to the take up of School Lunches: NI 52, which assesses the increase in healthy eating among children and young people, particularly those entitled to a Free School Meal (please see Appendix 1).

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Catering Allocation

The funding for catering is made up of three elements:

- 1) **Free Meal Allocation** - based upon the number of pupils registered as entitled to free school meals, as at PLASC day (3rd Thursday in January), the budget is then calculated based on the current level of funding:

Primary and Secondary Schools	£1.40 per pupil
Special Schools	£1.49 per pupil

Based on 2008/09 funding

Based on this formula and the varying entitlements across the Borough, each school will receive different budgets to provide their catering.

- 2) To recognise the diseconomies of scale for the direct costs of producing meals an additional banding system is used. There are five bands with the smallest schools receiving the largest allocation. (A full breakdown is enclosed at Appendix 2):

Band 1	£14,931	(fewest pupils)
Band 2	£11,462	
Band 3	£9,167	
Band 4	£6,873	
Band 5	£4,589	(most pupils)

Based on 2008/09 funding

- 3) **Area of Building Formula** - premises costs are distributed upon the square meterage of the floor area of the building which includes the kitchen. This allocation covers the indirect costs associated with the provision of meals. As agreed in 2002/2003 by Schools Forum.

School Meal Grants / Standards Fund

On the 20 March 2005, the Education Secretary at that time, Ruth Kelly, made an announcement pledging a £280 million investment package over three years, for improvements to the school meal service in England.

There were two elements to the Standards Fund: **105a**, the purpose of which is to support the transformation of school meals and was ring fenced. The purpose of this grant was to reintroduce hot meal provision where it did not exist and develop initiatives linked with healthy school programme activities and other health initiatives, and to meet Nutritional Standards, which became mandatory in September 2007.

As the Authority already had hot meal provision throughout Borough this funding was focussed on improving nutrition and training and an allocation was made to schools based on the uptake of meals. For SLA schools this was credited to their account. Skills and Nutrition Training has been made available to all schools, therefore all schools benefited from the opportunity.

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105b is given directly to schools, and is intended as transitional money to target spending on areas that the schools feel would have the biggest impact on school meals. This money was not ring fenced.

New Standards fund 2008 – 2011. School Lunch Grant.

A new grant was announced to operate from 2008 to 2011, the previous grants having ceased. It should be noted this is a new grant and not a continuation of the Targeted School Meals Grant that was available from 2005 to 2008. Now that the new standards for school lunch are in place the focus moves to ensure school lunch take up is increased. It recognises healthy food often costs more and is less attractive to children. This funding will be allocated to schools and is ring fenced. The grant can therefore be used for any direct costs of a school lunch which can include ingredients, additional labour costs, rates of pay and small pieces of equipment that are needed to provide a **hot** meal.

WITH EFFECT FROM 1 APRIL 2009

As detailed in the Traded Services Brochure for 2008/09, Catering Services, in consultation with the Traded Services Management Board, Schools Forum and Children's Services Accountancy have reviewed trading arrangements with schools.

With effect from 1 April 2009, a school will pay for individual provision; the standard buy back option will no longer be available.

Schools will be advised, early 2009, of the cost for the provision of their catering service.

Schools will have two options:

- 1) Enter into a **Fixed Cost Contract** for the provision of their catering. Whereby, the school accept the charge for the service, and are charged accordingly. The cost will only deviate from this cost if the provision is changed by the school. e.g. change in serving times, serving arrangements, cancellation of service for any period of time. The details of which will be referred to within the Service Level Agreement.
- 2) Or, schools can opt for an **Individual Agreement**, whereby charges will be made termly, based on actual costs. (please note, that the year end figure may be higher/lower than the original estimate.)

Head Teachers will be contacted early December to advise of estimated costs for the provision of a catering service for the 2009/10 financial year.

It is hoped that these changes will have minimal impact on Schools, and working together, it is hoped that school meal uptake will increase.

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We have enclosed a list of Frequently Asked Questions for your reference, but please do not hesitate to contact your District Catering Manager should you wish to discuss this matter in further detail.

Thank you for your continued support.

Yours sincerely

Mike Flood
Assistant General Manager

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Frequently Asked Questions

- 1) Who will pay for my equipment (new and repairs) under the new arrangements?**

Fixed Cost Contract: All repairs and equipment requirements are all included and managed by Catering and Client Services on a priority basis.

Individual Agreement: The School will be recharged for all repairs and equipment costs, as and when they arise.

- 2) The boiler in the kitchen has broken, who is responsible for paying for the repair or replacement?**

A boiler is part of the Fixtures and Fittings of the school, and therefore the school are responsible for all associated costs.

The same would apply to items such as Roofs, Walls, Ceilings, Floors, Drains, Toilets, and Windows.

- 3) What should I do if a member of the catering team go off sick?**

Catering and Client Services have an absence procedure in place to ensure staff absence is reported to Head Office. A Staffing Officer is based at Head Office to coordinate staff cover where necessary.

You need not do anything if a member of your catering staff is off sick.

- 4) I have always allowed my teachers who supervise lunchtimes to take a meal, is this included in my price?**

No, Teachers Duty Meals and Special Catering (for meetings/ functions) will be charged separately, on a monthly basis.

- 5) Who pays for the energy costs within my kitchen?**

Schools have delegated funding for energy costs within their school, including the kitchen. Energy bills are paid centrally and recharged to the school. Your accountant will be able to advise further.

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6) **What added features do I get from purchasing my Catering provision from Catering and Client Services?**

You have the support of an experienced team, who provide:

- *Management Supervision – by a dedicated District Catering Manager;*
- *Meetings between Provider and School Representatives;*
- *Staffing Officer to arrange adequate cover via a bank of casual staff;*
- *Recruitment and Selection, including advertising costs;*
- *Sickness / Absence monitoring, including ill health referrals;*
- *Counselling;*
- *CRB checks;*
- *Payment of salaries and wages;*
- *Provision of uniforms;*
- *Staff training and development;*
- *Marketing;*
- *Health and Safety, including PAT testing, Risk Assessments;*
- *Bi-annual Quality Audits;*
- *Equipment procurement;*
- *Management of equipment, repairs and maintenance;*
- *Contract negotiation with suppliers;*
- *Nutritional analysis of menus;*
- *Compilation of menus and copies provided to parents;*
- *Public Liability Insurance;*
- *Legislative compliance;*
- *Production of management information;*
- *Partnership working with local agencies, i.e. PCTs;*
- *Financial information and advice;*
- *Payment of invoices;*
- *Administration of purchase card system.*