

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date:</b>	8 May 2019
<b>Title:</b>	School Meal Price from September 2019
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact name:** Shaun Le Picq

**Tel:** 01962 846216

**Email:** shaun.lepicq@hants.gov.uk

### Purpose of this Report

1. The purpose of this report is to provide the information required by the Executive Lead Member for Children's Services to agree the price of school meals in Hampshire schools from September 2019.

### Recommendations

2. That the Executive Lead Member for Children's Services approves that the price of a school meal will be increased to £2.40 from September 2019.
3. That the Executive Lead Member for Children's Services approves that schools will continue to be charged £2.30 per meal for those which are provided under the Government's Universal Infant Free School Meals grant.

### Executive Summary

4. This report outlines the reasons for an increase in the price of school meals of 10 pence from September 2019 and explains the different charging arrangements that are recommended for paid meals and income based free school meals and meals funded through the Government's Universal Infant Free School Meals (UIFSM) grant.

### Contextual information

5. Each year the Executive Lead Member is asked to review the price of income based free school meals. In Hampshire, this price has traditionally also been applied to paid meals in both primary and secondary schools and meals

funded by the UIFSM grant. There is, however, no statutory requirement to agree a consistent price should alternative arrangements be more appropriate.

6. The County Council does not subsidise the cost of school meals in Hampshire.
7. The County Council's in-house catering service (HC3S) provides healthy and nutritional school meals. Good nutrition plays a vital role in enabling pupils to perform well in school. The service also encourages healthy eating habits, which are essential to combat child obesity. Latest analysis from the Local Government Association indicates that one in three children are overweight or obese by the time they leave primary school and one in five four- and five-year-olds are classed as overweight or obese. All primary school meals served by HC3S include vegetables or salad, the majority of which are currently sourced from local south coast growers. By sourcing local ingredients wherever possible, the service supports the local economic development agenda and minimises food miles.
8. This focus on quality and sustainability ensures that the meals provided by HC3S meet the standards introduced by the Department for Education in January 2014 which are mandatory for local authority schools. This includes:
  - School menus are nut free.
  - Tailored menus are provided for 2,300 children with medically proven food allergies.
  - Gluten free products are available across a range of items.
  - All fish is Marine Stewardship Council (MSC) approved.
  - All meat is UK sourced and holds Red Tractor Assurance accreditation as a minimum.
  - All eggs are free range.

## **Finance**

9. The price of a school meal is based on the forecast cost of providing a hot two course meal (main and dessert) from September 2019. School meals are outside the scope of VAT, provided that, overall, they are being supplied 'at or below cost'. Ensuring the price of school meals remains outside the scope of VAT helps to keep the price as low as possible for Hampshire residents. The definition of 'at cost' includes relevant and reasonable overhead costs.
10. The forecast full cost analysis for the provision of a school meal in Hampshire from September 2019 is as follows:

<b>Cost Element</b>	<b>£</b>
Staffing	1.26
Food	0.90
Other direct costs	0.09
Overheads	0.15
<b>Total Cost per meal</b>	<b>2.40</b>

11. The proposed 10 pence increase in the meal price from £2.30 to £2.40 represents a 4.3% price increase. This is compared to the hourly pay rate for catering assistants rising by 6.4% from 1<sup>st</sup> April 2019. Further food inflationary pressures are also being forecast by the food industry arising from both unpredictable and unseasonable weather patterns globally and the UK leaving the European Union. HC3S is actively sourcing alternatives to single-use plastic across its operations, which are often at higher cost and there may be additional cost pressure arising from the Government's proposals for a plastics packaging tax which are currently out for consultation.
12. HC3S continues to deliver efficiencies, where possible, to offset some of these large inflationary pressures. However, with 90% of the cost of producing a school meal being made up of catering staff and food, there are limited opportunities to reduce these costs further without jeopardising food quality and standards. Small changes in costs can have a significant impact on the total cost of the school meals service in Hampshire. For example, an increase of one penny on the cost of food per meal would cost HC3S an additional £114,000 a year.
13. It is proposed that the price charged directly to schools for the meals which are funded by UIFSM will remain at the current price of £2.30 from September 2019. This is because the Government funding to schools will also remain at £2.30 per meal for the 2019/20 academic year. This funding level has remained unchanged since the introduction of UIFSM in 2014. If schools were charged £2.40 for UIFSM, this would create an estimated additional cost pressure for Hampshire schools of over £270,000 a year. Obviously, with the actual cost of a meal being forecast to be £2.40 this year, this will mean that HC3S is planning to find further cost efficiencies as part of its Transformation to 2021 programme to ensure that the business can absorb this loss of income and that it remains financially viable.

## Performance

14. The number of school meals served in the last few years are shown in the table below.

	2014/15	2015/16	2016/17	2017/18
Hampshire Primary Schools	10.2 million	11.3 million	11.6 million	11.3 million
External Primary Schools	0.6 million	0.7 million	0.8 million	0.7 million
Secondary Schools	1.8 million	1.7 million	1.7 million	1.7 million
<b>Total</b>	<b>12.6 million</b>	<b>13.7 million</b>	<b>14.1 million</b>	<b>13.7 million</b>

15. Current meal prices in a sample of other local authorities are:

- Cambridgeshire £2.30
- Hertfordshire £2.30 for UIFSM and £2.40 for other meals
- Lancashire £2.30
- Nottinghamshire £2.30
- Surrey £2.30
- Southampton £2.10
- Portsmouth £2.05<sup>1</sup>

16. It is not yet known what prices are proposed in these local authorities from September 2019, although it is understood that most of them will be reviewing their school meal price during 2019. Hertfordshire is shortly expected to be proposing a price increase from April this year.

## Other Key Issues

17. HC3S continues to be recognised for its excellence in the provision of catering services through the national awards and accreditations that it has

---

<sup>1</sup> This price was set as a fixed price when the service was last tendered eight years ago. Portsmouth City Council are currently out to tender for the school meals service and has acknowledged that the price may have to rise to £2.30 per meal.

received over many years and as previously reported to the Executive Lead Member. The current and most recent awards and accreditations are:

- Compassion in World Farming: Good Egg, Good Chicken and Good Pig Awards.
- EDUcatering Award for Marketing (2018).
- Eat Out Eat Well Award – Gold for Titchfield Haven Nature Reserve café and catering at Elizabeth II Court, Winchester and Silver for Hampshire primary schools (2018).
- Allergy Aware accreditation from Allergy UK for catering at Elizabeth II Court, Winchester (2018).
- Allergen awareness accreditation from Food Service Allergen Management Limited for catering at all secondary schools and visitor attractions (2018).
- Re-accredited by the Hyperactive Children’s Support Group with ‘Excellence in School Meals’ (2018).
- Gold Award: ‘FreeFrom Eating Out’ (schools, colleges and universities category) (2016).
- LACA Local Authority Caterer of the Year (2015).

## **Conclusions**

18. The County Council continues to provide a good quality and healthy school meals service through its in-house catering service (HC3S). However, with costs continuing to rise in 2019, the service can only remain financially viable if the price of a school meal increases to £2.40 per meal from September 2019.
19. With schools receiving Government funding for UIFSM at £2.30 for the 2019/20 academic year, it is proposed that the charge to schools for meals which are funded by the UIFSM grant will remain at £2.30 from September 2019, otherwise this will cause an additional financial burden for Hampshire schools. HC3S is managing a programme of cost reduction (mainly focused on indirect costs and overheads) with the aim of absorbing this cost pressure of approximately £270,000 a year.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
School Meal Price from September 2018	8 Nov 2017
School Meal Price April 2016	20Jan 2016
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

The proposal will have a low or no impact on people with protected characteristics as there is a national income assessed free school meals scheme will support those families with the lowest incomes.