



School meals trend analysis

This briefing provides details of the latest trend analysis of local authority performance on cost, quality and productivity within the education catering sector including take-up and price issues for school meals. It is provided to local authority chief executives, councils leaders and all APSE catering contacts

Key issues

1. Local authority education catering is a major public service looking after the production, service and administration of school meals including those pupils in receipt of free school meals.
2. The school meals service has become an area of high profile public debate following the Jamie Oliver TV series and the subsequent Government investment in school meals as well as previous investment initiatives led by the Scottish Government.
3. APSE performance networks for education catering is now in year 9 of data collection examining cost, quality and productivity issues relating to the school meals service.
4. This briefing highlights the key findings and looks at the future direction of education catering services in local authorities
5. Analysis referred to in this briefing is based on first batch data returns. Summary reports will be published in March 2008.

1. Introduction

For many years the local authority school meals service was one of the services that faced compulsory competitive tendering (CCT) and this led to services being developed on a minimum cost basis. Generally the quality of the food served to children became unacceptable from a nutritional perspective, alongside poor eating habits and national trends to rely upon processed foods. Following a wave of media coverage investment in the service was announced by Government. Moves were made to rapidly introduce new standards for all food served in schools including snacks and breakfast clubs and school lunches which are subject to rigorous nutritional

standards. These changes in approach have brought about significant differences to the way in which education catering services operate. These changes include increased spending on school food, increased labour costs for preparation time and requirements for new menus which are nutritionally compliant with the new standards as well as a need for investments in kitchens, dining facilities and equipment.

This briefing therefore looks at performance information relating to the education catering service across the UK and includes details of the key performance indicators for the school meals service.

2. About APSE's performance information on education catering

The APSE performance networks programme for education catering provides performance indicators for price, service uptakes, key cost indicators, and productivity and qualitative measures for the service throughout the UK. The programme also collects a significant amount of management data to support more detailed 'process benchmarking' of the service.

This briefing, builds on the information collected by participating local authorities over the last three years and aims to provide a picture of what the service trends are, what this infers and what further activity and analysis individual authorities could consider within their education catering service.

The analysis in this briefing is based on service wide averages for the past 8 years (from 1999/00 to 2006/07), but also highlights variances on certain KPIs between Scotland, (with its continued higher levels of investment in the service) and England/Wales.

It is worth noting that the Government has introduced a new national performance indicator known as NI 52 which will require English local authorities to submit figures for their take-up levels on school lunches. It is anticipated that those authorities collating take-up levels of school meals through the performance networks service for education catering would be able to submit those figures in support of the new national indicator requirements. APSE members are referred to APSE briefing number 08/01 for more details.

3. Trend analysis

The following information provides particular points of interest based on data submitted within the 'first batch' returns for year 8. Some indicators may be subject to slight changes on receipt of 'second batch' data but these changes are expected to be minimal.

Meal charges

The average price of a primary (junior) meal and the free meal allowance for secondary pupils were £1.55 and £1.64 respectively for 2006/07, representing regional increases on the previous year that have been broadly in line with inflation across the UK.

These national averages reflect the continued variance in Scotland where the average price of a primary (junior) meal was £1.50 against an average in England/Wales of £1.57. Scotland does however; maintain a marginally higher secondary free meal allowance at £1.66 for 2006/07.

Service uptakes

The fall in free meal uptakes reported over the last two years has been arrested in 2006/07, the 'all schools' figure remaining at circa 70%. Again, there is a marginal difference in Scotland where the average free meal uptake is nearer 67% against an average of 71% in England and Wales.

Regional differences are less evident in paid meal uptakes which are marginally below those for 2005/06 but have not fallen as sharply as in the previous two years. The national averages for 2006/07 are 36.8% for primary (down by 0.5%) and 37.1% (down by 2.2% on 2005/06) in secondary schools.

The higher fall in secondary paid meals may reflect the increased use of 'Meal Deals', designed to move towards nutritional standards for secondary schools and undoubtedly does reflect the removal and reduced national consumption of confectionery items. Scotland was first to introduce this approach which may account for their secondary paid meal uptake being nearly 2% below the national average at 35.3% for 2006/07.

Key cost indicators

Last year, and in the light of the significant increases in service costs, we reported that *'Rising subsidies and meal charges will focus demands on the service to demonstrate value for money'* and that *'to a large extent, this might be achieved and demonstrated by attracting higher usage of the service'* With no evident turn around in service uptakes, (and for many, the full implementation of Job Evaluation), this service has indeed come under pressure to contain rising costs during the last year, evidenced by the following key cost indicators for 2006/07:

The total service cost/meal (PI 12) has risen only marginally above inflation to a national average of £2.22 for 2006/07. Scotland has shown a 1p fall on last year, now averaging £2.45 with the average in England and Wales being £2.12

Primary food only costs (excluding drinking milk) has risen only marginally above inflation and averaged 62p in 2006/07. The increase in Scotland has been well below inflation (1p up on last year at 69p for 2006/07), the greater increase (5p on last year) being in England and Wales where the average now sits at 57 pence.

Direct costs (food and staff costs) for primary/special schools (PI 18) have risen above inflation to £1.70 for 2006/07 in England and Wales (implying higher increases in labour costs), and broadly in line with inflation to £1.99 in Scotland. These represent increases on the previous year of 12p and 6p respectively.

Productivity

Following a fall in the previous two years, productivity (PI 15 - meals served per staff hour in the primary and special sectors), is broadly in line with last years national average at 7.99 for 2006/07. Scotland continues to invest more hours in the service, averaging 7.06 meals served per hour against 8.43 in England and Wales. Staff cost ratios in the secondary sector have increased by circa 4% in England and Wales and now fall only marginally (1%) below Scotland, their average for 2006/07 being 48.7%

QA and stakeholder consultation (PI 23) and human resources (PI 24)

The average score for both of these indicators was circa 35 in 1999/00 and has consistently risen over the years, the averages for 2006/07 being 45.1 (QA) and 52.7 (HR).

Investment

In the 7 years over which data has been collected, the average annual investment in catering facilities (by authorities returning this data) has increased from £129k to £215k. As a percentage of the total investment reported in the service, 51% was funded from capital and 39% from revenue budgets/receipts.

The balance (circa 10%) came from PPP/PFI and 'grant aided' funding, representing a five fold increase on the 2% reported from these sources last year.

Nutrition and health eating

In the 2005/06 returns, only 3 authorities reported having all catering staff trained in food nutrition and health and across all authorities, circa 32% of Staff had received this training. Now in the second year of collecting this data, 5 Authorities have reported that all staff are trained and the average of all staff trained across all authorities has increased to 42%.

The percentage of schools holding a food safety/health award has increased from 46% in 2005/06 to 60% in 2006/07, and the number of authorities reporting this attainment by all schools has increased from 3 last year to 7 in 2006/07.

Sustainable Procurement and the Environment

This year saw the inclusion of data collection on a range of issues relating to sustainable procurement and the environment which can be called for in the form of bespoke reports by subscribers. In subsequent years, it is intended that this data may be used to generate specific 'environmental Pls' for inclusion in annual reports. In the interim, data returns for 2006/07 indicate that 38% of authorities have a policy relating to 'sustainable procurement' and that 36% are working towards it. Further 19% have and 31% are working towards a catering specific 'environmental policy'.

Interpretation of data

Analysis of these trends and other data tends to support the following key observations:

The higher than inflation price increases over the last 2 years have not been maintained in 2006/07, despite the need for continued investment in this service and central Governments' desire to see parents make a larger contribution to the child health agenda. This could be a reflection of concerns that parental sensitivity to price, alongside pupil resistance to menu changes are amongst the key factors affecting service uptakes.

In Scotland, the net effect of price containment against continued investment in the service, has resulted in the average subsidy (excluding the cost of free meals) rising by 17p to £1.06 in 2006/07. In England and Wales, the average subsidy reported has in fact fallen marginally to 31p per meal served.

As indicated above, menu changes, driven by the staged implementation of Nutritional Standards, the removal of convenience foods / confectionery and price sensitivity have undoubtedly affected attempts to reverse the trend of falling uptakes sparked by the sudden and initially negative focus on school meals some three years ago.

Without a rise in service uptakes, this years data may be an early indication of a predicted demand for the service to arrest rising expenditure in the current absence of measurable (longer term) 'child health' outcomes.

Future focus and APSE comment

Last year, we commented that:-

Rising subsidies and meal charges will focus demands on the service to demonstrate value for money, to a large extent, achieved and demonstrated by attracting higher usage of the service.

Whilst this years data indicates some success in arresting (if not reversing) the trend of falling uptakes, it also highlights increasing cost containment pressures and the need to target investment in areas that have the potential to deliver measurable improvement in service outcomes. It is also important to understand that the complexities of uptake figures can mask underlying economy wide factors. For example there has been a national reduction in confectionary sales in the retail sector (of around 7%) and a corresponding increase in sales of fruit and vegetables. Hence whilst uptake appears to remain low this could be due to loss of confectionary sales rather than a decrease in actually usage of the secondary school meals services. On a similar basis the full meal equivalent numbers for the secondary sector can contribute to under-reporting of meal uptake as generally 'till transactions' are not adequately captured by the vast majority of providers / participants in performance networks. Indeed the secondary uptake figures may also be indicative of a reduction in average spend per pupil, possibly reflecting the fact that pupils will choose to use some of their available lunch time cash in purchasing snacks and confectionary out of the school based offering, circumventing the healthier offering.

There is a growing body of opinion that the quality of food alone will not reverse this trend and many service providers would wish to see a greater awareness of this fact by corporate and national strategic stakeholders, particularly in the light of current proposals on the future targeting of grant aid in England.

The impact that school management and environments, particularly the dining environment can have on service uptakes (and financial stability) has long been understood at a 'local' level. All authorities will have individual schools within their portfolio which achieve significantly higher uptakes with measurable benefits to pupil health (and financial) outcomes.

Therefore, whilst APSE will continue to focus on the collection and analysis of relevant data to enable the development of new service wide 'outcome based' performance indicators, it will also continue to work with national bodies and agencies engaged with or who can impact upon this service at a strategic level and at the cross over with the health, fitness and lifestyle of younger people.

Mo Baines
Principal Advisor, APSE

John G Bedwell
APSE Associate Consultant