

DERBYSHIRE COUNTY COUNCIL

CABINET

30th July 2013

**Report of the Strategic Director for Children &
Younger Adults**

**REQUEST TO INCREASE THE RECOMMENDED SELLING PRICE OF
SCHOOL MEALS– (CHILDREN and YOUNG PEOPLE)**

1. Purpose of the Report

To seek approval to increase the recommended selling price of school meals for children and adults in Secondary, Primary, Nursery and Special Schools with effect from 4th September 2013. Approval is also sought to increase the value of the free school meal offer for eligible pupils.

2. Information and Analysis

The school catering budget was delegated to Primary schools from April 2013, having already been delegated to Secondary schools. Under delegation the responsibility for charging now lies with schools. However Derbyshire County Council will continue to recommend a selling price to aid schools and to provide consistency. As part of this recommendation, schools would be reminded that, under Section 533 Education Act 1996, the price they charge to pupils for school meals must not exceed the cost of providing them.

The recommended prices for all school meals were last reviewed and increased by 5p for Primary and Nursery Schools and 10p in Secondary and Special Schools in September 2011. The current recommended prices for meals are:

Primary/Nursery Schools	£1.90
Secondary/Special Schools	£2.00
Adult Meals	£2.66

Although the service faces some rising costs it has been possible to mitigate these through the development of efficiencies and an income generation programme.

We have ensured that our policy of procuring quality food items and producing healthy, nutritionally balanced meals for our customers is maintained. This will contribute to a key Council priority in tackling obesity.

Furthermore, during the past 12 months the service has again seen an increase in the take up of both paid and free meals. The figures show an increase in Primary and Nursery Schools of 0.8% over the previous year to 49.7% (School Lunch Take up 2012-2013). Secondary Schools have increased by 2.3%, to a total of 45.8%. These increases have helped improve the efficiencies of the service.

The increased take-up experienced in the last 12 months has contributed to the surplus of £518k in 2012/13. However, the 3 year forecast (with no price increase) shows a small surplus of £47k in 2013/14.

The impact of no further increase in the selling price would mean a loss of £271k in 2014/15 and £597k in 2015/16.

If the price of school meals is increased, there will need to be a corresponding increase in the value of the Secondary free school meal offer, to ensure that eligible pupils continue to receive an equivalent meal. It is recommended that the value of the free school meal offer is increased from £2.25 to £2.30.

Additional Revenue

In order to meet these financial pressures it is proposed to increase the recommended selling price by 5p in Primary, Special and Secondary Schools from 4th September 2013 (and by 8p per adult meal – excluding VAT).

It is estimated that with -1% reduction in demand this will generate additional income of:

	Additional Income in 2013/14 £'000s
Primary, Nursery	87
Secondary/Special	40
Adult	4
Total	131

If there were no increase in 2013/14, a 10p increase would be required in 2014/15 and there would be a resulting steeper decrease

in demand. Appendix D shows various selling price increase options and effect on additional income.

The Catering Service has undertaken a benchmarking review of selling prices and identified that the proposed increase compares favourably with other authorities. These comparisons are shown at Appendices A, B and C to this report.

3. **Financial Considerations**

Covered in the body of the report.

4. **Other Considerations**

In preparing this report the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity, and environmental, health, legal, and human rights, personnel, property and transport considerations.

5. **Background Papers**

File in County Catering Service office.

6. **Key Decision**

No

7. **Is it necessary to waive the call-in period?**

No

8. **Officer's Recommendation**

That Cabinet approves a 5p increase in the recommended price of school meals for pupils in Secondary, Primary, Nursery and Special Schools, to take effect from 4th September 2013.

That Cabinet approves an increase of 8p (excluding VAT) in the recommended price of adult meals provided in Secondary, Primary, Nursery and Special Schools, to take effect from 4th September 2013.

That Cabinet approves an increase in the value of the Secondary Free School Meal offer to £2.30, with effect from 4th September 2013..

Ian Thomas, Strategic Director for Children & Younger Adults

Appendix A – Near Neighbours

Neighbouring Authority	Primary Meal Price September 2013	Current Primary Meal Price April 2013	Proposed Primary Meal Price September 2012
Cheshire West & Chester Council	£2.15	£2.10	£2.10
Derby City Council	£2.10	£2.10	£2.00
Staffordshire County Council	TBC	£2.10	£2.10
Cheshire East Council	£2.10	£2.10	£2.10
North Lincolnshire County Council	£2.10	£2.10	£2.10
Nottinghamshire County Council	£2.00	£2.00	£2.00
Shropshire County Council	£2.00	£1.95	£1.85
Tameside MBC	TBC	£1.95	£1.85
Derbyshire County Council	£1.95	£1.90	£1.90
Leicestershire County Council	TBC	£1.75	£1.75
Nottingham City Council	TBC	£1.65	£1.65

Neighbouring Authority	Secondary Meal Price September 2013	Current Secondary Meal Price April 2013	Proposed Secondary Price September 2012
North Lincolnshire County Council	£2.30	£2.30	£2.30
Cheshire East Council	£2.25	£2.25	£2.25
Cheshire West & Chester Council	£2.25	£2.20	£2.20
Derby City Council	£2.10	£2.10	£2.00
Leicestershire County Council	TBC	£2.05	£2.05
Staffordshire County Council	TBC	£2.20	£2.20
Derbyshire County Council	£2.05/£2.30*	£2.00/£2.25*	£2.00/£2.25*
Shropshire County Council	£1.50-£2.00	£1.95	£1.95
Nottinghamshire County Council	£2.00	£2.00	£2.00
Nottingham City Council	TBC	£1.70	£1.70
Tameside MBC	No Secondary Trade		

*Price without a drink/price with a drink

Appendix B - Statistical Neighbours

Authority	Primary Meal Price September 2013	Current Primary Meal Price April 2013	Proposed Primary Meal Price September 2012
Lancashire County Council	£2.20	£2.10	£2.10
Staffordshire County Council	TBC	£2.10	£2.10
Kent County Council(5 contractors)	TBC	Varies around £2.05/£2.15	Varies around £2.05/£2.15
Wigan Council	£2.05	£2.00	£2.00
Northamptonshire County Council	£2.00	£2.00	£2.00
Nottinghamshire County Council	£2.00	£2.00	£2.00
Warwickshire County Council	£2.00	£1.90	£1.90
Derbyshire County Council	£1.95	£1.90	£1.90
Dudley MBC	£1.90	£1.90	£1.85
Lincolnshire County Council	Set by individual school		
Cumbria County Council	Set by individual school		

Authority	Secondary Meal Price September 2013	Current Secondary Meal Price April 2013	Proposed Secondary Price September 2012
Kent County Council(5 contractors)	TBC	Varies around £2.20-2.30	Varies around £2.20-2.30
Staffordshire County Council	TBC	£2.20	£2.20
Lancashire County Council	TBC	£2.15	£2.15
Northamptonshire County Council	£2.25	£2.25	£2.25
Wigan Council	£2.10	£2.05	£2.05
Derbyshire County Council	£2.05/2.30*	£2.00/£2.25*	£2.00/£2.25*
Nottinghamshire County Council	£2.00	£2.00	£2.00
Dudley MBC	£1.90	£1.90	£1.85
Warwickshire County Council	Varies	Varies	Varies
Cumbria County Council	Set by individual school		

***Price without a drink/price with a drink**

Appendix C - Comparison of Adult Meal Selling Price Inclusive of V.A.T

Neighbouring Authority	Proposed Increases	Proposed Selling Price September 2013	April 2013
Tameside MBC		£3.30	£3.12
North Lincolnshire County Council	No increase	£3.30	£3.30
Derby City Council	Plus 10p	£3.15	£3.05
Shropshire County Council	No increase	£3.00	£3.00
Derbyshire County Council	Plus 10p	£2.76	£2.66
Staffordshire County Council	TBC	£2.52	£2.52
Cheshire East		£2.52	£2.52
Leicestershire County Council	TBC	£2.46	£2.46
Nottinghamshire County Council	TBC	£2.40	£2.40
Cheshire West and Chester Council		£2.10 Primary/£2.20 Secondary	£2.10 Primary/£2.20 Secondary
Nottingham City	TBC	£1.98/£2.04	£1.98/£2.04

Appendix D - Selling Price Increase Options

				2013/14	2014/15	2015/16
Forecast with no price Increases				47,998	(271,876)	(597,613)
	Increase Sept 13	Increase Sept 14	Increase Sept 15	2013/14	2014/15	2015/16
Primary	0p	10p	0p			
Secondary	0p	10p	0p			
Surplus / (Loss)				47,998	72,833	53,014
Primary	5p	0p	5p			
Secondary	5p	0p	5p			
Surplus / (Loss)				178,951	53,833	(143,726)
Primary	5p	0p	10p			
Secondary	5p	0p	10p			
Surplus / (Loss)				178,951	53,833	69,850