

EIT Review of School Catering

Summary of Evidence

Introduction

The report presents the draft findings of the Efficiency, Improvement and Transformation (EIT) Review of School Catering undertaken by the Committee between June and December 2010.

The review forms part of a three year programme of EIT reviews covering all services provided by the Council. The programme aims to ensure that all services are reviewed in a systematic way to ensure that they are provided in the most efficient manner, provide value for money and identify opportunities for service improvements and transformation.

The topic was identified for review by the Scrutiny Liaison Forum on 10 February 2010 and was subsequently included in the Select Committee work programme by Executive Scrutiny Committee on 2 March 2010.

Background

A scope and project plan for the review were drafted and approved by the Committee on 15 June 2010.

The review examined the provision of school lunches by the Stockton Borough Council's (SBC) catering service for 59 primary schools, one secondary school, and three special needs schools within the Borough. Although the service receives an income from the schools and from the parents of children it provides lunches to, this income does not cover the cost of the service and the Authority currently provides a subsidy. Therefore the overall aims of the review were to identify options for future strategy, policy and service provision that will deliver efficiency savings to reduce the subsidy while sustaining / improving high quality outcomes for SBC residents.

As part of the review the Select Committee visited five primary schools to observe SBC's delivery and assess the quality of food being provided. The Committee also visited four secondary schools to observe how other methods of delivery worked in practice and the quality of food served.

Evidence and Findings

The Catering Service prepares and serves meals to 59 primary schools, one secondary school (Northfield Marsh House Site), and three special needs schools. In 57 of the primary schools the meals are cooked on site, while two schools, Oxbridge Primary School and St John's the Evangelist Primary School in Billingham, receive dispatch meals from kitchens based at Northfield School Marsh House Site and Mandale Mill Primary School. To meet the requirements of some schools, Mill Lane Primary School and Bowesfield Primary School provide a totally halal meal to meet the needs of the local community. Service Level Agreements to provide school meals to individual primary schools are in place until 2011. To get a better understanding of the service provided to schools the Committee chose to complete a number of site visits as part of their evidence gathering activities. A Summary is attached at **Appendix 1**

National Standards and Statistics

The national nutritional standards of food provided to pupils is set out in Section 114A of the School Standards and Framework Act 1998, amended by Section 86 of the Education and Inspections Act 2006. The standards require:

- High-quality meat, poultry or oily fish regularly available
- At least two portions of fruit and vegetables with every meal
- Bread, other cereals and potatoes regularly available

The standards for school meals also limit deep-fried food and restrict fizzy drinks. There are a total of 14 nutrient based standards, and in addition to this there are 11 food based standards which are set out in the recommendations as issued in the Government's Turning the Tables for School Meals Report, which was followed by the introduction of the Compulsory Nutritional Standards for School Lunches and the Nutrient Based Standards.

The responsibility for providing school meals that meet the standards is dependent on who holds the budget for school meals. If the Local Authority retains the budget for school meals it is their responsibility to meet the standards, however if the catering budget has been delegated to the school the school governors take on this responsibility. The catering budgets have been delegated to all schools in Stockton Borough, with the exception of Special Schools, therefore the school governing bodies are responsible for ensuring the provider of their school meals meets the standards.

An annual survey of local authorities is carried out by the School Food Trust, a non departmental public body established by the Department of Children, Schools and Families in 2005 to promote health education and improve the quality of food in school. The 2009/10 survey states that nationally 91.5% of local authorities providing primary school meals are fully meeting the nutrient-based standards, and 96.2% of North East local authorities are fully meeting the standards. In secondary schools 69.5% of local authority providers fully meet the standards nationally, and 51.5% fully meet the standards in the North East. SBC's school meals catering service fully meets both the nutrient-based and food based standards

The 2009/10 survey also states:

- The national primary school uptake of meals is 41.4%, with a 55.9% uptake in the North East region.
- The national secondary school meal uptake for 2009/10 is 35.8%, and 43.4% in the North East.
- The national average uptake of Free School Meals in primary school is 79.3%, and in the North East uptake is 84.2%.
- The national average uptake of Free School Meals in secondary schools is 68.4% and 66.8% uptake in the North East.

Stockton Borough Council's uptake rate in primary schools in 2009/10 is above the national level at 49.41%, although this is below the North East level. The uptake of a free school meal is below both the national and North East level, at 79.28%. Uptake of school meals in secondary schools SBC caters for is 21.42% which is below both the national and North East level.

The School Food Trust 2010 annual survey found that prices charged for a school meal in primary schools varied nationally between £1.20 and £2.30 and in the North

East, the price varied from £1.60 to £1.90. Meals in secondary schools were priced at £1.55 to £2.45 nationally, and £1.60 to £2.20 in the North East.

The price charged for a school meal in the North East is as follows

Authority	Primary	Secondary
Gateshead	£1.75	£1.70
Hartlepool	£1.80	£2.00
Middleborough	£1.90	£2.00
Newcastle	£1.60	£1.60
Northumberland	First: £1.95 Primary: £2.05	Middle £2.10
North Tyneside	£1.60	£1.60
Redcar & Cleveland	£1.85	£1.90
Sunderland	£1.70	£1.80
Stockton	£1.85	£1.85

SBC Funding and Costs

In 2009/10 the service served 1,287,573 lunches in primary schools, 467,779 (36.3%) of these were free school meals and 819,794 (63.7%) were paid for. In addition, 39,752 meals were served to adults in primary schools. Those who paid for their meal were charged £1.80 including VAT; however this price has been raised to £1.85 from September 2010.

The total cost of providing the service in primary schools for 2009/10 was £3,443,737, or £2.67 per meal. This cost included:

• Employees	£2,301,220
• Supplies and Services	£674,009
• Central Departmental Technical	£245,810
• Premises	£103,454
• Departmental and Central charges	£119,244

It is recommended in the Turning the Table for school meals that the minimum spend on ingredients for a primary school meal is 50p. The service is exceeding this cost and paying 56p/57p on ingredients to ensure a high standard of fresh food is being served.

Income for the service in primary schools for 2009/10 was as follows:

• SLA/Pupil	£2,547,283	(£1.98 per meal)
• Standards Fund	£180,000	(14p per meal)
• Primary Care Trust	£20,000	(1.5p per meal)
• Management Advisory Service	£30,000	(2.3p per meal)
• Job Evaluation Funding	£489,123	(38p per meal)
• Resource Allocation	£164,635	(12p per meal)
• Additional Services	£12,696	(1p per meal)

The service provided meals for two secondary schools until September 2010. In 2009/10 92,894 lunches were served in secondary schools, and 32,506 (35%) were free school meals while 60,388 (65%) were paid meals. In addition 2439 meals were served to adults in secondary schools. Those pupils who paid for their meal were charged £1.85.

The total Costs for 2009/10 in secondary schools was £192,988, or £2.08 per meal, and this included:

- Employees £110,785
- Supplies and Services £75,980
- Premises £4,266
- Departmental charges £1,957

The minimum the service is recommended to spend on ingredients for a secondary school meal is 60p. The service is exceeding this cost and paying 67p on ingredients

Income for secondary school meals in 2009/10 was:

- Pupil Paid/Free £151,890 (£1.64 per meal)
- JE Funding £15,512 (17p per meal)
- SBC Resource Allocation £19,293 (21p per meal)
- Other Income £6,271 (7p per meal)

Therefore taking into account surpluses made in other non school catering operations the net resource allocation to support School Catering Service is £321,000 in 2009/10. The net resource for the current year 2010/11 is £313,000

As noted above the service previously received £20,000 funding from the PCT and the purpose of this funding was to promote healthy eating. However, this funding stream ceased in 2010. In addition, removal of the ring-fence to the Standards Fund could lead to this funding stream, which is paid to individual schools and then reclaimed by the catering provider, being used for other priorities schools may have. This is evidenced in Michael Gove's letter of 27 October 2010 (attached **Appendix 2**)

The Authority's Medium Term Financial Plan allocates an annual rise of 5p per meal to cope with inflationary pressures. Historically, when there is an increase in the cost of the school meal the uptake of meals decreases, however this is a temporary decrease and uptake generally recovers after approximately a half school term.

The following figures show the income if the price of a meal is further increased, and do not take into account the annual income from the 5p already allocated in the Medium Term Financial Plan: School Meals are already planned to rise to £1.90 from September 2011. Increases beyond those prices planned would have the following effect on income in 2010/11, assuming school meal take up is not affected.

£1.95 annual income would be £1,560,434 – an increase of £41,064

£2.05 annual income would be £1,642,562 – an increase of £123,192

£2.15 annual income would be £1,724,690 – an increase of £205,320

Staffing Guide Scales

The service employs 409 members of staff, which includes 290 Catering Assistants and a bank of casual employees. All kitchens use staffing Guide Scales to calculate the number of staffing hours required each week to deliver meals, based on the number of meals provided the previous week. Catering employees have to have a degree of flexibility within their hours to allow for fluctuations within the meal numbers.

Kitchens are also given additional hours as allowances depending on working factors e.g. extra hours to operate one extra service point or setting up extra tables and chairs, and this is given at the Catering Manager's discretion. Historically allowances

have reduced as kitchens improved, however a full reassessment of these allowances across all kitchens is now timely.

Reducing the staffing guide scales and allowances will drive up productivity. Proposed amendments to the guide scale hours will affect the number of hours in all Primary School Kitchens, this may include contracted hours for some staff and tentative consultation has commenced with staff and unions and will continue throughout this process. This would provide an effective approach to increase efficiency and decrease costs within the service. **Appendix 3** outlines the current and proposed guide scales and allowances.

'Added Value' Work

In addition to delivering school lunches, the service carries out 'added value' work, aimed at improving the number of pupils choosing to have a school meal and not bring a packed lunch. The work also aims to encourage healthy eating which benefits long term health and well being. Added value work includes:

- Curriculum / Fun based Theme Days
- In Class Cooking Days
- Parent Consultation Evenings
- Lunch time drop-ins
- Tackling Obesity Strategy
- School Nutrition Action Group ("SNAG")
- Food for Life Partnership and Awards (two schools trialling the scheme)

The added value work is carried out by the school cooks and the Management Team. The service works closely with each school and the curriculum, and it is included within the Service Level Agreement with each school. The service uses marketing and promotional activities to carry out the added value projects, such as fruit and vegetable games and worksheets. In addition, the service works nationally to deliver National School Meals Week and assist schools in achieving Healthy Schools status.

Although the Committee appreciates the 'added value' work, and notes that this work supports both the Obesity Strategy and the Authority's objective to promote healthy lifestyles, it is felt that the number of projects carried out in each school could be reduced, without having a significant impact on the service provided to each school. A revised and reduced Management Structure (**Appendix 4**) reflects the reduced service delivery and direct support offered to as Schools as part of this review. The reduced Management Structure has been proposed to bring forward significant efficiencies.

ASPE Consultation

To ensure that there was a wide and independent challenge to the EIT process to complement the work of the committee an APSE review of recommendations was commissioned to evaluate the options and proposals against national standards and performance measures. The resulting report gives a detailed insight into how the current school meals services compare nationally. It also provides comment on options considered during this process and provides comparison and evidence of whether these options are consistent with best practice and successful examples already in operation.

The report is concise and does provide some interesting information based on significant data collected via APSE Performance Networks. The recommendations below are broadly consistent with the finding of this report.

Conclusion

By reviewing the staffing guide scales and allowances to increase efficiency and reducing the amount of added value work within each school, savings could be achieved to reduce the subsidy the service receives while still providing a quality service to the schools, and a healthy, nutritious meal to pupils.

It is estimated that the potential savings that can be achieved for 2010/11 are:

Recommendation	Potential Savings
Reduction in Guide Scale hours	£163,382
Revised Management Structure	£48,130

The above savings would still leave a net resource allocation of £101,488 to be met by the Council. As part of the negotiations for SLA's for School Catering to start in 2012/13 officers will be discussing with schools options such as service development and increasing uptake to reduce the resource allocation subsidy.