

AGENDA MANAGEMENT SHEET

Name of Committee Resources Performance and Development Overview And Scrutiny Committee

Date of Committee 19th September 2006

Report Title Demand for School Meals

Summary This report presents information regarding the impact on the Council's catering service of a current downturn in demand for school meals. The report presents a number of potential actions and seeks the view of O&S Committee on potential future options for delivery of the school meals service.

For further information please contact:

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Would the recommended decision be contrary to the Budget and Policy Framework?
No

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Councillor J Booth
Councillor G Atkinson
Councillor R Hicks
- Cabinet Member Councillor A Cockburn
Councillor I Seccombe – await the views of the committee
Councillor J Burton
- Chief Executive
- Legal Tony Maione (comments incorporated)
- Finance David Clarke – Reporting Officer

- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION No

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee Resources Performance and Development O&S Committee to receive a further report providing an update on demand following the introduction of improvement measures.
- To Council
- To Cabinet Cabinet to receive a report seeking approval of suggested way forward following the future O&S Committee consideration.
- To an O & S Committee Children, Young People and Families, O&S Committee for Information
- To an Area Committee
- Further Consultation

Agenda No

Resources Performance and Development Overview and Scrutiny Committee - 19th September 2006.

Demand for School Meals

Joint Report of the Strategic Directors for Resources and Children, Young People and Families

Recommendation

The Committee is recommended to note the current situation in relation to the trading position of County Caterers, the potential further options for delivery of the School Meals Service, and consider whether it wishes to establish a short life panel to assist in the development of options for the future of the service.

1.0 Introduction

1.1 In 2000 the Council delegated responsibility for the provision of school meals to **all** WCC schools in the County. The responsibility for the provision of meals includes the provision of free school meals and providing facilities for children bringing 'packed lunches' into school.

1.2 Schools have freedom to procure their meals service in a number of ways including:-

- Buy Back services from the Council's County Caterers Service
- Provide a service 'in-house' with school managed staff
- By a contractual arrangement with a private sector catering company

1.3 Currently the breakdown of schools is:-

	County Caterers	In-House	Private Contractor
Primary	188	3	0
Special	10	0	0
Secondary	18	11	8

Note: the remaining primary schools (6) do not currently provide a meals service.

- 1.4 In general terms this situation has continued since 2000 with limited change in either take-up of meal numbers or change in mix of provider/supplier. The County Catering Service provides school meals as the major element of its trading base, employing some 750 staff at unit level (334 full time equivalents) plus 20 management and supervisory staff. It has annual expenditure in 2005/06 of £8.5million (Major expenditure block relate to £4.8m for employee costs, £2.8m relating to food costs with the remaining £0.9m relating to a combination of costs including transport, premise and overheads). Financial administration and HR support is provided from within the Resource Directorate.
- 1.5 During 2004 the Government commissioned Kings College to carry out a review of the impact of the implementation of nutritional standards in Secondary Schools from April 2001. This was followed by a second review covering primary schools during 2005/6.
- 1.6 In October 2004 the Soil Association conducted research (which was widely reported) which seriously questioned the quality of school meals provision. This was followed in February 2005 with a television series from Jamie Oliver, which again in general terms questioned the quality of school meals provision. Whilst the television series centred on one London Borough, public perception seemed to be that school meals across the country provided a low quality service relying heavily on pre-processed food. As was the case in a number of authorities, County Caterers within Warwickshire had however implemented year-on-year improvements for school lunches which made the programme unrepresentative.
- 1.7 The media picked up on the interest in school meals and the Government responded by launching a review of school meals which resulted in the publication in October 2005 of a consultation paper (Turning the Tables – Transforming School Meals). In May 2006 the Government published its response to the consultation which broadly set out:-
- School lunch standards to be implemented for all schools with:-
 - Interim food based standards to apply from September 2006 for primary, secondary and special schools
 - Nutrient based standards for school lunches in:-
 - Primary Schools – September 2008
 - Secondary and Special Schools – September 2009
 - Set standards for all school food other than lunches – with effect from September 2007. This covers school vending/snack arrangements

In addition the Government has announced two time limited funding streams to assist in improving school meals with resources provided by means of:

- Grants to individual schools
- Grants to administering local authorities

1.8 In addition The School Food Trust was set up in 2005 with £15 million of funding from the Department for Education and Skills to promote the education and health of children and young people by improving the quality of food supplied and consumed in schools.

1.9 Following the report 'Turning the Tables: Transforming School Food' published by the School Meals Review Panel in October 2005, the Trust is now charged with taking forward the Panel's recommendations to transform school food and food skills to improve health and education for school age children and young people.

1.10 The School Fund Trust believes that this transformation of school food and food skills is critical to the health of a generation of children and will have a significant impact on our economy.

1.11 The Trust have set themselves four key goals that they will strive to achieve over the next three years:

1. Ensure all schools meet the food based and nutrient based standards for lunch and non-lunch food
2. Increase the uptake of school meals
3. Reduce diet-related inequalities in childhood through food education and school based initiatives
4. Improve food skills through food education, and school and community initiatives

2.0 The Warwickshire Context

2.1 Whilst the improved awareness of the issue of school meals and healthy eating in general has provided some benefits particularly in relation to improvement funds there has been a marked reduction in customer take up of meals following the Jamie Oliver television series.

2.2 The Local Authorities Catering Association (a national grouping of Council based catering services) estimates that across the country school lunch take-up has declined by between 5 – 15% with a national average of 9%.

2.3 Within Warwickshire school lunch take up in schools where County Caterers is the provider has reduced on average by 8.65%. This reduction in meal numbers has come at the same time as an increased cost base which reflects:

- Increases in food costs both reflecting local demand/quality issues and the national guidance changes outlined earlier
- Increased labour costs primarily relating to the implementation in 2001 of a revised pay structure for site based staff
- Increased costs associated with improving the skills of staff in order to respond to new service demands/improvements
- A reduction in some economies of scale brought about by loss of individual school business

This combination of factors resulted in the County Caterers posting a deficit in 2005/06 of £537,000. This deficit was managed as part of the overall outturn position of the former CAMS department.

2.4 For the current year, based upon the current expected meal numbers, a similar deficit is currently forecast. It should be noted however that this is very much an 'early year' forecast and this position may well change.

2.5 The ability to actively respond to the deficit situation is somewhat constrained by a number of Warwickshire specific factors including:-

- The relatively high numbers of schools with no on-site cooking facilities which necessitates the off site preparation and onward transportation.
- The compacted lunchtime periods prevalent in a number of secondary schools which can cause workflow planning difficulties alongside a reduced 'opportunity to sell'.
- Dining Halls which could be considered 'unfit for purpose' both in terms of suitability and sufficiency.

3.0 County Caterers Response to Date

3.1 County Caterers is working closely with the Children, Young People and Families Directorate in regard to the wider issues connected with the recent focus on improving school meals and preparing for the introduction of the new standards.

3.2 As a separate but linked workstream County Caterers has undertaken a number of measures to assist in the reduction of the operating deficit. These measures include:-

- Review of staffing arrangements at both operational and supervisor level which will continue throughout the year.

- New menu development with the introduction of revised menus from September 2006. (This work is ongoing and is likely to include further refinement and changes to the cyclic pattern of menu later in the year). A typical primary school menu for September 2006 is attached as Appendix 1.
- Increased/improved focus on marketing/promotion and consultation to deliver increased take-up, including improved contact with parents.
- Consultancy review of school meals operation to benchmark provision against examples of best practice.
- Increase in the price of paid for primary school meal to £1.55 from September 2006 – an increase of 5p over the current price for the majority of county primary schools. This price remains in line with nearby authorities' prices and better reflects the operating costs associated with the service. (The impact of this price increase on meal numbers will be monitored carefully as customer resistance may occur).

3.3 Officers are hopeful that these measures will assist in securing a reduction in the level of deficit. It is imperative however that quality standards are maintained particularly in terms of food procurement, food preparation, and food delivery. In addition it will be important to ensure that customer service remains consistently high.

3.4 Allowing for known or anticipated changes to numbers on roll and pricing changes, any decrease/increase in meal numbers would have the following effect on the forecast deficit. Further improvements to the level of deficit will require additional expenditure control measures.

Meal Numbers	Forecast Deficit
Current level	£538,000
Current level -5%	£601,481
Current level -10%	£671,853
Current level +5%	£456,737
Current level +10%	£390,336

3.5 It should be noted that whilst there is some link between meal numbers and anticipated deficit it is not a direct correlation. This is in the main due to the limited flexibility which exists to reduce certain fixed costs, most notably staffing costs and overheads.

4.0 Potential Options

4.1 As previously discussed, measures are in hand to try to reduce the current level of deficit. The deficit however remains substantial, and this position is not sustainable. There are a number of potential high level strategic options for the future delivery of the service should the trading base continue to experience ongoing difficulties. Subject to discussion and consultation with schools options could include:-

- Externalisation of the service

The service could be offered to a private sector contractor either as a whole service contract or, on a sector or geographical basis. In view of the current national picture of reducing meal numbers however, this may not prove to be particularly attractive to companies and could result either in 'cherry picking' of schools/areas/sectors or could result in schools facing increased management fees for the provision of services.

This option would be a significant procurement exercise and would have considerable employee relations issues.

- Cease the opportunity for schools to 'buy back' the service from the County Council; individual schools effectively take direct control of school catering, including the direct employment of site based staff. This option would create significant difficulties for schools with no on-site catering facility. It is also likely that in order to remain cost effective a core central catering support team would be required to provide management/technical advice to schools.
- Grow the business to such an extent that the financial deficit reduces to manageable levels. This will require the current business management processes to continue for a period of some years before returning to pre-'Jamie Oliver' meal numbers. This option would effectively require a continuing central subsidy to support the service through the change management process.
- Operate on a wholly commercial basis and withdraw from providing a catering service at schools where income/expenditure cannot be balanced. This option could introduce significant variation in service from area to area and would particularly impact upon schools with no or limited fit for purpose facilities and schools with low numbers on roll.
- Provide a partnership based service to schools that relies on clearly defining the respective roles and responsibilities of both the school and County Caterers. This approach would need to clearly set out the risks/benefits to both parties of any under/over performance in the number of meals delivered and the potential risks that each party would face in that situation. This particular option would undoubtedly impact upon the fair funding formula arrangements applicable for the delivery of school meals.

- 4.2 A number of these options require further full consideration and detailed consultation with schools about potential implications. Committee is therefore asked at this stage to note the potential options and provide views on each of the options. The Committee may wish to establish a short-life panel to assist officers in the further consideration of these options.
- 4.3 Committee will receive a further report later in the year, by which time the effects of the measures outlined in Section 3 in relation to service improvements/operational changes will have become clearer.

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Typical Primary School Menu from September 2006

Warwickshire County Caterers

Primary School Lunch Menu

Good Food : Good Health : Good Behaviour : Good Learning



Wholemeal bread and chilled water is available throughout lunch

Week One	Week Two	Week Three	Week Four
Monday	Monday	Monday	Monday
Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités
Cottage Pie & Gravy Carrots and Cabbage	Totally Chicken & Gravy Duchesse Potatoes Peas or Carrots & Swede	***Salmon Fillet Nibbles Potato Bites Carrots or Green Beans	Pure Organics Chipolatas & Gravy Jacket Wedge Potatoes Carrots or Sweetcorn
Chocolate Sponge & Chocolate Sauce Fruit Juice or Chilled Water	Eves Pudding & Custard Chilled Water	Apple Crumble & Custard Chilled Water	Honey & Raisin Bar Milk, Milkshake or Water
Tuesday	Tuesday	Tuesday	Tuesday
Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités
***Lemon Sole Grill Chipped Potatoes Sweetcorn or Green Salad	Lamb Hot Pot Jacket Potato Cauliflower or Golden Salad	Sliced Beef & Gravy Yorkshire Pudding Parsley Potatoes Sweetcorn or Carrots & Swede	Lasagne Garlic Bread Roll Mixed Vegetables or Celery, Apple & Carrot Salad
Fruit Crumble & Custard Chilled Water	Syrup Sponge & Custard Fruit Juice or Chilled Water	Cheese & Biscuits Fruit Juice or Chilled Water	Frozen Yoghurt Fruit Juice or Chilled Water
Wednesday	Wednesday	Wednesday	Wednesday
Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités
Sliced Pork, Apple Sauce & Gravy New Potatoes Broccoli or Sliced Carrots	Sliced Turkey & Gravy Roast Potatoes Broccoli or Sliced Carrots	Spaghetti Bolognaise Garlic Bread Roll Peas or Green Salad	Real Chicken Nuggets Sauté Potatoes Broccoli or Coleslaw Salad
Rice Pudding with Chocolate Buttons Fruit Juice or Chilled Water	Raisin Cookie Milk, Milkshake or Water	Chocolate Banana Flapjack Milk, Milkshake or Water	Bananas with Chocolate Custard Chilled Water
Thursday	Thursday	Thursday	Thursday
Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités
Sausages and Gravy Diced Potatoes Peas or Mixed Vegetables	***Haddock Fillet Bites Chipped Potatoes Peas & Sweetcorn or Baked Beans	Chicken Fillet & Gravy Roast Potatoes Broccoli or Cabbage	Pure Organics Meatballs and Gravy Pasta Peas or Baked Beans
Iced Sponge Cake Milk, Milkshake or Water	Lemon Sponge & Custard Fruit Juice or Chilled Water	Sultana Sponge & Custard Fruit Juice or Water	Lemon Tart & Custard Fruit Juice or Water
Friday	Friday	Friday	Friday
Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités	Fruit & Vegetable Crudités
Tuna & Sweetcorn Pizza Sauté Potatoes Baked Beans or Fruity Coleslaw	Sausages & Bacon Rolls Roasted New Potatoes Mixed Vegetables or Cabbage	***Giant Cod Fish Finger Chipped Potatoes Baked Beans or Mixed Salad	Breaded Fish Fillet Chipped Potatoes Sweetcorn or Green Beans
Ice Cream Tub Fruit Juice or Chilled Water	Chocolate Ice Cream Roll Fruit Juice or Chilled Water	Oaty Fruit Crunch & Custard Chilled Water	Fruit Jelly Milk, Milkshake or Water



Find out more at www.warwickshire.gov.uk/schoolmeals
Contact us at countycaterers@warwickshire.gov.uk
Your views and ideas are always welcome

*** a source of
Omega 3
Fatty Acids

Eat Well and Excel.....