

Schools Forum 9 December 2008

Report of the Director of Children's Services

Dudley Catering and Client Services - Changes to trading arrangements with Schools

Purpose of Report

1. The purpose of this report is to update Schools Forum on progress to date and the next steps with regards to the transition to new trading arrangements between Catering Services and schools, effective from 1 April 2009.

Budget Working Group Discussed

2. Yes - 19.11.08.

Action for Schools Forum

3. To note the contents of the report.

Attachments to Report

4. Appendix 1, copy of correspondence sent to Headteachers in October 2008.

Penny Rushen
Catering Manager
24 November 2008

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Background

2. Schools Forum resolved at its meeting in December 2007:
 - That the information in respect of the service pressures currently being experienced in schools, and the consequent effect on the provision of School Catering, as contained in the report submitted, be noted.
 - That the requirement to provide hot school meals, and the expectation on Local Authorities to increase the uptake of the service, be noted.
 - That, with effect from April 2008, provision in Dudley's LMS formula for Free School Meals (FSM) be aligned to the cost, with the related formula factor being reviewed on an annual basis.
 - That, until such time that individual service level agreements are adopted for all schools; anticipated for implementation in April 2009, funding for the School Lunch Grant forms part of the current cost base for the 'Buy Back' arrangements with schools
3. With effect from 1 April 2009, Catering Services will be changing the way in which they trade with schools. A detailed letter was sent to all schools in October 2008, explaining the background and reasons for these changes (Appendix 1).
4. To summarise, there will be only two options available to schools who wish to buy back the service from Dudley Catering Services:
 - a) Enter into a **Fixed Cost Contract** for the provision of catering;
or
 - b) Schools can opt for an **Individual Agreement**.

5. Agreement periods for both options will be for a minimum of two years, with the option available for a three year contract. Charges will be reviewed annually and communicated to schools prior to the start of the financial year.

Current and Future work

6. An issue that remains a concern is the differential between Free School Meal Funding and the cost of a Free School Meal. At present, Free School Meal Funding is £1.40 per meal, the cost to produce a meal is £1.65, resulting in a 25p per meal shortfall.
7. For schools with a high uptake of Free School Meals, this will have a negative impact on their catering costs.
8. In 2007, Schools Forum agreed that Free School Meal funding should be set at £1.65 per meal (subject to annual inflationary rise), in line with paid meals. Schools Forum will be requested on 9 December to re-affirm their commitment to this additional funding from 1 April 2009.
9. District Catering Managers are currently targeting 22 Priority Schools that have been identified by the Finance Team, where improvements are to be made to food and/or labour costs.
10. From those 22 Priority Schools, early indications are highlighting a potential 6 schools where addressing free school meal funding shortfall and controlling costs will not address all financial concerns, and there may be further work to be carried out to identify areas for improvement.
11. For those 6 schools, where figures are not favourable, District Catering Managers will be arranging consultations with Headteachers to take place before Christmas 2008.
12. Estimated costs for the provision of a catering service for the 2009/10 financial year will be communicated to Schools via the Traded Services Brochure in February 2009. Schools will then have the option to choose a Fixed Term Contract or an Individual Agreement, via the Traded Services Brochure.
13. For any schools wishing to meet individually with the Finance Team, meetings are available upon request, following receipt of the Traded Services estimated costs.

Finance

14. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
15. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 the Schools

Forums (Amendment) 2005 Regulations and the Schools Forums (England) (Amendment) Regulations 2008.

16. From 1st April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).

Law

17. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

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

Recommendation

19. Schools Forum to:
 - a. Note the report regarding the introduction of individual service level agreements for schools from April 2009; and
 - b. Re-affirm their commitment to aligning the cost of a free school meal to the funding made available to schools through the Local Management of Schools (LMS) resources allocation formula.



John Freeman

Director of Children's Services

Contact Officer:

Karen Cocker, Children's Services Finance Manager

Karen.cocker@dudley.gov.uk Tel: 01384 815382