

Report

Cabinet Member for Education & Skills

Part 1

Date: 17 July 2017

Item No: 01

Subject Primary and Secondary School Meal Prices

Purpose To consider increasing Primary and Secondary school meal prices across all Newport schools (with the exception of Caerleon Comprehensive School and Newport High School)

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Ward All

Summary The Council has a single contract with Chartwells for the delivery of a school meals service across all sites, with the exception of Caerleon Comprehensive School and Newport High School. Within these contractual arrangements, an annual price review must be carried out to take account of increased food costs and labour charges.

This report considers the appropriateness of increasing school meal process across the City to accommodate the contract price increase proposed by Chartwells with effect from September 2017.

Proposal To increase the primary school meal price to £2.10 per meal and the secondary school meal price to £2.35 per meal

Action by Education Business Manager

Timetable Implementation from September 2017

This report was prepared after consultation with:

- Chief Education Officer
- Service Manager (Adult & Community Services)
- Head of Law and Regulation
- Head of Human Resources
- Head of Finance
- School Meals Contract Board

Signed

Background

In April 2011 the Council entered into a six-year contract with Chartwells for the delivery of its' school meals function across all primary and special school sites. Six of the Authority's then eight secondary schools also chose to join this single contract. The remaining two secondary schools made their own individual arrangements for catering services on their sites. The Council established a ninth secondary school in September 2016, Ysgol Gyfun Gwent Is Coed, the governing body for which elected to join the single contract with Chartwells.

The award of this contract significantly reduced the subsidy that was currently being paid in relation to the school meals service from £355,000 to £27,850. This subsidy was fully negated in November 2016 when the school meal price was last increased.

The initial contract was due to expire in March 2017, but following the approval of the Chief Education Officer, a three-year extension clause was invoked. The original contract terms will therefore be extended to cover the period April 2017 to March 2020.

Under the terms of the contract, and as part of the annual price review, Chartwells is able to claim an increase on the contract price based on two factors:

1. Food, beverage and other material costs - the percentage increase in the office of National Statistics' Consumer Price Index, and
2. Labour and employment related costs - the percentage increase in the NJC pay award for Local Authority employees.

The most recent school meal price comparison carried out identified that the average price of a secondary school meal across Wales is £2.34. The average price of a primary school meal is currently £2.16.

Contract Price & Subsidy

There has been an increase in labour costs. This has the effect of increasing the labour element of the meal cost by 6p per meal. There has, however, been a slight decline in food inflation over the last 12 months which would reduce this element by 1p. Overall there is a movement of 5p.

Chartwells has advised the Council that from 1st September 2017, the contract prices for both secondary school meals and primary schools meals will increase by 5p to £2.10 and £2.35 respectively.

Passing this price increase directly to parents will enable Chartwells to note the impact on take-up. A need to retain custom should however ensure an improvement in the quality of school meals. If the Council chooses to accept the increase on behalf of the client group, a subsidy position will be created that would be unacceptable in the current financial climate.

Financial Summary

This report proposes that the Council accepts the cost increase imposed by Chartwells and passes this on directly to the school meal customers. If the Council decides not to pass on the increase, all school meals will be subsidised resulting in a budget pressure. Whilst in the primary sector this is likely to be £33,000 for the 2017/18 financial year (September to March), it is not possible to estimate the secondary school element because of the cafeteria systems in place.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect?	Who is responsible for dealing with the risk?
An increase in the meal prices across all sectors could result in a reduced meal uptake across the City	High	Low	This risk lies with the Contractor. Therefore passing on any contract price increase may encourage the contractor to place a greater focus on the quality of provision to maintain custom and sales	Education Business Manager and Chartwells (School Meals Contractor)
Failure to pass the meal cost increase on to customers will incur a subsidy payable by the Council in relation to the school meals service	Medium	Low	Fully passing on the increase will ensure the subsidy remains as nil which will benefit financial savings for the Council.	Education Business Manager

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Wellbeing of Future Generations Act

Council Improvement Plan

Education Service Plan

Appetite for Life Legislation

Options Available

Option 1: To accept the proposed increase of 5p per meal and pass this directly on to customers. This will have the effect of increasing the primary school meal price to £2.10 and the secondary school meal price to £2.35 with effect from September 2017.

Option 2: To accept the proposed increase of 5p per school meal, but maintain existing school meal prices of £2.05 and £2.30 for primary school pupils and secondary school pupils respectively. This will maintain current meal prices but will see a return of the subsidy resulting in an additional financial burden on the Council amounting to approximately £33,000 per annum.

Preferred Option and Why

The preferred option is Option 1. This will ensure that the contract cost increase is directly passed to customers and will not incur a subsidy to be paid by the Council. The increased meal cost could result in a reduction in meal take-up and this is something that will need to be closely monitored by the contractor.

Comments of Chief Financial Officer

As the report states costs of providing a school meals service has increased as labour costs are a predominant part of the costs of provision, and it is accepted that these are increasing with the range of staffing involved being at minimum wage levels.

The proposal is to pass on the increase in costs through a 5p per meal price increase to parents, which is supported. However this will give rise to additional costs of FSM provision at £20,000 for the

2017/2018 financial year. This is currently affordable and can be contained within the overall FSM meals budget for the authority.

If the proposal to increase meal prices is not supported and additional subsidy cost of £23,500 will also be required to be paid by the Council on paid school meals, and will be an additional burden on the Education service provision.

Comments of Monitoring Officer

The Council has a discretion when fixing the price of school meals provided in accordance with its duties under Section 512 of the Education Act. The LEA is required to charge for all non-free school meals but the price of the meal is a matter for the Council to determine. In the case of secondary schools with delegated budgets, this duty in relation to the provision and pricing of school meals is delegated to each Governing Body. However, all of those secondary schools who have opted-in to the single catering contract with Chartwells have agreed that the price of meals will continue to be fixed by the Council. In accordance with the current school meals contract with Chartwells, the contractor is entitled to request an index-linked annual price increase in line with any increases in the costs of labour and materials. The proposed increases for both primary and secondary school meals is considered to be reasonable and in line with the contractor's cost increases. Therefore, the Council cannot refuse the contract price increases and the only discretion is whether or not to pass on these increases, in whole or part, to the parents. The option of passing on all of the price increases will avoid the need for any Council subsidy, in accordance with the previous pricing policy.

Comments of Head of People and Business Change

As required this proposal has considered all five aspects of the sustainable development principle of the Well-being of Future Generations (Wales) Act. In addition a Fairness and Equality Impact Assessment (FEIA) has been completed to assess the fairness and equality impacts of this proposal.

For an HR perspective there are no staffing implications as a result of this proposal.

Equalities Impact Assessment

See FEIA attached

Children and Families (Wales) Measure

An increase in the school meal price could be seen to adversely affect children and families and could result in a reduced meal uptake across the City. The contractor will be keen however to reverse this and therefore there should be a greater focus on the quality of provision to maintain custom and sales.

Wellbeing of Future Generations (Wales) Act 2015

Report writers need to indicate how they have considered the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act. You will need to demonstrate you have considered the following:

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long – term needs. **Passing the price increase directly to parents will enable Chartwells to note the impact on take-up, and the need to retain custom should ensure there is no impact on quality. Maintaining a non-subsidised service will ensure it is more sustainable in the long term**
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives. **The school meals services is compliant with the Healthy Eating in Schools regulations and supports good nutrition which in turn facilitates better educational outcomes and life chances.**
- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies. **A FEIA has been prepared to consider the impact on groups with protected characteristics. This proposal supports the “A healthier Wales” and “A more equal Wales” Well-being Goals and has no adverse effect on any of the other Well-**

being Goals. In addition this proposal supports the Newport City Council Well-being Objective “To improve skills, educational outcomes and employment opportunities”

- Collaboration: have you considered how acting in collaboration with any other person or any other part of our organisation could help meet our wellbeing objectives. **The Council has outsourced the School Meals Contract to Chartwells and there is currently no subsidy paid in relation to this. This proposal supports continuing this.**
- Involvement: The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the City we serve. **Stakeholders have not been consulted on this increase.**

Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

Consultation

None

Background Papers

None

Dated: 17 July 2017

Fairness and Equalities Impact Assessments F&EIAs (2015)

This form presents evidence that equalities, Welsh language and fairness have been considered when taking policy and service delivery decisions in Newport City Council.

Our Equalities focus is taken from the Equalities Act 2010: we consider the nine protected equalities characteristics- age, gender reassignment, disability, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, sexual orientation.

Under the General Equality Duty we have a duty to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity and
- Foster good relations

across the nine protected characteristics.

Under the Welsh Language Measure 2011 the Welsh language cannot be treated any less favourably than the English language

In Newport we focus on Fairness through the following themes: Health, Poverty, Skills and Work, Domestic Abuse and Tackling Area Based Deprivation.

Service Area	Head of Service	Person responsible for the Assessment:	Date of Assessment
Education	James Harris	Jodi Pontin	13 th June 2017

1. What is the policy/ service being assessed?

The Council has a single contract with Chartwells for the delivery of a school meals service across all sites, with the exception of Caerleon Comprehensive School and Newport High School. Within these contractual arrangements, an annual price review must be carried out to take account of increased food costs and labour charges. Currently the Council does not subsidise the cost of either secondary school meals or adult meals.

This report considers the appropriateness of increasing school meal process across the City to accommodate the contract price

increase proposed by Chartwells with effect from September 2017.

2. What is the purpose of the policy/ service change?

To increase the school meal price from September 2017 to £2.10 for primary schools, £2.35 for secondary schools.

3. Protected Characteristics

Protected Characteristic	Who are the customers/service users/ potential service users?	If we take this decision what is the potential impact? The impact may be either positive or negative Explain how people may be affected and give the evidence for this	Action Plan to address issues raised What changes or practical measures would reduce adverse impact on particular groups. What changes would increase positive impacts e.g. improve access or opportunity May be revisited post consultation	Who is responsible?	Timeframe to review
Age	All pupils attending any of Newport's schools.	The school meal price will be increased by 5p for all pupils across Newport from September 2017.	The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.	Education Business Manager / Chartwells	September 2017

Gender reassignment	Not applicable				
Disability	All pupils attending any of Newport's schools, including the special school sector	The school meal price will be increased by 5p for all pupils across Newport from September 2017.	The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.	Education Business Manager / Chartwells	September 2017
Marriage/Civil Partnership	Not applicable				
Pregnancy and Maternity	Not applicable				
Race	All pupils attending any of Newport's schools	The school meal price will be increased by 5p for all pupils across Newport from September 2017.	The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.	Education Business Manager / Chartwells	September 2017
Religion/belief (or the absence of)	All pupils attending any of Newport's schools, including faith based schools	The school meal price will be increased by 5p for all pupils across Newport from September 2017.	The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application	Education Business Manager / Chartwells	September 2017

			process for Free School Meals should this apply in their case.		
Sex	All pupils attending any of Newport's schools	The school meal price will be increased by 5p for all pupils across Newport from September 2017	The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.	Education Business Manager / Chartwells	September 2017
Sexual Orientation	Not applicable				
Welsh language	All pupils attending any of Newport's schools, including Welsh-medium schools	The school meal price will be increased by 5p for all pupils across Newport from September 2017	The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.	Education Business Manager / Chartwells	September 2017

4. Who has the service consulted regarding the proposed change? When should new consultation take place?

NB: It is essential that service users and other interested parties are involved in the planning process at the earliest opportunity. Consultation at an initial stage should be along broad themes. It is appropriate to ask what services are valued, how services could be changed and or what could be done differently. This feedback should then inform your business case proposals and the F&EIA. When specific proposals have been drawn up, they too will need to be consulted upon. All stakeholders and their views need to be represented.

Under the terms of the contract and as part of the annual price review, Chartwells is able to claim an increase on the contract price based on the percentage increase on the office of National Statistics' Consumer Price Increase and the percentage increase in the

NJC pay award for Local Authority employees. Chartwells has notified the Council of an intention to raise the school meal price by 5p from September 2017. This must be passed on to customers.

5. What evidence/ data has been used to complete this F&EIA (This will include local and national guidance)

- School Meals Contract
- The percentage increase in the office of National Statistics' Consumer Price Index
- The percentage increase in the NJC pay award for Local Authority employees
- School meal prices across Wales

6. How will the relevant groups be advised of the changes and the F&EIA?

The proposed change will be subject to a formal report to the Cabinet Member for Education & Young People and thus will be taken through the Council's agreed democratic process. Once the outcome is confirmed, stakeholders will be advised as appropriate both by the Education Department and by the contractor, Chartwells.

7. How will the policy/ practice make Newport more or less fair in relation to:

- Health Inequalities
- Child Poverty
- Skills and Work
- Tackling Domestic Violence
- Alcohol and Substance misuse
- Homelessness
- Armed Forces Veterans

The recommendation is to increase the school meal price for pupils. This will ensure the subsidy in relation to primary school meals remains unpaid by the Local Authority therefore ensuring that all pupils are treated equitably and will ensure consistency in applying the proposed increase.

8. How will the service / policy affect local areas of the city?

Will it have a positive or negative impact in terms of fairness and addressing local area deprivation (you will need to use spatial data available through the Newport Profile and specific Ward Profiles to address this question)?

Not applicable – this proposal is City wide affecting all pupils and all schools.

9. In summary, how does the changed service /policy promote good community relations (cohesion)?

Not applicable

10. In summary, how does the changed service /policy promote equality?

Since the subsidy has been removed, all pupils accessing the school meals service will be treated equitably.

11. In summary, how does the changed service /policy eliminate discrimination?

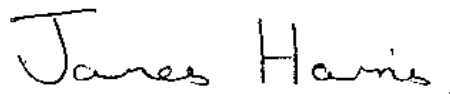
Since no pupil will now be benefitting from a subsidised meal provision, all children will be treated fairly and equitably.



Completed by/ Date:

13th June 2017

Signed off by/ Date:



13th June 2017