

**Report Title:
School Meals
Provision Update**

Date of meeting:	28 th January 2025		
Report to:	Overview and Scrutiny Committee (Children’s Services and Safeguarding)		
Report of:	Assistant Director Operational In-House Services		
Portfolio:	Cleansing and Street Scene		
Wards affected:	All		
Is this a key decision:	No	Included in Forward Plan:	No
Exempt/confidential report:	No		

Summary:

Further to the briefing note submitted for the Overview and Scrutiny Committee (Children’s Services and Safeguarding) in May 2024 (Appendix 1) , a follow up report covering the following issues has been requested.

1. An overview of the catering service as a whole
2. How the service interacts with our schools (both in terms of nutritional value and financial value)
3. How it interacts with colleagues in the Sefton education department
4. The service’s budget and how it got into the position it did in 2023/24 where it was increasing the amount it charged schools and backdating that charge
5. Where school meals provision sits within the Council structure
6. Reasons for the rise in school meals prices
7. Auto-enrolment for free school meals

Recommendation(s):

- (1) To note the contents of this report

1. The Rationale and Evidence for the Recommendations

1.1 An overview of the service as a whole

- The service provides a catering service to 69 of Sefton's schools.
- In 2023/24 on average we provided 12,000 meals per day, which equates to over 2.28 million meals for the year.
- We also provide additional catering services in schools as required – breakfast clubs, breaks, and hospitality catering.

Staffing

- The service is operated by around 340 catering staff
- The service is managed by a central team of 5.4 FTE staff. This includes managerial as well as financial and administrative support staff.

Finance

- The service receives no funding from the Council. All costs are covered by individual Service Level Agreements (SLAs) with schools.
- The majority of schools operate on rolling one year SLAs
- Schools can choose the service provider that best fits their needs.
- They can use our service, they can operate the service themselves or they can employ a private sector caterer.

Subsidy

The fixed subsidy is calculated by estimating the sales and costs of operating the service for the forthcoming year. In all schools, it costs more to provide the school meals service than is received in both paid and free meals sales. The difference between costs and sales is the subsidy.

Once the subsidy has been agreed, it remains fixed for the year. This enables schools to plan its finances for school meals for the year.

The subsidy for each school is calculated each year – this is a typical example for a primary school.

	£
Sales	105,000
Food Cost	48,000
Kitchen Labour Costs	80,000
Light Equipment/Cleaning Materials	3,000
Other Overheads	3,500
Management Fee	3,000
Total Costs	137,500
Subsidy (Total Costs less Sales)	32,500
Subsidy per Month (11 months)	2,955

1.2 How the service interacts with our schools (both in terms of nutritional value and financial value)

The service is in regular contact, often daily, with our schools. This may take the form interactions at school level between school staff and operational staff, or with the service's management team. The service has also taken reports and updates as requested to the School's Forum.

Nutritional Value

All the service's menus meet the current legislative requirements as set out in The Requirements for School Food Standards 2015.

Officers from the service compile menus using the service's CYPAD Kitchen Management System. This ensure compliance with the current legislation and the menu options can be broken down for nutritional analysis purposes.

Menus are then sent to schools for their approval. If individual schools wish to make any amendments to the menus, they are free to do so. Schools are encouraged to post finalised menus on their websites.

Financial Value

As already stated above, schools have the freedom to choose their school meals provider. Financial value is a major factor in this decision. Schools can use the Financial Benchmarking and Insights Tool available on the Government website to compare their costs with similar schools across the country. Schools can also put their service out to competitive tender.

All SLAs with schools are individually costed, and we are constantly working with our schools to look at ways to reduce the cost to them.

1.3 How the service interacts with colleagues in the Sefton Education Department

There are no formal mechanisms in place, but Officers interact with colleagues from the Education Department as required.

1.4 The service's budget and how it got into the position it did in 2023/24 where it was increasing the amount it charged schools and backdating that charge

The service receives no funding from the Council. All costs are covered by individual SLAs with schools. The service has financial targets which contribute to the overall financial position of Operational In-House Services and therefore the wider Council.

In 2023/24, the service suffered some significant financial issues. This was caused primarily by increasing food costs from suppliers due to the following reasons:

- Rising fuel costs meant the all links in the supply chain were facing increased production and transportation costs.
- The Covid-19 pandemic meant the production of certain foods were still below pre Covid levels and demand was outweighing supply.
- The war in Ukraine.
- The impact of Brexit.

Additional budget for food was built into SLA costs with schools but proved insufficient to keep pace with increases received from suppliers as the financial year progressed. The issues was exacerbated by the fact that the service used a system of Excel spreadsheets to monitor and control food expenditure in individual kitchens. These manual systems were not able to keep pace and adapt to the regular price increases and reduce their impact upon the service. (To resolve this issue, the service has now purchased an Electronic Kitchen Management System.)

Due to the financial position of The Council, it was resolved that the service had to achieve its budgeted target and that the only way to accomplish this was to increase charges retrospectively to schools. It was considered that the food had already been purchased at the increased prices and used in the production of meals for pupils.

Schools were informed of the increased charges in September 2023 and the reasons for implementation.

Understandably, some schools were unhappy with the increased charges mid-year and the lack of consultation. Officers presented a paper and attended the SAPH meeting in January 2023 to further explain the rationale behind the decision.

It has been agreed that costs to schools will not be increased mid-year in the future without consulting fully with our schools.

1.5. Where School Meals Provision sits within the Council structure

The service forms part of Operational In-House Services, alongside other front line services such as Building Cleaning, Burials & Cremations, Green Sefton, School Crossing Patrols, Sefton Arc, Specialist Transport, Vehicle Maintenance and Waste Management & Street Cleansing.

Previously, these services sat within the different departments. The catering service was part of what was then Children's Services. However, about fifteen years ago the Chief Executive at the time considered that the services should be brought together to provide more specialist operational leadership at Directorship level.

1.6. Reasons for the rise in school meals prices

As part of the annual budget setting process, consideration is given as to whether the price of a school meal should be increased. The Cabinet Member for Operational In House Services sets fees and charges within his/her portfolio.

Factors that are considered include:

- Any increases to labour & food costs
- Reducing the cost of the service to schools
- The financial impact on parents whose children do not receive free school meals

The Council sets a recommended price as a guide to schools. The majority adopt this pricing model, but some schools charge more or less than this. The final decision on the price charged to parents rests with individual schools.

Before the Council sets its recommended price, schools are consulted for their views.

1.7 Auto-enrolment for free school meals

Currently in Sefton residents must apply for free school meals for their children if they meet any of the following criteria.

- Universal Credit and have a net household income of less than £7400 per annum
- Income Support
- Income based Jobseekers Allowance
- Income related Employment and Support Allowance
- Child Tax Credit ONLY (not entitled/receiving Working Tax Credit) and have an income of less than £16,190.00
- Guaranteed element of State Pension Credit
- Working Tax Credit run-on (paid for the four weeks after you stop qualifying for Working Tax Credit)
- Support under VI of the Immigration & Asylum Act

Most Council's use the same application process as Sefton.

According to the Department for Education, nationally, 11% of children entitled to Free School Meals (FSM) are not registered to receive them.

As well as lowest income families missing out on FSMs, schools also miss out on receiving pupil premium funding, allocated from the government for each child in receipt of FSM. For 2024/25, these equate to £1,480 per primary school child and £1,050 in secondary schools.

A project, run by the Fix Our Food research programme and involving dozens of councils, is identifying previously unregistered eligible children and automatically enrolling them.

Fix Our Food estimated that some 20,000 pupils have been identified and enrolled and a further 40 Councils are working with Fix Our Food to look at whether they could also implement the scheme.

Fix Our Food have issued guidance to support Council's through the introduction of an auto enrolment scheme (Appendix 2).

It states that 'It is important to secure high level council commitment at the earliest opportunity - this is because the process often requires data change of use, and the involvement of many different teams across the council.'

2. Financial Implications

None

3. Legal Implications

None

4. Corporate Risk Implications

No risk identified in this report

5. Staffing HR Implications

None

Alternative Options Considered and Rejected

None

<p>Equality Implications:</p> <p>There are no equality implications.</p>
<p>Impact on Children and Young People:</p> <p>None at this stage</p>
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will have a neutral impact.</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Services and Commercial (FD7922/25.....) and the Chief Legal and Democratic Officer (LD6022/25.....) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable

Implementation Date for the Decision :

Following the expiry of the “call-in” period for the Committee decision.

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Appendices:

1. Briefing Note – Schools Meals Update – May 2024
2. Fix Our Food - Free School Meals Auto-enrolment Toolkit

Background Papers:

Briefing Note – Schools Meals Update – May 2024