



Charging for School Meals and Cleaning Services

Rob Bailey
January 2011

Topics



- Why Charge?
- The challenges ahead
- School meals
 - Cost plus
 - Alternatives
- Cleaning

Why Charge?



- Recover cost
- Make a profit / surplus
- To reflect risk taken
- Reflect investment (rate of return)
- Maximise turnover
- Survival
- To demonstrate quality

The Challenges



- Devolved budgets to schools
- Academies / BSF
- Budget reductions and cuts
- Area based grants cease
- Ring-fencing removed
- Focus on Value for money
- Market testing reappears

Relationship with Schools



- Majority prefer Council provider
- Lack of clarity can cause misconceptions
- Loss making business is not worth retaining
- Risk and reward should be shared
 - Incentives for higher uptake
 - Bad debt minimised

New Agreement / SLA



- Cash collection and banking by School
- Meal choices collected by school
- Extra activities charges separately
- Lunch grant passported to schools
- Overheads and management changes explicit.
- Price dependent on number of meals sold.

New Agreement / SLA



- Equipment – who owns what
 - minor maintenance – provider
 - new equipment / major breakdowns – school
- Power / water / heating – school
- Rest of SLA
 - Emphasise the added value
 - Payment arrangements in event of shutdown

Reality Check

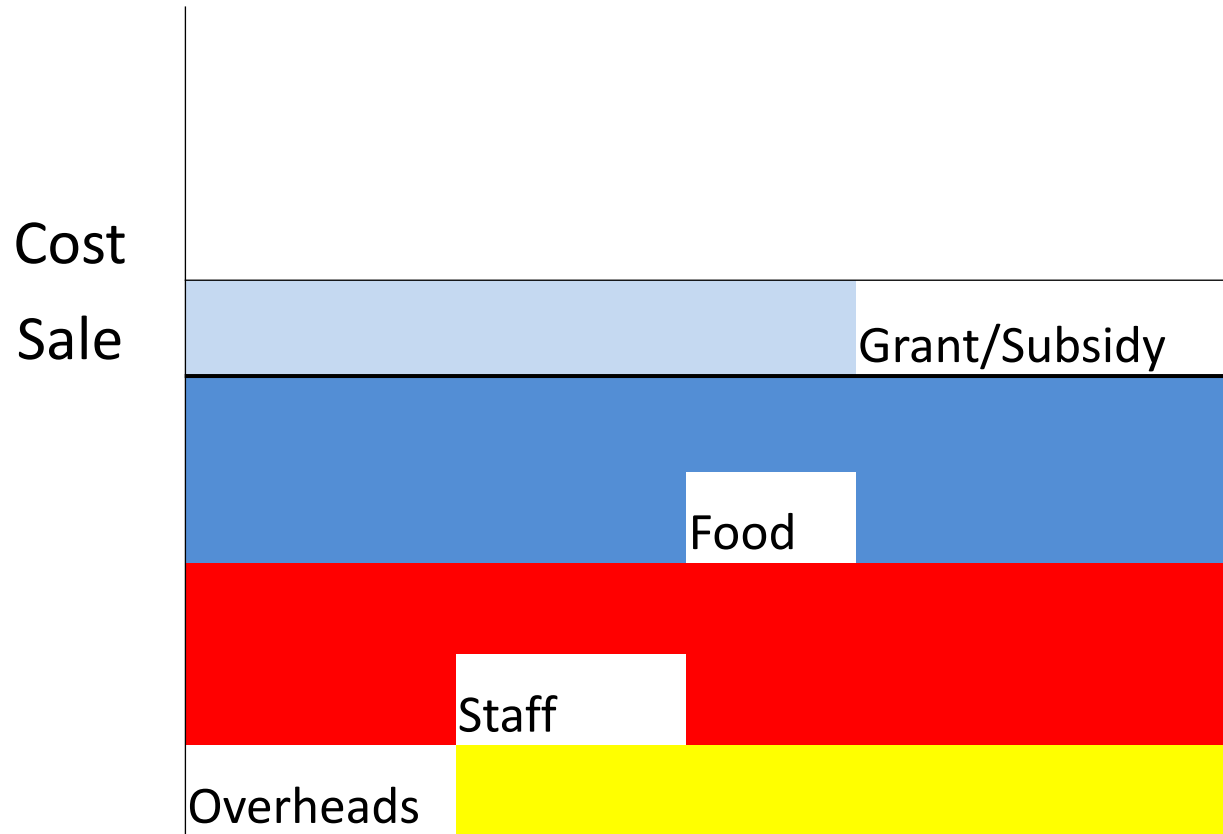


Cost breakdown of Catering & Cleaning

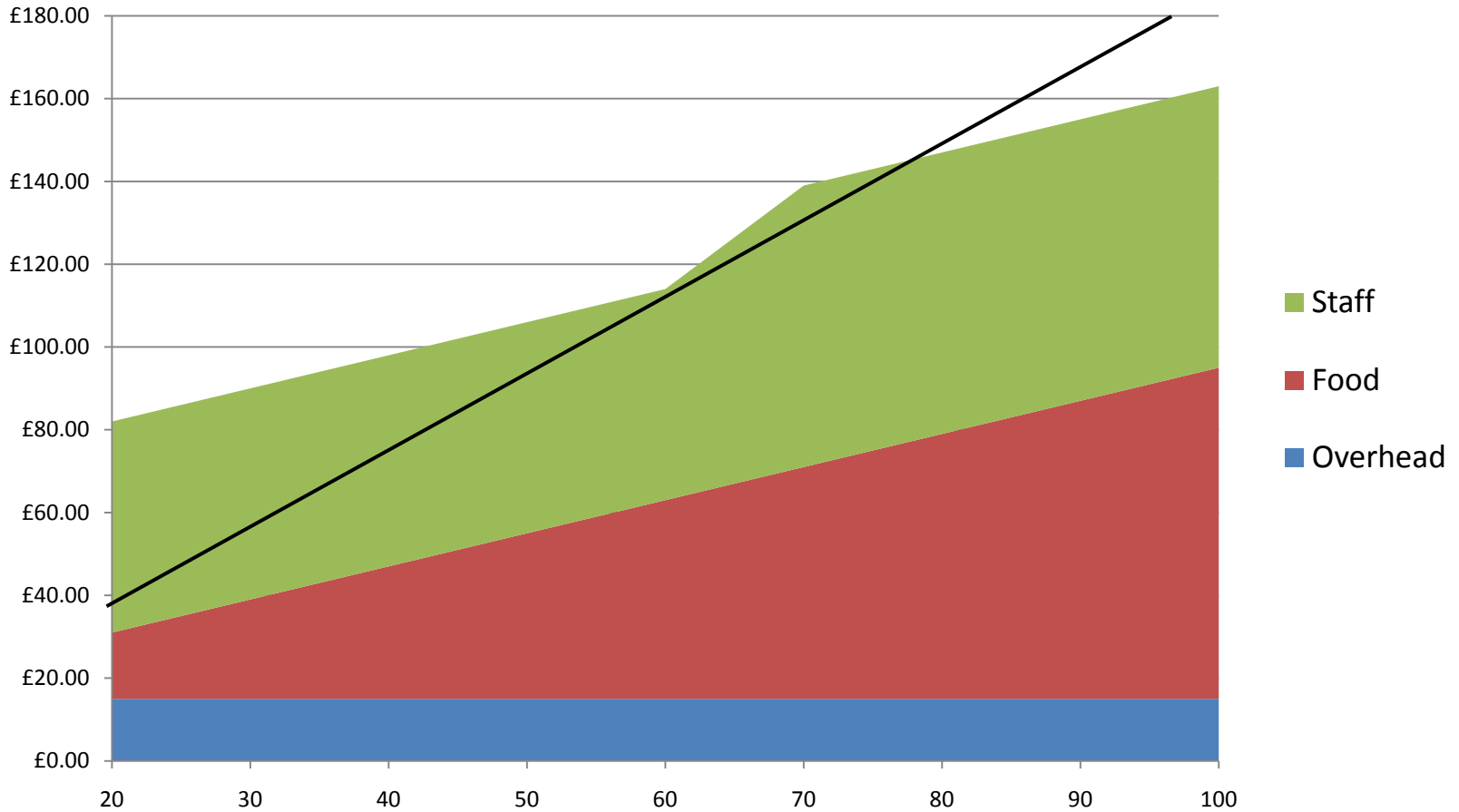
Catering	
Cost area	% total cost
Front line staff costs	44.00%
All staff costs	48.87%
Food costs	38.16%
Direct Costs	81.60%
Overheads	18.4%
Central establishment changes	4.68%

Cleaning	
Cost area	% total cost
Front line staff costs	82.53%
All staff costs	90.36%
Central establishment changes	4.55%
Cleaning materials	4.00%
Cleaning equipment	1.27%

Cost plus



Variable costing





Meal Numbers Served	Indicative prices pence per meal	
	from	to
under 50	239.50	247.00
51-70	223.94	231.44
71-90	205.88	213.38
91-110	195.05	202.55
111-130	186.90	194.40
131-150	181.07	188.57
151-170	177.40	184.90
171-190	173.93	181.43
over 190	171.15	178.65

Cleaning



- Know your buildings – sizes / floors
- Calculate actual hours required
- Specifications - challenge
- Make cost reduction / improvement implicit
- Share the savings with the customer
- Emphasise the ‘value added’

Conclusions



LOCAL SERVICES

LOCAL SOLUTIONS



Contact details

Rob Bailey

Email: rbailey@apse.org.uk

Association for Public Service Excellence

2nd floor Washbrook House, Lancastrian Office Centre, Talbot Road, Old Trafford, Manchester M32 0FP.

telephone: 0161 772 1810

fax: 0161 772 1811

web: www.apse.org.uk



INVESTOR IN PEOPLE



ISO 14001
REGISTERED FIRM

GB 11409



ISO 9001
REGISTERED FIRM

GB 11132



ISO 27001
REGISTERED FIRM

GB 14074