

Schools Forum 11 December 2007

Report of the Director of Children's Services

Dudley Catering and Client Services (DCCS)

School Meals Service

Purpose of Report

1. To provide additional information to Schools Forum, in relation to the School Meals Service, responding to queries raised at the meeting held on 2 October 2007.

Background

2. School Catering

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, are a Legal requirements from September 2007;

Primary Nutrient Based Standards are a Legal requirement from September 2008;

Special/Secondary Nutrient Based Standards are a Legal requirement from September 2009.

The Local Authority Caterers Association surveyed 150 Local Authorities in 2006 regarding the cost of school meals. The average direct costs of provision (direct labour and food costs) were:

Primary	£1.61
Secondary	£1.66

Therefore funding Free School Meals at £1.20 is less than direct cost, the current **total** cost for Dudley is £2.20.

The new performance framework for Local Authorities and Local Authority Partnerships has a specific Children and Young People Indicator NI 52 – Take up of School Lunches.

3. Catering Allocation

The funding of catering is made up of three elements.

a. 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	£1.20 per pupil
Special Schools	£1.27 per pupil

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

b. 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. See Appendix 4:

Band 1	£14,580	(fewest pupils)
Band 2	£11,193	
Band 3	£8,952	
Band 4	£6,711	
Band 5	£4,481	(most pupils)

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c. 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 this forum. See Appendix 1B.

4. **Targeted School Meals Grant** 105b was transitional money not ring fenced to support the transformation of school meals to meet Nutritional Standards that became mandatory in 2006. This was based on a lump sum per school and 50p per Full Time Equivalent Pupil.

5. **The Provision of Meals**

Under delegated powers Schools have the choice of how to fulfil this obligation:

- Self manage – managing their own catering operation within the school;
- External Contractor;
- Local Authority provider – Catering and Client Services.

6. **Buy Back Provision (see Appendix 2)**

86 Dudley schools choose to use their Free School Meal allocation (see 3a) and Bands 1 – 5 (see 3b) to provide School meals. The income received from the sale of paid meals is retained by the Local Authority.

All schools support each other in this arrangement, each school has a unique contribution, with varying paid uptake, free meal entitlement, this does result in some school schools running at a surplus, others at a loss. Schools taking this option are assured of their costs at the beginning of the financial year. Risk is managed by Catering Services

7. **Service Level Agreement (SLA) (see Appendix 3)**

Those schools choosing to enter into a SLA with Catering Services, they operate independently. The school retains all its allocations and pays all costs associated with the service. They do not benefit or subsidise the schools that use the Buy Back option.

Catering Services retain paid meal income and balances the expenditure. The school retains all profit or absorbs any losses, included in this calculation, is a support package. See Appendix 1C

The charges for 2007/08 are:

Primary Schools £6,850

A Management Fee is included within the figures above

8. **Catering Income**

Catering Services currently receive income via the following means:

- Paid meal income;
- Income from other catering services – i.e. Function Catering and Community Meals. Profits made have subsidised the current service. These areas are in decline and no longer subsidise the service;
- School Standards Fund 105A (see paragraph 11);
- Management fees from SLAs;
- The turnover is £7.8m

9. **Free School Meals**

Historically, the Authority has set the price for a meal to a paying pupil. This price covered the cost of food and labour. This has continued since the delegation of Catering budget as a recommended price to schools. The majority of schools have chosen to follow this recommendation.

Free School Meal children have received the same provision but schools have been allocated an allowance less than the cost per meal.

A Decision Sheet is submitted on an annual basis to set the recommended selling price of a school meal. Once approved, this is the price that is recommended to schools; however, schools are able to implement their own pricing policy, should they wish to do so if they are self managed or under a Service Level Agreement.

- The current recommended selling price of a Paid Meal is £1.60;
- The free school meal allocation is £1.20 for primary and secondary pupils;
- And £1.27 for pupils in Special Schools.

The shortfall highlighted above has previously been funded from Catering

reserves and other business areas, which are now declining; therefore the true cost of a meal needs to be recovered.

There is a requirement for Free School Meals to be adequately funded at the recommended price of a paid meal, currently £1.60.

10. **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.

- 11, 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 improved 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.

12. **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. As referred to at point 4.

13. **New Standards fund 2008 – 2011. School Lunch Grant.**

A new grant has been made from 2008 – 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 – 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.

The recommendation for formula allocation – See separate Report.

Equality Impact

14. ▪ The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

15. It is recommended that:-

Schools Forum to note the service pressures on schools and subsequently the provision of Catering:

- To recognise that the provision of a hot school meal is a requirement and the expectation of increasing the uptake of the service;
- To recognise the under investment in Free School Meals and allocate the recommended selling price that should change annually;
- To note that the current Buy Back arrangements cannot be a viable option open to schools
 - without the free school meals issue being addressed;
 - and the recognition that the School Lunch Grant would be an essential part of the Buy Back arrangement.



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List of Background Papers

<p>A Direct Costs</p> <p>Food Labour Cleaning Materials Minor Repairs Kitchen Painting Uniform</p>	<p>B Indirect Costs</p> <p>Tables Waste Collection Utilities Ventilation Cleaning Boiler Plumbing Toilet Accommodation Roofs Walls Ceilings Floors Drains Heavy Equipment</p>
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C Service Level Agreement – Support Package

- Menus & Marketing
- Health & Safety
- Advice on equipment & procurement
- Portable Appliance Testing in kitchens
- Catering Staff insurance
- Liaison with Environmental Health
- Premises registration
- Quality Assurance visits
- Payment of invoices
- Cash collection
- Personnel, Wages / Salaries
- Recruitment & Selection
- Emergency cover
- Administration – stationery, telephones, postage
- Minor repairs to value of £200 per kitchen
- Light equipment
- Management time
- Nursery milk administration
- Tables set for sandwich eaters