CITY OF YORK COUNCIL

Agenda Item

Decision Session - Executive Member for Children and Young People

20th July 2009

Report of the Director of Learning Culture and Children's Services

School Meals

Summary

1. This report considers the following issues:

- the school meals price to be charged from September 2009
- the allocation of the School Lunch Grant

Background

2. School meals remain high on the political and media agenda with further more stringent nutritional guidelines for both primary and secondary schools. These new guidelines are already in place in primary schools (from September 2008) and in secondary schools they will be compulsory from September 2009.

Consultation

3. Schools Forum were consulted on 2 July on the use of the School Meals Grant and its potential effect on school meal prices from September 2009. They considered four options and these are considered in more detail in the section below.

Options

4. The options available to the Executive Member:

   a. to confirm the uplift in school meals prices as agreed in July 2007 or
   b. to allocate the School Lunch Grant in such a way as to vary the agreed uplift in school meal prices given alternative calls on this grant funding.

Agreed school meals price increase

5. In July 2007, the Schools' Forum received a report that discussed the school meal price, the impact of a low take up and rising costs for the Contractor.

6. The school meals contract is currently delivered through County Caterers which is part of North Yorkshire County Council. Fifty schools have opted into the authority procured contract with the remainder making their own arrangements. Schools not in the contract are free to set their own prices in conjunction with their provider (although all schools must follow the nutritional guidelines).

7. Following consultation with the Executive Member for Children's and Young People's Service the Schools' Forum agreed a three year annual uplift in prices as follows:

Year	Primary price	Secondary notional price
2007	1.90	2.05
2008	2.05	2.15
2009	2.20	2.30

8. The current catering contractor (North Yorkshire County Caterers) have indicated that they require a contract price of £2.30 per meal from September 2009. This will mean that either a subsidy of 10 pence per meal from the School Lunch Grant or some alternative way of funding the difference will have to be sought or the selling price will need to rise to £2.30.

9. Despite the price increases previously agreed, the Contractor continues to report that they are losing money on this contract. The main reason for this is that the average take up in schools remains low despite a number of initiatives to increase it (although there has been some success through work with the School Food Trust).

10. The deficit on the contract for 2008/9 is £16,020 which will be met during the course of 2009/10 as a one off payment to North Yorkshire County Caterers. Annex 1 shows comparison of primary school pupil meal take up between academic years 2006/7, 2007/8 and 2008/9. Annex 2 shows comparison of secondary school pupil meal take up between academic years 2007/8 and 2008/9.

11. The School Food Trust recently reported on the take up of school lunches. In England in 2008-2009, national take up of school meals increased by +0.1% in primary schools and increased by +0.5% in secondary schools. This slight upward trend is reflected in York schools.

Using the School Lunch Grant

12. The Government recognised that the introduction of new nutritional guidelines would impose additional costs on schools and chose to help with these additional costs. The purpose of this new School Lunch Grant is to focus on increasing school lunch take-up, specifically by helping to keep down the price of a school lunch.

13. The conditions of the grant require local authorities and schools to use the funding to help meet the direct costs of a school lunch. The grant can only be spent in four ways. Local authorities and schools can use the funding to:

    - Pay for ingredients for school lunch;
    - Pay labour costs of catering staff;
    - Buy individual pieces of kitchen equipment, for example, microwaves, ovens, combi-ovens, mixers, dishwashers etc.;
    - Pay for the nutrient analysis software required to assess whether a menu meets the nutrient based school lunch standards and the expertise to operate the software.

    Local authorities and schools **cannot use** the funding to pay for central teams, training for catering staff or others, or for activities associated with encouraging pupils to eat school lunch and promoting healthy eating to parents and pupils.

14. The funding is a ring-fenced grant, which means it cannot be spent on anything other than the direct costs of school lunches. York has been allocated £244,090 in each year the funding is available. The funding ceases in March 2011.

15 The conditions of grant require all local authorities to consult and agree with, local school forums how the funding should be shared out locally. Local Authorities are not required to devolve all of the funding to schools. The funding should be allocated on a fair and equitable basis to all those that provide school lunches, whether it is the local authority (through its own service or a central contract), or a school that is providing its own lunches or using a contract.

16. The Contractor is reporting a shortfall between the contract price and the selling price, largely as a result of the level of take up.The total grant available is made up of two components:

    - The School Lunch Grant of £181,058 brought forward from 2008/9 is in line with the previously agreed pricing policy
    - School lunch grant for 2009/10 of £244,090

17. This gives a total grant available of £425,170. There are three potential calls on this money:

a) Subsidise the school meals selling price
b) Invest in individual items of equipment
c) Carry funds forward to 2010/11

Analysis

18. Annex 3 shows 4 options as to how this funding may be allocated between these different calls upon it. They are:

- Option 1 (freezing the selling price) would require most of the grant to be used to subsidise the contract in 2009/10, leaving very little funding for other initiatives / equipment

- Option 2 (a 5p (2.4%) increase in the selling price), would leave a significant amount available for equipment, but leaves no carry forward into 2010/11

- Option 3 (a 10p (4.9%) increase in the selling price), would leave a target amount for equipment, and leaves a small carry-forward into 2010/11

- Option 4 (a 15p (7.3%) increase in the selling price to the price set out in the last Schools Forum report), would leave an amount for equipment, and leave a significant carry-forward into 2010/11

19. Option 1 freeze the selling price is not recommended, as the grant is time limited. There would come a point where a large uplift in prices would have to be introduced if that grant funding ceases. The evidence suggests that take up would suffer significantly if this were to happen. In addition, no funding for equipment would be available.

20. Option 2 is attractive as some but not all the equipment could be purchased. However this could still leave a requirement for a large increase in 2010 albeit lower than in Option 1.

21. Option 3 allows for the purchase of equipment that the Contracts Manager advises is required in schools. In particular, the introduction of dishwashers will significantly improve the working conditions and efficiency of staff who will no longer need to wash up by hand, as well as saving water and electricity. It still leaves a lower than anticipated selling price increase (10p instead of 15p).

22. Option 4 implements the price increase previously agreed by the Executive Member. It also leaves a significant carry forward that provides for a further subsidy for 2010/11 (in addition to the school meals grant for 2010/11).

Corporate Objectives

23. The school meals service contributes particularly to two corporate objectives:

- Life long learning

- Maintaining a healthy lifestyle

24 Research has consistently shown that good nutrition is key to educational achievement in schools. School meals provide a nutritionally balanced midday meal and therefore contribute to this objective.

25. As a nutritionally balanced meal, school meals help to maintain a healthy lifestyle.

Implications

Financial

26. The financial implications of each option is shown in annex 3 and discussed throughout the report.

Human Resources (HR)

27. There are no direct HR implications arising from this report.

Equalities

28. There are no direct Equalities issues arising from this report.

Legal

29. There are no direct legal implications arising from this report.

Crime and Disorder

30. There are no direct Crime and Disorder implications arisinfg from this report.

Information Technology (IT)

31. There are no IT implications arising from this report.

Property

32. There are no Property issues arising from this report.

Other

33. No known implications.

Recommendation

a) It is recommended that the Executive Member approves option 3 (a selling price of £2.15 per primary meal) and the grant be used to fund one off initiatives in accordance with the criteria shown in paragraph 13 including:

- The contingency required to fund the shortfall between the contract price and the cost of providing school meals if take up is lower than that predicted, approx £20k

- To fund the introduction of dishwashers in all schools (whether in the catering contact or not) that do not have them (19) as these save on staff time, water and energy consumption, approx £160k

- Other one off initiatives at the request of schools or arising out of work with the School Food Trust leaving a modest carry forward for 2010/11.

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Report Approved √ **Date** 10 July 2009

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Wards Affected: *List wards or tick box to indicate all* **All** √

For further information please contact the author of the report

Background Papers:

DCSF School Lunch Grant paper

School Food Trust Statistical Release, National Indicator 52, Take up of school lunches in England 2008-2009, www.schoolfoodtrust.org.uk

Annexes

Annex 1 shows comparison of primary school pupil meal take up between academic years 2006/7, 2007/8 and 2008/9.

Annex 2 shows comparison of secondary school pupil meal take up between academic years 2007/8 and 2008/9.

Annex 3 shows selling price options and deployment of School Lunch Grant.