

## Catering Service

### School Meals Contract Finances

Each month schools are invoiced for the following for its school meals service.

- i) The value of all paid meals sales
- ii) The value of all free meals sales
- iii) One months fixed subsidy

### Fixed Subsidy Calculation

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.

The table below is an **example** of how the fixed subsidy is calculated.

	£
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

As can be seen from the above example, kitchen labour costs are by far the most expensive element of operating a school meals contract.

In both 2022/23 & 2023/24 the national pay award for all Council employees was a flat rate increase of £1,925 in each year. This afforded most catering staff a pay increase of around 9% in each year. In the above example, with all other costs remaining the same, the subsidy would increase by around £7,200 (22%) in each year.

In addition to the increased labour costs, food costs have also increased significantly.

## SLAs 2024/25

SLA's have been issued to schools with provision included for increased food costs and an estimate for the annual pay award for 2024/25.

In 2023/24, for the first time ever, we had to increase the subsidy charge to schools during the year.

It is not anticipated that there will be a need to repeat this in 2024/25.

Colin Upton

Service Manager – Catering & Building Cleaning

15.05.24