

State of the Market Survey 2016

Local Authority Catering Services





The state of the market survey was conducted by Rob Bailey, APSE Principal Advisor with assistance from Garry Lee, Research & Coordination Officer.

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Local Authority Catering Services

State of the Market 2016

APSE conducted an online survey during April 2016, sent out to over 1000 local authority catering contacts throughout the UK. 90 responses were received representing a response rate of 9%.

A series of questions were asked covering attitudes to the issues currently facing catering, the operation of the catering organisation and challenges for the future. The same questions were surveyed since 2008 and trends are now apparent.

The data collected through this survey is intended to provide a snapshot of the perception of local authority caterers. For detailed and verifiable comparison of both financial and performance data, authorities should consider joining APSE performance networks which covers education, civic and welfare catering.

Results

Respondents were UK wide with 63.0% from England, 23.3% from Scotland, 13.3% from Wales and 1.1% from Northern Ireland. The survey therefore reflects APSE's UK wide membership and provides a national reflection of opinion.

Of those completing the survey, 77.9% were in-house service providers, although only 47.7% expect to remain within local authority control in 2 years time; 18.6% expect to move to a Council owned arms length wholly owned company, 5.8% expect to change to a joint venture with schools, 4.7% expect to have a joint service with another Council and 10.5% expect the service to be delivered by a private contractor. Comments to this question noted that the actions of some respondents is dependent on the speed of the academisation programme.

Amongst the respondents, school catering remains the largest area with 89.5% of caterers delivering this service, 51.2% deliver civic catering, 45.3% deliver staff catering and 26.7% deliver welfare meals. 40.7% also deliver breakfast clubs and 9.3% deliver holiday clubs. Other catering services supplied by respondents included:

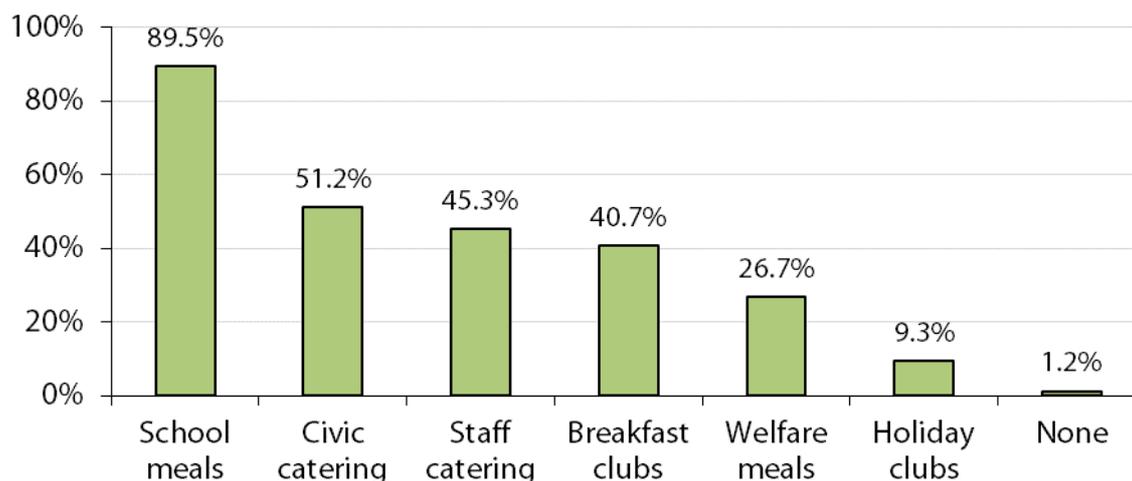
- Commercial catering and hospitality (e.g. cafes, bars, functions, events/meeting catering)
- Tourism catering (e.g. catering services in country parks)
- Nursery catering
- Residential care catering

Personally 89.7% of catering managers anticipated an increase in their workload over the next 12 months (90.1% in 2015), against a 61.6% increase in that of the catering section as a whole (75.0% in 2015), with only 2.6% personally expecting decreases and 5.8%

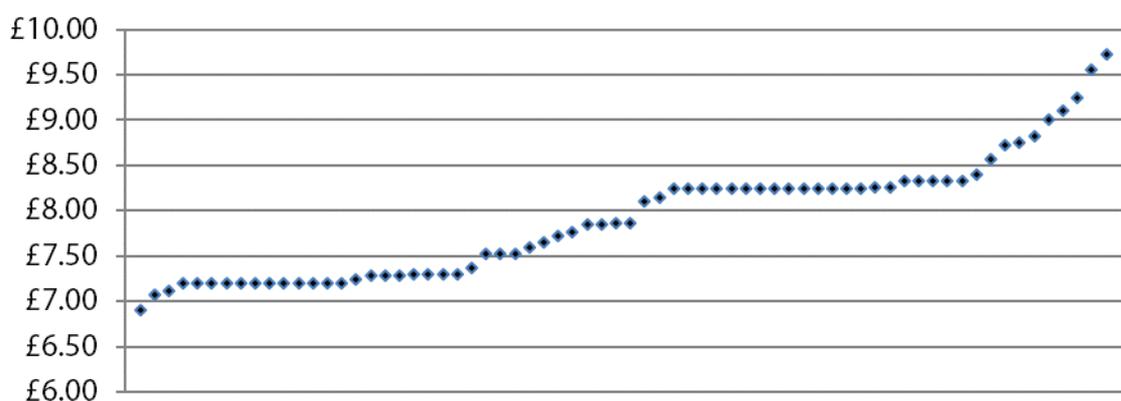
expecting a decreased workload for the catering section. This is likely due to the continued implementation and fine tuning of Universal Free School meals.

Scope of the catering service

What catering services do you supply?



Wage costs



The average hourly wage for a catering assistant was given as £7.91 (median £7.87), but ranges from a minimum of £6.91 to a maximum of £9.72. This represents a 6.2% increase in the average hourly wage since the 2015 figure, likely due to the number of authorities paying the living wage.

56.6% of respondents currently pay the higher Living Wage Foundation rate (£9.40 in London and £8.25 elsewhere); of the remaining 43.4%, 7.9% will pay this rate imminently. This is a decrease of 4.2% from the last survey of those expecting a living wage to be brought in, although it is worth noting that this is likely due to many of those authorities now paying the living wage (respondents paying the living wage increased by 11.1% since 2015's survey).

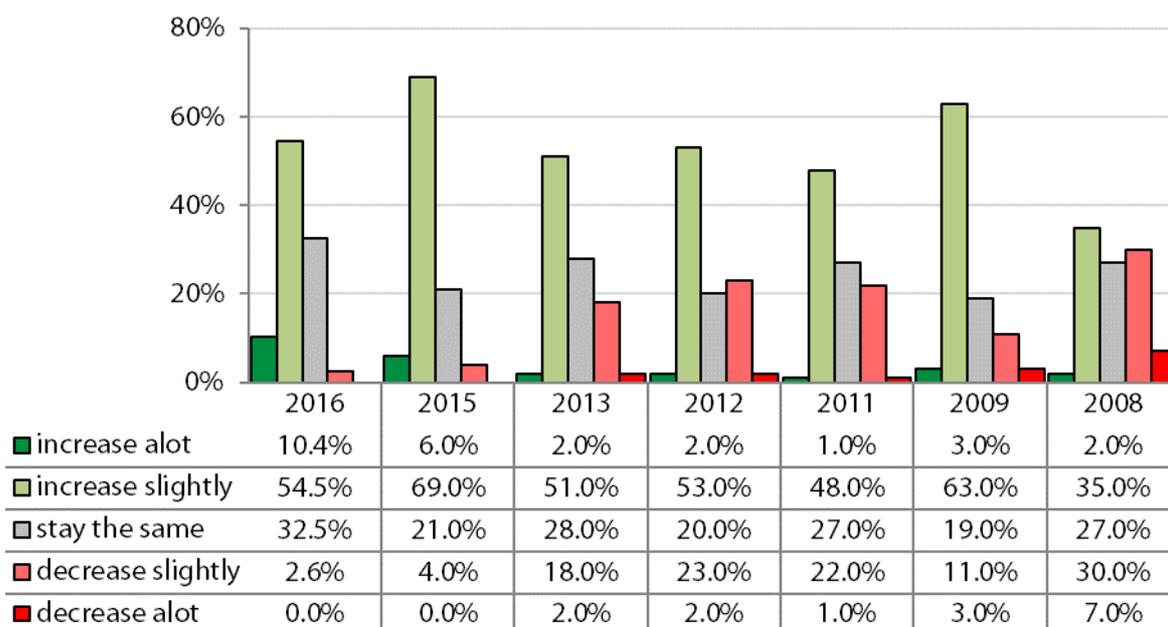
This year, 36.0% of respondents operate within a central FM service including Soft FM, 2.7% operate a central FM service including Hard FM, 40.0% have a separation between education, civic and care catering, 21.3% have a standalone catering service, 24.0% have some catering contracted out, 12.0% have all catering contracted out and 21.3% noted that schools employ their own catering staff.

In-house providers have no separate legal status to the rest of the authority so typically use service level agreements as a substitute to contracts with the schools they supply. The majority (69.9%) have SLAs in place across their client base, although worryingly 23.3% have no agreement at all. This represents a 7.9% decrease in those reporting they have SLAs in place, and an increase of 13.2% in those reporting that they have no agreement in place since 2015's survey.

Rating the introduction of services

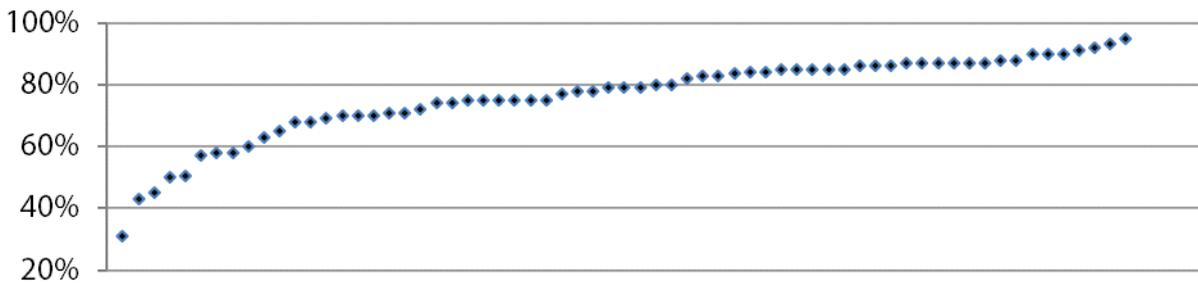
| Answer options | 1 (Low) | 2 | 3 | 4 | 5 (High) | Rating average |
|------------------------------------|---------|------|-------|-------|----------|----------------|
| Universal Infant Free School Meals | 0.0% | 0.0% | 4.8% | 13.3% | 57.8% | 4.70 |
| Revised School Food Standards | 1.2% | 1.2% | 14.5% | 20.5% | 36.1% | 4.21 |
| Food Allergen Labelling | 2.4% | 1.2% | 18.1% | 31.3% | 44.6% | 4.17 |

Expectations for school meal uptake



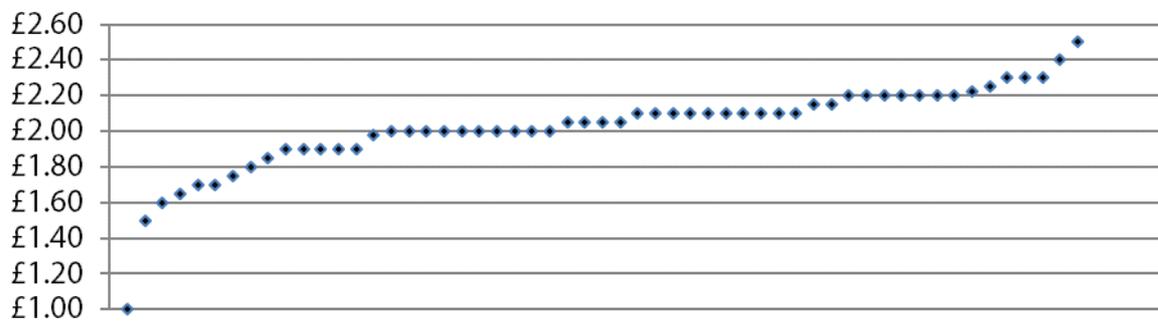
Expectations for school meal uptake have remained high, with a total of 64.9% expecting increases, 32.5% expecting uptake to remain the same and only 2.6% expecting a decrease in uptake.

Meal uptake (%) reported among infants



The average percentage of meal uptake among infants was 76.3%, with the lowest being 31.0% and the highest being 95.0%.

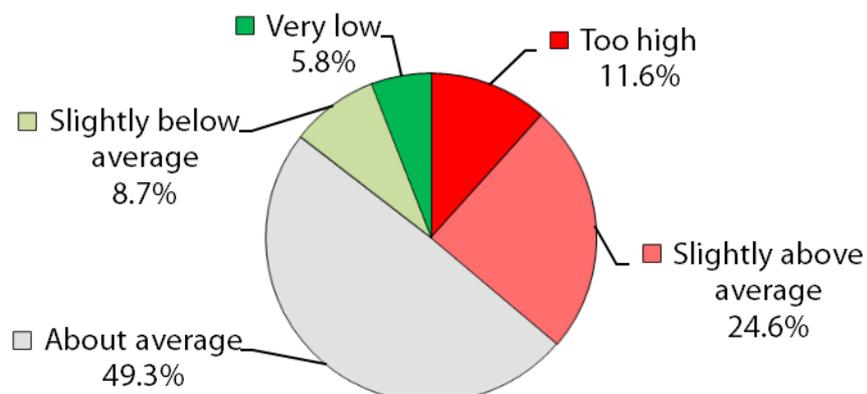
Primary school meal prices



The most frequently quoted prices for school meals is tied between £2.00 and £2.10 (with 10 responses each), although meals range from £1.00 to £2.50. The overall average has risen to £2.02.

| Answer options | Increase A Lot | Increase Slightly | Stay The Same | Decrease Slightly | Decrease A Lot |
|-----------------|----------------|-------------------|---------------|-------------------|----------------|
| Catering Income | 10.8% | 45.8% | 30.1% | 13.3% | 0.0% |

Attitude to absence



Attitudes to absence show that 36.1% feel this is currently above an acceptable level, with 49.3% reporting this is 'about average' and the remaining 16.5% reporting this is either 'slightly below average' or 'very low'. Those reporting absence rates above an acceptable level have dropped by 11.3% since the last survey, showing some positive progress in this area. 91.2% have regular staff training, 72.1% have regular staff appraisals and 41.2% currently hold an Investors in People Award (continuing a downward trend from 42.7% in 2015 through to 62.0% in 2011). 50.0% have a regular catering section newsletter.

Data collected by APSE performance networks for 2014-15 across more than 50 authorities shows an average absence rate of 4.20% in catering services.

Efficiencies

This survey took place against a continuing pressure on local authority budgets. Anticipating the drive for value for money and efficiency we gauged the anticipated actions to realise savings:

| Answer options | Response | Response in 2015 | Change |
|--|----------|------------------|---------|
| Reductions in management | 37.5% | 33.7% | + 3.8% |
| Renegotiation of meal charging methodology | 45.6% | 32.7% | + 12.9% |
| Reduction in Council subsidy | 57.5% | 28.6% | + 28.9% |
| Reduced hours | 34.8% | 25.5% | + 9.3% |
| Reductions in catering staff | 28.1% | 19.4% | + 8.7% |
| Reduction of food on plate cost | 13.6% | 12.2% | + 1.4% |
| Reduced use of agency labour | 44.4% | 10.2% | + 34.2% |
| Taking over central support functions (e.g. payroll) | 19.1% | 5.1% | + 14.0% |
| Increased use of agency labour | 2.8% | 3.1% | - 0.3% |

Healthy eating agenda

Caterers were asked to provide their opinion on a range of statements shown below:

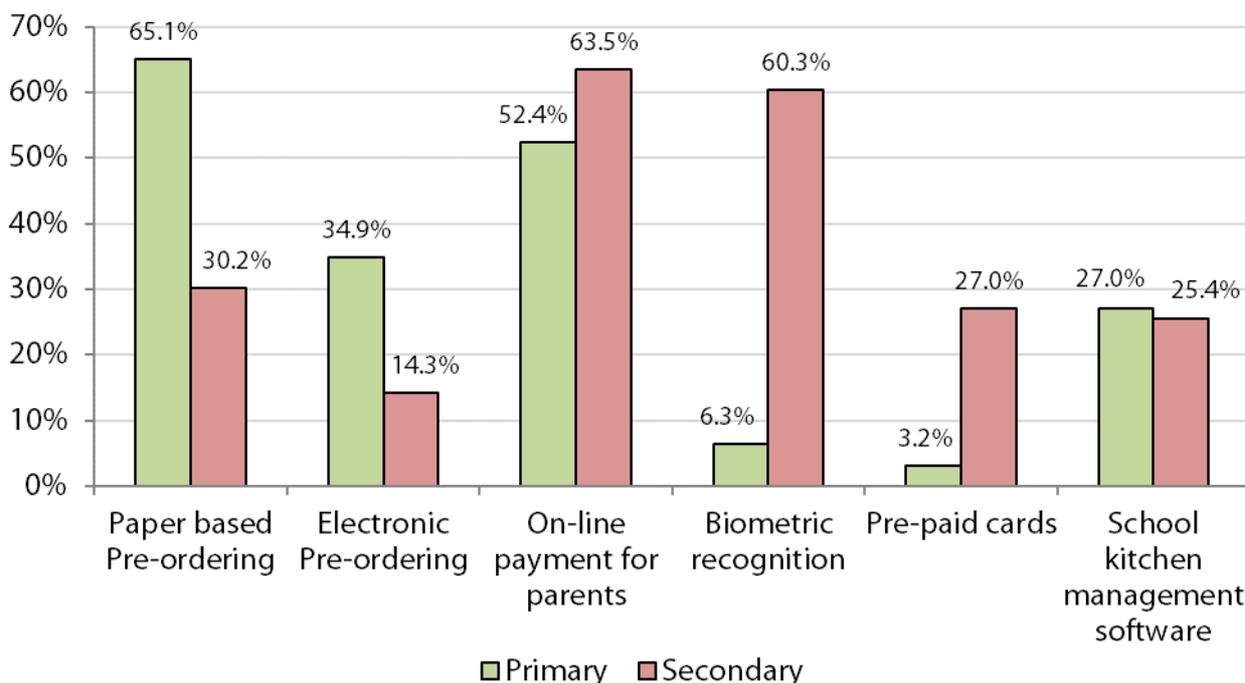
| Answer options | Agree Strongly | Agree | Disagree | Disagree Strongly | No opinion |
|--|----------------|-------|----------|-------------------|------------|
| We receive too many catering/food surveys | 1.3% | 11.3% | 47.5% | 1.3% | 38.8% |
| The Healthy Eating agenda has gone too far | 8.8% | 22.5% | 57.5% | 6.3% | 5.0% |

| | | | | | |
|--|-------|-------|-------|-------|-------|
| School meals should be free for all pupils | 27.5% | 28.8% | 31.3% | 8.8% | 3.8% |
| All Academies should be subject to food standards too | 68.8% | 20.0% | 1.3% | 1.3% | 8.8% |
| School meals are an important facet in tackling obesity* | 47.5% | 40.0% | 7.5% | 3.8% | 1.3% |
| The Sugar Tax should be extended to all sugary items* | 11.3% | 35.0% | 31.3% | 10.0% | 12.5% |

* new questions for 2016

The majority of respondents either disagreed or disagreed strongly with the statements 'we receive too many catering/food surveys' (48.8%) and 'the Healthy Eating agenda has gone too far' (63.8%). Respondents either agreed or agreed strongly with the following statements: 'school meals should be free for all pupils' (56.3%), 'all Academies should be subject to food standards too' (88.8%) and 'school meals are an important facet in tackling obesity' (87.5%). The last statement 'the sugar tax should be extended to all sugary items' divided respondents with 46.3% agreeing and 41.3% disagreeing.

Technology



Many Councils use catering software package to comply with nutritional requirements. Several systems exist to assist with productivity to reduce queuing, waste and the requirement to handle cash. The graph shows those confirming that they use techniques in at least one school. Paper based pre-ordering (65.1%) is the most popular at primary level with an increased number using electronic pre-ordering (34.9%). At secondary level,

biometric recognition (60.3%) remains the most popular option, although a minority are also offering paper (30.2%) and electronic pre-ordering (14.3%).

Comments on the future

Growth areas

Clearly there will be some variance in answers between the authorities responding to this question, with a minority reporting that they do not foresee any area of growth for their service. Catering managers saw growth for the service over the next 12 months in the following areas:

- Primary and secondary school meals (with increased KS2 pupils coming from the universal infant free school meals service)
- Increasing nursery meals provision
- Schools in other authorities (contracts outside local authority area)
- Private sector managed or self-managed schools, especially those falling foul of food safety legislation
- Increased sales from being awarded Gold Food for Life status
- Education service - Providing food safety and nutrition knowledge and training to groups of children and specific groups / selling training to schools
- Commercial private sector selling (hospitality catering and local businesses)
- Internal and external partnership working with other departments and local Authorities

Areas of future decrease

Again, many local authorities responding to this question reported that they do not expect any areas of decrease in their service. Decreases in work for the service were identified in the following areas:

- Additional catering service delivery to other departments due to diminishing budgets
- Civic catering
- Academies in general
- Academy trusts already having a procured catering provider / academies taking on contracts themselves / schools taking catering in-house
- Competitors offering lower priced services
- Removal of advisory role to social care services
- Loss of secondary contracts
- Possibilities of external contractors being awarded internal services
- Staff welfare

The Association for Public Service Excellence

APSE member authorities have access to a wide range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area please email enquiries@apse.org.uk.

Our national advisory groups include:-

- Building Cleaning
- Catering
- Cemeteries and Crematoria
- Environmental Health Advisory Group
- Housing, Construction and Building Maintenance
- Local Authorities Commercialisation, Income and Trading Network
- Parks, Horticulture and Grounds Maintenance
- Renewables and Climate Change
- Roads, Highways and Street Lighting
- Sports and Leisure Management
- Vehicle Maintenance and Transport
- Waste Management, Refuse Collection and Street Cleansing

If you require any further information on the findings of this State of the Market survey 2016 please contact Rob Bailey at rbailey@apse.org.uk or by phone at 0161 772 1810.