



association for public service excellence

## Local authority education catering service

# More than just a service



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### **About APSE**

The Association for Public Service Excellence (APSE) is a not-for-profit local government body working with over 300 councils throughout the UK.

Promoting excellence in public services, APSE is the foremost specialist in local authority frontline services and operates one of the UK's largest research programmes in local government policy and frontline service delivery matter

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## 1 Recommendations for national governments

To enable more urgent action at the local level, the report makes the following recommendations:

1. **The wide-reaching socio-economic value of school catering needs to be recognised.** Government has introduced policies that aim to alleviate child poverty, seek to narrow the inequalities in society through levelling up, bridging the attainment gap and promoting the health and wellbeing of the population. A critical yet neglected service, school catering has been shown to play a key role in supporting all these aims. In addition, school catering can also be instrumental in building community wealth. The school catering sector workforce are predominately low paid and work in the communities in which they live. Therefore, the rates of pay, pension provision and terms and conditions local authorities provide benefits the local economy now and into the future. Councils also have extensive buying power and by procuring produce from local suppliers, the council redirects further wealth back into the local economy.
2. **Funding should reflect the broader value of school catering rather than simply the cost of the school meal.** Hot nutritious meals served to a school child is far more than the sum of its ingredients. Instead, evidence shows that the return on investment of providing such meals can be measured in the noticeably better physical and mental wellbeing outcomes of the school children who receive them. Poor quality unhealthy meals will result in a poorer, unhealthier populace.
3. **Funding for school meals needs to be ringfenced.** Funding allocated for children eligible for Free School Meals and spent on school meals is not always visible in school budgets. The funding is not ringfenced and the actual amount spent on the food on the plate and associated costs is not transparent. This runs the risk of the funding not reaching the child and being used for other purposes culminating in the catering service being under-resourced and food standards being driven down.
4. **Market-based models do not serve the sector well and ought to be re-evaluated.** Devolution has highlighted that in England the introduction of academies, the fragmentation of the school meal sector, accompanying growth of private catering providers and the lack of an effective mechanism for monitoring and enforcing standards has resulted in an over-emphasis on the

'bottom line' and has negatively impacted on 'small schools'. The current school meal system has, to some extent, become a competitive market with little accountability. Therefore, public money is being spent without the transparency and scrutiny of how the money is being spent and there is not a clear understanding of the quality of what is being delivered.

5. **Subsidy is not a dirty word.** Local authorities have a clear understanding of the challenges that are in the local area and, as such, set a strategic vision and priorities to meet these. Subsidising the catering service can be a major contributor to wider community wealth, a lever for health and wellbeing objectives and help the council achieve its net zero targets.

## 2 Executive Summary

Over the years, the local authority catering service has often been expected to be financially viable in a traded service context. As such, the wide-reaching social value of the provision of school meals and the role that councils play has been lost in the narrative.

The provision of a hot nutritious school meal will not on its own alleviate child poverty, reduce obesity, improve the economic growth of an area or solve climate change. However, it can form part of the solution as the humble school meal is beneficial to the health and education of the child and supports the wider family especially during the current cost of living crisis.

There are wider economic and social value benefits of paying predominantly part-time women workers a higher living wage and offering terms and conditions that are more generous than other employers in the sector. Working with and supporting local suppliers through procurement also generates significant social benefits for the local area. The research key findings are as follows:

### School meal funding

1. **Devolved budgets** - The funding provided from government for Free School Meals (FSM) and Universal Infant School Meals has remained stagnant for many years and has not kept pace with increases in the cost of providing the service. Devolved budgets in England and the absence of ringfence funding has resulted in the lack of transparency in the amount of money schools passed to the catering service for the school meal.
2. **The COVID-19 Pandemic has resulted in financial deficit in catering services** – The COVID 19 pandemic induced the closure of schools and resulted in the absence of paid meals. This, combined with the need to provide children eligible for FSM with food in the form of food parcels or vouchers, whilst also retaining provision for vulnerable and key worker children, has meant the additional costs of delivering the service with COVID restrictions has outstripped the funding provided and the income received.
3. **The cost-of-living crisis is placing additional pressure on the service** – The inflationary cost of staple ingredients, energy bill rises, the increases in wage bills and rise in the number of children eligible for FSM has placed a huge burden on budgets as the gap between the funding and cost of putting food on the plate progressively widens.

## Policy divergence

1. **Tendering for contracts** – Greater competition and tendering in England has not resulted in innovation in the service or an increase in the quality of school meals. There is not a level playing field when it comes to tendering for contracts between the private sector, local authorities and school caterers. Some academies are not required to meet school food standards and, for schools that are, there is not an effective regime of monitoring standards. This has, culminated in a race to the bottom in tenders.
2. **Universal Infant Free School Meals (UIFSM)** – The Scottish and Welsh governments have introduced Universal Infant FSM and Universal Primary FSM as part of the solution to reducing poverty and enhancing the health and wellbeing of future generations.

## Local authority catering services

3. **Terms and conditions** – The terms and conditions such as paying the higher living wage, sick pay, holiday entitlement, type of contract and pension contributions are more favourable than other providers in the sector. As many of the workforce are women and work low hours, this has a wider economic impact in the community by providing a higher and stable older age income. In addition, the vast majority of local authorities continued to pay their employees throughout COVID and did not make use of the government furlough scheme.
4. **Flexibility, resilience and responsiveness** – In the wake of the collapse of Carillion, there is a reluctance on the part of some private sector providers to deliver the service. During COVID, councils stepped in and delivered the school meals service, produced and delivered food parcels and provided support for suppliers and, throughout the period of school closure, supported schools in delivering the school meals service during the subsequent restrictions.
5. **Social Value** – Local authorities provide value over and above 'just a school meal'. Recruitment schemes have focused on recruiting the long term unemployed or ex- service personnel, supporting local suppliers through procurement processes, providing holiday provision and cooking classes for parents.
6. **Climate change and sustainability** – Many local authorities across the UK have declared Climate Emergencies and, as such, are implementing practices and processes to contribute to net zero targets. This includes sourcing local produce, introducing meat free days to menus, and removing single use plastics from the catering service.



### **3 Introduction**

APSE has conducted this research following requests from member local authorities for the value of school meals, and the value that councils play in delivering them, to be recognised.

Since May 2020, there have been immense challenges faced across the world the like of which has not been seen for decades. COVID-19 was not only a health epidemic but also shut down large sections of society and economic activity. With major shocks to supply chains, 2021 witnessed the onset of a cost-of-living crisis, with prices of everyday essentials increasing faster than household incomes.

The situation has been further exacerbated by the war in Ukraine with the restriction of food products, such as grains, and the related sanctions having a direct impact on the cost of energy and fuel.

During the pandemic, the media narrative highlighted the poor quality of school food parcels and the inadequacy of provision which resulted from a high-profile campaign by footballer Marcus Rashford. As an emergency measure food voucher scheme was provided for families eligible for FSM, a spotlight was shone on the inequalities in society and the impact of poverty on the health and wellbeing of children.

The cost-of-living crisis is placing an even greater pressure on family budgets, with evidence showing that families both in work and on benefits are increasingly turning to food banks and making decisions between heating or eating. A growing number of parents are now reporting they are forced to go without food to ensure their children can eat.

When parliament first enacted legislation on the provision of school meals back in the early twentieth century, one finds that the motivating factors behind that legislation are still very much with us today. While school meals cannot end child poverty or solve the issues related to health inequalities, they can be part of the solution, and local authorities have and continue to demonstrate that they play an integral part in providing them.

This report explores the policy position from the 1900's to the present day, seeking to outline the case for school meals. The report looks at local authority service delivery models, identifies the current and future challenges the sector and councils are facing and connects the links between the benefits of school meals and the value of local authority catering services.

### **3.1 Methodology**

There are four components to the research project, as follows:

1. Desk based policy and literature review of school meals across the UK, including the policy divergences since devolution.
2. Online surveys pertaining to the provision and the impact of the cost-of-living crisis which were sent to officers and elected members that work within or have knowledge of the school catering service in councils from England, Scotland, Wales and also the Northern Ireland Education Authority.
3. An expert roundtable to gain a frontline view of the challenges the service is facing and the benefits local authorities provide.
4. Information provided at APSE Remobilisation Groups and Advisory Groups.

## **4 Policy and literature review**

### **4.1 From 1903 to 1999**

The link between local authorities and the provision of school meals has long been established, and there have been many policy interventions. This section of the report provides and highlights the key interventions which can be traced back to 1903. At this time, the Interdepartmental Committee on physical deterioration was commissioned to explore the causes of the nation's poor health as it was estimated that a third of children were malnourished. Local authorities such as London and Bradford had set up ambitious school meal programmes prior to 1906. This resulted in F.W Jowett, Labour MP for Bradford West sponsoring a Private Members' bill (Provision of Meals) Act in 1906. The Act allowed for Local Education Authorities (LEAs) in the UK to provide school meals for those in most 'distress' and the meals were funded from local rates. Although the Act was initially designed to cover the UK, at the later stages of the legislation being enacted, Scotland was removed and this was only amended two years later.

In 1910, the Bradford Education Committee reported that the city served 957,739 meals. However, due to the legislation being constructed to be permissive and not obligatory, initially, only a few local authorities made the provision available. By 1921, the Education Act 1921 (Section 84) was introduced that outlined the eligibility criteria for the children who should receive a free school meal.

1941 saw the introduction of the first National School Meals Policy which was followed by the Education Act of 1944 resulting in a duty being placed on all local authorities to provide a school meal to those who wanted them. The following year, the Provision of Milk and Meals Regulations were implemented which stipulated that school meals had to meet with legal nutritional requirements. The families that had the means to pay for a meal were charged for the approximate food cost and for those who met the eligibility criteria a meal was provided free of charge and funded by local ratepayers. The provision went further with 1946 seeing universal free milk being introduced for all children in school under the age of 18.

In 1947, the funding for the FSM moved from local government to the net cost of providing the meals being met by government. Throughout the proceeding years, the standard for school meals was updated several times and, three years later, a standard charge for a school meal was introduced.

Two decades on and the government of the time passed the full financial responsibility for the school meal service to the LEA's. At the same time the inspection regime changed. The new regime involved the Ministry of Education, as part of the normal school inspection, inspecting school meals, reporting on the nutritional value of meals, kitchens, utensils as well as the supervision of kitchen staff and children.

By the 1970s, the post-war consensus began to break down and the political agenda shifted. This resulted in free milk being withdrawn from secondary schools and in 1971 government funding for free milk was withdrawn for children over seven.

With the aim of reducing the amount of public money used to fund school meals, the Education Act 1980 was introduced. This Act removed the Statutory Duty placed on local authorities to provide school meals except FSM and removed minimum nutritional standards.

Two further pieces of legislation in the late 1980s had a major impact on school meals. In 1988, the 1986 Social Security Act came into force and the Local Government Act 1988 was introduced. These changes were a result of the political desire to privatise public services. Part One of the Local Government Act introduced Compulsory Competitive Tendering (CCT) to the sector which placed an obligation on all LEAs to put school meals out to tender with the guiding principle of the lowest bid wins, effectively putting economics above the quality of service. At a similar time, the Social Security Act was also introduced which amended the eligibility criteria and reduced the number of children who were eligible for a Free School Meal.

These policy changes undoubtedly had one of the largest impacts of all government policies since the formal introduction of school meals in 1906 on local authority catering services. School meals had effectively become 'unregulated' (School Meals Review Panel, 2005<sup>1</sup>) and due to these changes, some local authorities opted to dismantle the school meals catering service altogether. Those that remained and won contracts were defined as Direct Service Organisations (DSO).

The removal of standards and a principle of driving down cost led to the decline in the quality of the school meal and the reduction in uptakes. CCT was replaced by 'Best Value' in 1998, which also resulted in decisions regarding school meals provision being driven primarily by the bottom line.

The introduction of the Good Friday agreement in Northern Ireland, the Government of Wales Act 1998 and the Scotland Act 1998 saw the responsibility for education being passed to the respective devolved governments. The twenty subsequent years have seen a divergence in the policy for school meals with differing impacts.

The following sections outline the key policy implementation for Northern Ireland, Scotland and Wales since 1999.

#### **4.2 England: 1999-present day**

The Fair Funding provision was introduced in 1998 which delegated funding for school meals to secondary, primary and special schools, allowing schools to make their own decisions regarding who should provide and how the school meal is provided. At the same time, the School Standards and Framework Act 1998 (England and Wales) was implemented that made provision for schools to apply for Foundation Status. If granted, the school took on ownership of the land, premises and employment of staff.

In 1999, the UK's first Public Finance Initiative (PFI) funded school opened. This new category of procurement locked schools into long-term contracts for, not only the repairs and maintenance of the school, but often wider services such as catering and cleaning.

Statutory regulations for school meals came into force in April 2001 and minimum nutrition standards to school lunches served to registered pupils at schools maintained by Local Education Authority's (LEA). In the same year, the Department for Education

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<sup>1</sup> <https://dera.ioe.ac.uk/5584/3/SMRP%20Report%20FINAL.pdf>

and Skills launched the Food in Schools programme. Around the same time, the number of children eligible for FSM was increased with an amendment to the Education Act in 2002.

The term Local Education Authority became obsolete with the introduction of the Children's Act 2004. In addition, The Healthy Living Blueprint for schools was issued which sought to revise the school meal standards. This was followed by the publication of the White Paper 'Choosing Health: making healthy choices easier' and three associated delivery plans.

'Feed me better' was a high-profile campaign by the celebrity chef Jamie Oliver in 2005. This campaign shone a spotlight on the poor standard of school meals and the School Meals Review Panel (SMRP) was formed to review nutritional standards and the school meal service. This culminated in the report 'Turning the tables: transforming school food'. The School Food Trust was also formed, a non-departmental public body with the remit of transforming school food, food skills, promoting the education and health of children and young people and improving the quality of school food. All of these initiatives served to highlight how far the standard of school meals had diminished.

Interim food-based standards were then introduced for school lunches in September 2006. These revised standards were formally introduced in April 2007 in the Nutritional Standards for School Lunches (England) Regulations 2006.

2010 saw the introduction of the Academies Act which allowed schools to opt-out of being maintained schools and become an academy that received its funding directly from central government. Up to this point, the funding for schools had been provided to local authorities via various grants and the authority would distribute the funds directly to the schools based on an agreed formula. The introduction of academies removed the local authority from this role.

Following a further review of school meals, the School Food Plan was published in July 2013, which outlined a range of steps to encourage school meal uptakes, improve food education and the quality of food. The School Food Plan was introduced in the Requirements for School Food Regulations 2014, which came into force on 1 January 2015.

The political landscape again changed and the largest extension of eligibility for school meals was introduced in 2014. The introduction of Universal FSM had an eligibility criterion that was based on the school year of the child as opposed to the means of the

family. A year later, new school food standards became mandatory to all state-funded schools.

### **4.3 Scotland: 1999-present day**

An initiative called 'Hungry for Success: A whole-school approach to School Meals in Scotland' was introduced in 2003. The intervention aimed to improve the nutrition, quality and uptake of school meals. This was then followed by the Schools (Health Promotion and Nutrition) (Scotland) Act 2007 which combined the successful elements of the 'Hungry for Success' programme with new nutritional standards.

The importance of quality healthy food in schools was further recognised by the Scottish Government in the Scottish Curriculum for Excellence introduced in 2010. Four years later, 'Better eating, better learning: A new context for school food' was launched which looked at making further improvements in school food and food education.

A trial was undertaken with five Scottish local authorities to pilot Universal Infant FSM and as a result of this pilot, UIFSM was introduced for all children in primary one to three in Scotland in January 2015, and similar to England, eligibility criteria was not based on means- testing but on the child's year of education.

Most recently, the Scottish Government has been working collaboratively with local authorities across Scotland to conduct a review of and develop revised nutritional standards for school food. The implementation of the legislation was delayed by COVID-19. However, the Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020 came into force on 8 April 2021. The regulations aim is to assist schools in promoting healthy eating, as part of the Scottish Governments wider health and wellbeing agenda. In addition, the Scottish National Party is putting into practice their manifesto commitment to provide FSM for all primary school children.

On 5 June 2021, The Scottish Government announced that an agreement had been reached with local authority partners to introduce universal free school lunches for primary 4 and 5 children. The announcement came with a £28 million commitment to deliver free school lunches during term time for P4 children by August 2021 and to P5 children by January 2022.

There was also a commitment to extend provision further to P6 and P5 by August 2022 but was then put on hold. However, it was announced in the Scottish Government Programme for Government in September 2022 that it was still committed to the

extension and would be working with local authorities regarding the delivery timetable.

#### **4.4 Wales: 1999-present day**

In October 1997, the moratorium on CCT was lifted and the 22 new Unitary Authorities tenders for school meals.

The Education (Nutritional Standards for school lunches – Wales) Regulations were introduced in 2001 and set out the minimum standard for schools and local authorities.

The Welsh Assembly Government put in place the provision of free breakfasts for primary schools that are maintained by the local authority. The aim of introducing the Free Breakfast in Primary Schools scheme was to ensure that children did not start the school day hungry and to aid children's learning.

A year later the Welsh Assembly established an independent Food for Schools working group and this was shortly followed by the 'Appetite for Life' plan being launched in November 2007 which set out the strategic direction and actions required to improve the nutritional standards of food and drink provided in schools. The plan was tested for a two-year period on four local authorities to develop and test the guidelines and standards set out.

The result of this two-year pilot was the introduction of the Healthy Eating in Schools (Wales) Measures which were introduced in 2009 and further updated in 2013.

In response to concerns regarding the falling uptakes, the School Standards and Organisation (Wales) Bill 2012 included legislation that set out a provision to allow local authorities to set flexible charges with the aim of encouraging the uptake of healthy nutritious food.

Responding to the rising cost-of-living pressures on families and the shared ambitions of tackling child poverty and ensuring no child goes hungry in school, there was a Co-operation Agreement in July 2022, between the Welsh Government and Plaid Cymru, to provide Universal Primary FSM. There is a phased roll out of the provision in recognition of the need for catering services to prepare and build capacity, with the first phase being implemented in September 2022 and learners in reception receiving a universal primary free school meal. In April 2023 this offer will be being extended to year 1 and 2 learners.

#### **4.5 Northern Ireland: 1999-present day**

December 2001 saw the Department for Education release a consultation – Catering for Healthier Lifestyles – Compulsory Nutritional Standards for School Meals. Following this consultation, a working group was convened to take forward the introduction of a pilot scheme from March 2004 – March 2005.

In conjunction with the DfE, the Education and Library Boards and other school authorities, school food standards began to be introduced. In 2006 these standards were further extended to vending machines and other food provided in schools, and there was a further refinement in 2007.

From September 2017 the DfE introduced revised guidance regarding the provision of school meals in the Arrangements for the provision of milk, meals and related facilities, under the Provisions of Articles 58 and 59 of the Education & Libraries (Northern Ireland) Order 1986, as amended.

### **5 The case for school meals**

The role school meals play in the health of children was being explored as far back as the 1900s. In 1903, the Royal Commission on Physical Training in Scotland tried to estimate the number of children in Edinburgh and Aberdeen that were malnourished. The report noted that meals in schools might have to be provided if physical training was to be expanded. However, the Commission did not want to interfere with the role of the parents so stopped short of recommending that school meals should be provided and recommended that school boards should monitor the nutritional state of children. It also recommended that facilities should be offered to voluntary organisations to enable them to provide lunches in schools or, alternatively, the provision could be paid for by parents if the charities delivery was inadequate.

Society has changed substantially since the establishment of the school food programmes in Bradford and London in the 1900s, however, the reasons for providing meals for school children in the 21<sup>st</sup> century are essentially the same.



## 5.1 Health, wellbeing and childhood obesity

In more modern times, childhood malnutrition is now seen in the broader context, as defined by the World Health Organisation<sup>2</sup>. That is:

“Malnutrition refers to deficiencies, excesses, or imbalances in a person’s intake of energy and/or nutrients. The term malnutrition addresses 3 broad groups of conditions:

- undernutrition, which includes wasting (low weight-for-height), stunting (low height-for-age) and underweight (low weight-for-age);
- micronutrient-related malnutrition, which includes micronutrient deficiencies (a lack of important vitamins and minerals) or micronutrient excess; and
- overweight, obesity and diet-related noncommunicable diseases (such as heart disease, stroke, diabetes and some cancers).”

According to a report by the Environmental Audit Committee, malnutrition was reported as affecting 12% of children aged 4-5 in Wales, 10% in England, 5% in Northern Ireland 6% of children aged 4-6 in Scotland. (Sustainability development goals in the UK follow up: Hunger, malnutrition and food insecurity in the UK) <sup>3</sup>

In the mid-1980s it was estimated that 2% of children were classed as obese (Stamatakis et al 2005)<sup>4</sup>. The Obesity Statics<sup>5</sup> published in March 2022 show that that 14.4% of reception age children (age 4-5) are obese, with a further 13.3% overweight. At age 10-11 (year 6), 25.5% are obese and 15.4% overweight.

There is evidence from a variety of sources that the impact of respective diets on health, especially in the first 8,000 days of a child’s life. According to the Society of Neuroscience, diets high in saturated fats impair memory and the ability to learn. A regular diet of high glucose can in the short-term result in irritability, lethargy and a lack of focus, all of which impact on behaviour and also a child’s ability to learn.

Children presenting as being obese and malnourished is a contributing factor to the attainment of a child due to impairing their ability to learn, behaviour issues resulting in suspension and expulsion. It is reported that healthy weight children are 13% more

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<sup>2</sup> Fact sheets - Malnutrition (who.int)

<sup>3</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/2310/231002.htm>

<sup>4</sup> <https://adc.bmj.com/content/archdischild/early/2005/06/14/adc.2004.068932.full.pdf>

<sup>5</sup> <https://commonslibrary.parliament.uk/research-briefings/sn03336/>

likely to report good performance at school than children with obesity. (OECD -The Heavy Burden of obesity: The economics of prevention)<sup>6</sup>

In addition, to the attainment of the child, the health implications of a poor diet are far reaching. It has been reported that current childhood obesity levels will cost an estimated £74bn for the NHS and £405 billion for the wider economy.

## **5.2 Poverty**

There are many reasons why families end up in poverty and it is outside the scope of the report to explore all these, but it impacts families reliant solely on the benefits system, families with no recourse to public funds and also those who are in work.

According to research by the Institute for Public Policy, it is reported that for households not in-paid work, poverty exceeds 50%. The report also found that the number of households in poverty but in-paid work has increased from 13% to 17% in the past 25 years, making this group the largest percentage of the population in poverty. (No longer 'Managing' The rise of working poverty and fixing Britain's broken social settlement)<sup>8</sup>

Poverty has a direct impact on a household's ability to provide food. The growth in the number of people referred to and reliant on food banks demonstrates this. In July 2020, the Select Committee on Food Poverty, Health and the Environment Committee linked the cause of undernourishment to deprivation. (Select Committee on Food Poverty, Health and the Environment (July 2020) Hungry for change: fixing the failures in food availability.)<sup>9</sup> In March 2022, it was estimated that there were 2,500 food banks within the UK (Independent Food Aid Network)<sup>10</sup> and the Trussell Trust report that 38% of users referred to their foodbanks had children. (State of Hunger, The Trussell Trust<sup>11</sup>)

Food security in households results in children going to school hungry and parents going without meals to ensure their children can eat. Families report that keeping a roof over their head and the associated costs such as rent and utilities are costs that have to be met, whereas food is the last on the list of essentials and the amount that is spent is dependent on what is left in the budget.

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<sup>6</sup> <https://www.oecd-ilibrary.org/sites/641a2e79-en/index.html?itemId=/content/component/641a2e79-en>

<sup>8</sup> <https://www.ippr.org/files/2021-05/no-longer-managing-may21.pdf>

<sup>9</sup> <https://publications.parliament.uk/pa/ld5801/ldselect/ldfphe/85/85.pdf>

<sup>10</sup> <https://www.foodaidnetwork.org.uk/independent-food-banks-map>

<sup>11</sup> <https://www.trusselltrust.org/state-of-hunger/>

### 5.3 Why school meals?

School meal provision cannot resolve the causes of poverty and children are only in attendance in school for 195 days per year. Yet evidence shows their school meals and associated policy interventions can be cost effective and have a long-lasting impact on the outcomes of children into adulthood.

#### 5.3.1 *The decline of the 'family meal'*

For several years, the 'family meal' and cooking by households has essentially been outsourced to things such as supermarket ready meals/ 'TV Dinners'. Despite a drop in the pandemic of consumers choosing ready meals, their sales are now at a five year high. Over the last year, spend on red meat preprepared meals was worth more than a billion pounds to retailers, with 260 million convenience meals eaten in January alone. (Kantar)<sup>12</sup>.

The ever-growing proliferation of fast-food restaurants – McDonalds boasts 1270 restaurants in the UK – has also accelerated the decline of the 'family meal'. Compounding the decline further is the ongoing growth of fast-food apps which expedite the process of ordering food direct to your door. Social distancing and the shutting of in-restaurant dining meant such apps grew exponentially during the pandemic.

The growth of these options has coincided in part with the need for convenience due to changes in society such as the increase in two working parents in a household. According to the Institute of Fiscal Studies, the proportion of working-age mothers in paid work increased by almost 50% over four decades.

The impact of this has led to the erosion of the knowledge of the farm to fork concept, the erosion of the skills for cooking a family meal, increases in the intake of saturated fats, salts and calories in diets, as well as a reduction in the number of families that sit around a table for a family meal. Throw into the mix the increasing number of households in poverty, the rising cost of appliances and utensils, utility bills or meters, lack of time, and a differential in pricing between 'junk food' and healthy options, and the barriers to children receiving a home prepared and cooked meal grow bigger and bigger.

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<sup>12</sup> <https://ahdb.org.uk/news/consumer-insight-ready-meal-growth-driven-by-need-for-convenience>

### 5.3.2 *Schools as incubators of quality food education*

As every child is required to attend education, the school is a good place to fill the gap and provide a healthy nutritious meal as well as food education.

Although there is a debate about what provision should be provided, how it should be funded and which children should be eligible, it is clear that school meals have a clear role in alleviating wider societal issues. The UK government and the governments of the devolved nations recognise this and, as such, have put in place legislation that requires all children who want a school meal to have access to one that meets minimal nutrition standards.

Therefore, school meals as part of a wider societal approach can be part of the solution for child malnutrition, food insecurity and break the cycle of generations without the skills and knowledge to prepare and eat food.

The enforced school closures due to the COVID-19 pandemic have brought into sharp focus the vital role that school meals play. Although focused on developing countries, UNICEF produced a report outlining the impact of school closures on children's nutrition. (The impact of school closures on childhood nutrition)<sup>13</sup> and it highlights the broader context that the provision should be viewed.

The Head of Ofsted also reported her observations following the first round of school closures, that children had lost the skills to hold a knife and fork<sup>14</sup>.

## **6 Service delivery models**

Following the implementation of the Local Government Act 1980 and the introduction of Compulsory Competitive Tendering, the landscape in which local authority catering services had been operating in changed significantly. Although some local authorities opted to cease to provide school meal provision, the councils that continued the service established Direct Service Organisations (DSO's) which enabled them to tender for contracts in the new competitive arena. In the subsequent years, the models adopted to deliver the school catering service have evolved and changed and there are various variations on how a council opts to deliver the school catering service, which can be categorised broadly as the following models.

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<sup>13</sup> [https://www.unicef-irc.org/publications/pdf/COVID-19\\_Missing\\_More\\_Than\\_a\\_Classroom\\_The\\_impact\\_of\\_school\\_closures\\_on\\_childrens\\_nutrition.pdf?utm\\_source=mailchimp&utm\\_medium=email](https://www.unicef-irc.org/publications/pdf/COVID-19_Missing_More_Than_a_Classroom_The_impact_of_school_closures_on_childrens_nutrition.pdf?utm_source=mailchimp&utm_medium=email)

<sup>14</sup> <https://www.bbc.co.uk/news/uk-55333685>

- **In-house** as a stand-alone service or as part of a wider soft FM service.
- **Outsourced/contracted to an external organisation** – the council contracts out the service delivery to a private sector company or not for profit.
- **Arm’s Length External Organisation (ALEO)** – the council sets up an organisation that is a separate legal entity, but the council still retains oversight and control.
- **Partnership / shared service agreements** – the council will share services and or work on a partnership basis.
- **Joint venture** – a partnership between two or more organisations, pooling resources.
- **Social enterprise or community-led companies.** The concept of a social enterprise was developed in the UK in the late 1970s to counter the traditional commercial enterprise. Social enterprises exist at the intersection of the private and volunteer sectors. They seek to balance activities that provide financial benefits with social goals, such as providing housing to low-income families or job training.

## 6.1 Examples of service delivery models.

### 6.1.1 *In-house stand-alone service*

The Education Authority in Northern Ireland is a regional body with responsibility for the provision and delivery of education and youth services. It was established under the Education Act Northern Ireland 2014 and became operational on 1 April 2015. The Northern Ireland Education Authority Catering Service is a standalone service in the Education Authority. The service provides 180,000 meals a day to grant aided schools across Northern Ireland (Northern Ireland Education Authority)<sup>15</sup>

### 6.1.2 *Local Authority Traded Company*

Newydd is a Local Authority Trading Company of Flintshire County Council that was established in 2017. The company currently employees approximately 450 staff. Following an assessment of the options for service delivery, the council opted for a traded company to protect jobs and to enable the service to be more responsive to the demands of the market. By changing the way they operated, the aim was that the valuable discretionary services could be maintained and enhanced. (Newydd)<sup>16</sup>

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<sup>15</sup> <https://www.eani.org.uk/parents/school-meals>

<sup>16</sup> <https://www.newydd.wales/en/Home.aspx>

### 6.1.3 *Outsourced*

In the London Borough of Lewisham, the school meals service has been contracted out to a private sector company since 1999. The contract covers 300 staff and supplies school meals to 51 schools. Over the six years, it is stated that the maximum value of the contract is £48 million. (Future delivery of school meals)<sup>17</sup>

### 6.1.4 *Cooperative Joint Venture with Schools*

CATERed is a cooperative trading company that is jointly owned by 67 local schools and Plymouth City Council. The company was established in 2015 with a subsidy from the council of £132,000. (Creation of a Local Authority Trading Cooperative - CATERed)<sup>18</sup>

### 6.1.5 *Community Interest Company*

Edsential is a Community Interest Company owned by Cheshire West and Chester Council and Wirral Council which provides services to the Education sector. The company has been created with a 'private sector head and public sector heart' with the aim of allowing the freedom to compete, whilst using any surplus as a direct reinvestment in the services or to support projects in schools.

## **6.2 The current delivery models for school catering services: Survey responses**

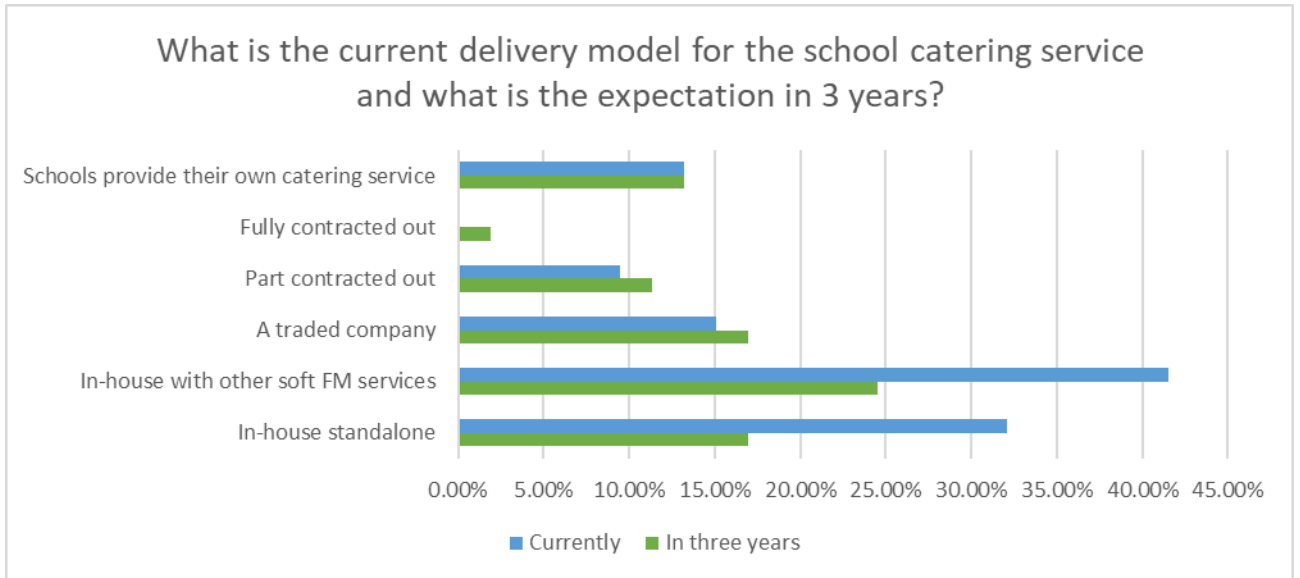
The survey conducted by APSE as part of this research highlights the current position with regards to local authority catering services and the expectation for what service delivery model will be in place in three years. *Figure 1.1* provides an overview of the responses to the survey.

The majority of respondents (73.59%) report that they had some form of in-house catering service, either stand alone or as part of a wider soft FM service. Just under 10% of respondents report that the catering service is currently fully or part contracted out, with 13.21 % believing that this will be the case in three years.

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<sup>17</sup><https://councilmeetings.lewisham.gov.uk/documents/s75332/Future%20Delivery%20of%20School%20Meals.pdf>

<sup>18</sup><https://democracy.plymouth.gov.uk/documents/s55489/Education%20Catering%20Service%20Creation%20of%20Local%20Authority%20Trading%20co-operative%20Company.pdf>



*Fig 1.1 What is the current delivery model for the school catering service and what is the expectation in three years*

The comments associated with this question in the survey highlighted that there were a number of councils currently conducting or had plans to review the model they used for delivering the catering due to the impact of COVID-19. Therefore, there was some degree of uncertainty as to what would be in place in the next three years.

### **6.3 Financial aspect of local authority school meals**

The funding for school meals is complicated and fragmented due to the different interventions made since the government placed a statutory requirement for school meals to be provided for children without means. The funding in England is by far the most fragmented. However, in its simplest form, school funding is allocated from government to the local authority for maintained schools, and the local authority distributes the funding according to an agreed mechanism. In terms of school meals, there are four main sources for funding, paid for meals; FSM; Universal Infant FSM; and council subsidy.

At the APSE Soft FM Remobilisation Group, it was commented that it had come to light during the pandemic some schools were not clear on the funding arrangements for school meals and this impacted their interpretation of the government guidance provided.

#### *6.3.1 Paid for meals*

These meals are paid for by the parent or guardian of the child and are available in England, Northern Ireland, Scotland and Wales. Paid for meals do not have the same

restrictions, in terms of cost, therefore, predominantly in secondary schools, providers across the sector can look to add chargeable additional items e.g., extra jacket potato fillings to maximise the amount paid per meal. The challenge for the provider is to ensure that their offering not only meets legalisation in terms of nutritional standards but is also attractive enough for the child to want to spend their money on. APSE Performance Networks benchmarking data highlights that the average spend per paying secondary school pupil was at £0.91 in 2015/16 and this has increased by £0.20 to £1.11 in 2019/20.

### 6.3.2 FSM

These meals are available in England, Northern Ireland, Scotland and Wales. The term FSM (FSM) could imply that the meal is at no cost. However, in reality there is a cost to providing the meal which is largely met by government funding and, therefore, from the public purse. This allows the eligible child to take the meal for free.

The principle of FSMs has not changed since their introduction as they are provided to the children in most need. How this is determined is set out in the eligibility criteria, which each of the respective governments determine and is linked with the benefits system. Therefore, the number of children who are eligible for a FSM is dependent on the political will of the day.

Schools and local authorities have a requirement to provide a FSM for all eligible children. FSM is used as a measure for deprivation, therefore the funding provided for meals is part of a wider package of funding.

## 6.4 Free School Meal funding: Survey responses

The APSE survey sought to establish what the views of local authority caterers were to the FSM funding. As per *Figure 1.2* below, the majority of respondents believed that FSM funding was successful with 66.66% of respondents stating they felt this funding source was either successful or very successful, compared with 4.88% that stated it has been unsuccessful. In addition, the respondents were asked what their thoughts were regarding various aspects of FSM policy and funding.



	Strongly agree	Agree	Somewhat agree	Neither agree or disagree	Somewhat disagree	Disagree	Strongly disagree
The funding per meal for FSM is adequate	0.00%	25.53%	10.64%	10.64%	<b>29.79%</b>	10.64%	12.50%
The eligibility criteria / threshold for FSM is appropriate	0.00%	12.50%	12.50%	20.83%	<b>27.08%</b>	14.58%	10.64%
Eligible children should be auto enrolled	<b>59.57%</b>	31.91%	4.26%	4.26%	0.00%	0.00%	0.00%
FSM funding is too complicated	13.04%	17.39%	17.39%	<b>34.78%</b>	4.35%	4.35%	2.13%
FSM funding should be ringfenced	<b>57.45%</b>	17.02%	8.51%	14.89%	0.00%	0.00%	0.00%

*Fig 1.2 – perception of FSM*

In terms of the funding for FSM, 36.17% of the respondents agreed that the funding was adequate, and over half (52.93%) reported that they disagreed that the funding was adequate. This is due to funding not being increased in line with price rises, for example, food and wages.

The respondents are slightly split on whether the funding is too complicated. However, just under a third (34.78%) neither agree or disagree. As the funding arrangements for FSM are long established LA caterers have knowledge and experience of the system. Although outside the remit of the survey, if the question was posed to schools, there may well be a different response.

#### *6.4.1 Eligibility for Free School Meals*

There are 4.1 million children that live in relative poverty across the UK with fewer than 2 million children eligible for FSM, this difference is due to the eligible criteria being based on the benefits that the family can claim with the addition of an income cap, which is set at £7,400 in England, Scotland, and Wales. The cap is set at £14,000 in Northern Ireland.

According to the Department of Work and Pensions, there are 28% of pupils eligible in Northern Ireland, 20% of pupils in Wales, 17.3% in England, and 17% in Scotland. These figures have significantly increased with the percentage of pupils in England rising to 19.7%, with areas of deprivation seeing higher rates. For example, the North East of England now has 26.3% of pupils eligible for FSM.

The majority of respondents stated that they disagreed that the eligibility criteria for FSM were adequate, compared with a quarter of respondents (25%) that agreed that the criteria was adequate. The Child Poverty Action Group estimates that extending the criteria to include all children in families claiming benefits would allow 2.2 million to become newly eligible at a cost of £900 million.

Eligibility is just one part; the family also needs to enroll to receive the provision free. In England, 1,440,788 pupils were known to be eligible and 1,134,288 took the meal on census day (school pupils and their characteristics: Jan 2020, DfE (school level underlying data).<sup>19</sup>

In Scotland, 263,646 pupils are eligible and 184,606 took the meal on census day. (School Healthy Living Statistics, 2020)<sup>20</sup>

In Wales, 90,662 pupils are eligible and 66,012 took the meal on census day. (Welsh Government. (2020a). Consultation Document: A More Equal Wales – Commencing the Socio-economic Duty. January, 1–26)<sup>21</sup>

In Northern Ireland, 94,631 children were eligible for a free school meal in 2020/21 and 74.9% took a meal on census day (Northern Ireland Statistics and Research Agency, 2020/21)<sup>22</sup>

It is clear from the responses received that local authority caterers believe that eligible children should be automatically enrolled for FSM with 95.74% of the responses indicating an agreement to the statement.

However, auto-enrolment is not a guarantee that the child will take a meal and in the Food Foundation report, Children's Future Food Inquiry, the barriers to taking a FSM are explored. (The Food Foundation)<sup>23</sup>

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<sup>19</sup> <https://explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics>

<sup>20</sup> <https://www.gov.scot/publications/school-healthy-living-survey-statistics-2020/pages/2/>

<sup>21</sup> <https://www.gov.wales/more-equal-wales-socio-economic-duty>

<sup>22</sup> <https://www.education-ni.gov.uk/sites/default/files/publications/education/School%20Meals%20in%20Northern%20Ireland%202020-21%20statistical%20bulletin.pdf>

<sup>23</sup> <https://foodfoundation.org.uk/publication/childrens-future-food-inquiry>

## **6.5 Ringfencing of funding**

Ringfencing of the funding for school meals was removed in England in 2011 when the School Lunch Grant was abolished. The aim of removing the funding was to enable schools to have more autonomy over how the funding is spent.

The vast majority of respondents to the APSE survey state that the funding for FSMs should be ringfenced with 83.16% stating this to be the case.

It is also reported that FSM funding allocated and spent on the school meal is not visible in school budgets, and as the funding is not ringfenced the actual amount spent on the food on the plate and associated costs is not transparent.

## **6.6 Universal Infant Free School Meals**

The UK Government introduced UIFSM in September 2014 and the Scottish Government followed in January 2015 after small pilots were conducted. The Scottish Government has committed to extending the provision further and as part Scotland's recovery from COVID.

The Welsh Assembly have debated the introduction of UIFSM but at the current time the policy has not been introduced. Unlike FSM, the eligibility criteria for UIFSMs are based on the school year of the child rather than means testing. This removes the stigma that exists with FSMs. Like FSM the meal is free for the child but is funded by government and therefore the public purse. The respective governments provided upfront capital funding to ensure the meals could be provided in schools.

Subsequent funding is based on a flat fee per meal, based on an uptake of 87% over 190 school days. How many meals are funded is based on the censuses conducted in October and January.

From the APSE survey, just under 60% of respondents (58.54%) reported that they felt UIFSM was successful or very successful, compared with 9.52% stating that it was unsuccessful.

The survey also shows that over half of the respondents (55.32%) disagree that the funding for UIFSM is adequate. This highlights that the funding provided has not kept pace with the cost of providing a UIFSM.

Extending UIFSM to all primary school children is supported by the majority of respondents (77.08%) and, although not the same level of support, 60.42% believe that the provision should be extended to all children in full time education.

There are 35.56% neither agree or disagree that the funding for UIFSM is too complicated and 37.78% state that they disagree. Therefore respondents, in the main, either don't have a view or believe that the funding formula is not too complicated.

There were over 72.34% of respondents that indicated that they believed that they agreed that the funding for UIFSM should be ringfenced.

In Scotland, the phased extension of UIFSM to all primary school children is now well underway and Universal Primary School Meals in Wales are also being rolled out. There are also examples of local authorities in England, such as the London Borough of Newham, funding FSM for all school children.

The Scottish Government, Welsh Government and the local authorities who have extended the provision of school meals beyond the current means tested eligibility that exists in England have done so because school meals are viewed as part of the solution to alleviating the impact of the cost-of-living crisis by ensuring no child goes hungry, reducing childhood obesity and investing in future generations.

## **6.7 Council subsidy**

Some local authorities have provided and continue to provide funding to support their catering services in delivering school meals, this is in the main funded from the council's General Fund. The subsidy level is agreed at a local level and is designed to support wider council objectives such as child poverty elevation. This has been highlighted recently in England with the debate on funding FSM during holiday periods, with many councils committing to subsidise the provision in the absence of government funding.

The APSE Survey conducted for this research confirms that there are less than half of councils providing a subsidy (41.30%), and 58.70% report not providing one.

The APSE Performance Networks data shows that the average subsidy provided per meal (all meals) has increased by £0.24 from £1.56 in 2015/16 to £1.80 in 2019/20. The average subsidy per meal (excluding FSM) has increased by £0.40 from £0.92 in 2015/16 to £1.32 in 2019/20.

Each local authority has various expectations based on the corporate strategy for the catering service. When asked what this expectation was the majority of respondents (53.19%) advised that they are expected to break even on all costs. 17.02% of respondents report that the council has agreed that the service can operate at a loss or has an agreed subsidy and 8.51% state that the service is expected to make a profit. The respondents commented that profit made from providing the service is either re-invested back into the catering service or into the wider council to support services such as adult social care or to meet the costs of corporate overheads. This is in contrast to the private sector companies which need to fulfil the requirements of their shareholders.

In addition, it is clear from the comments received from the survey that local authority caterers provide services in addition to school catering such as event catering. The profits made from these commercial ventures is re-invested back into the catering service and assists in supporting the school meals service.

## **6.8 Cost of running a local authority catering service**

The costs of running a school catering service are made up of several elements, and can be broadly categorised as the following: -

- **Fixed** (equipment, may include transport for meal centres)
- **Food** (usually bulk ordered and may contain volume discounts)
- **Staff** (cooks, assistants and supervisory staff)
- **Overhead** (management and central establishment charges)
- **Consumables** (utilities, disposable products, cleaning materials)

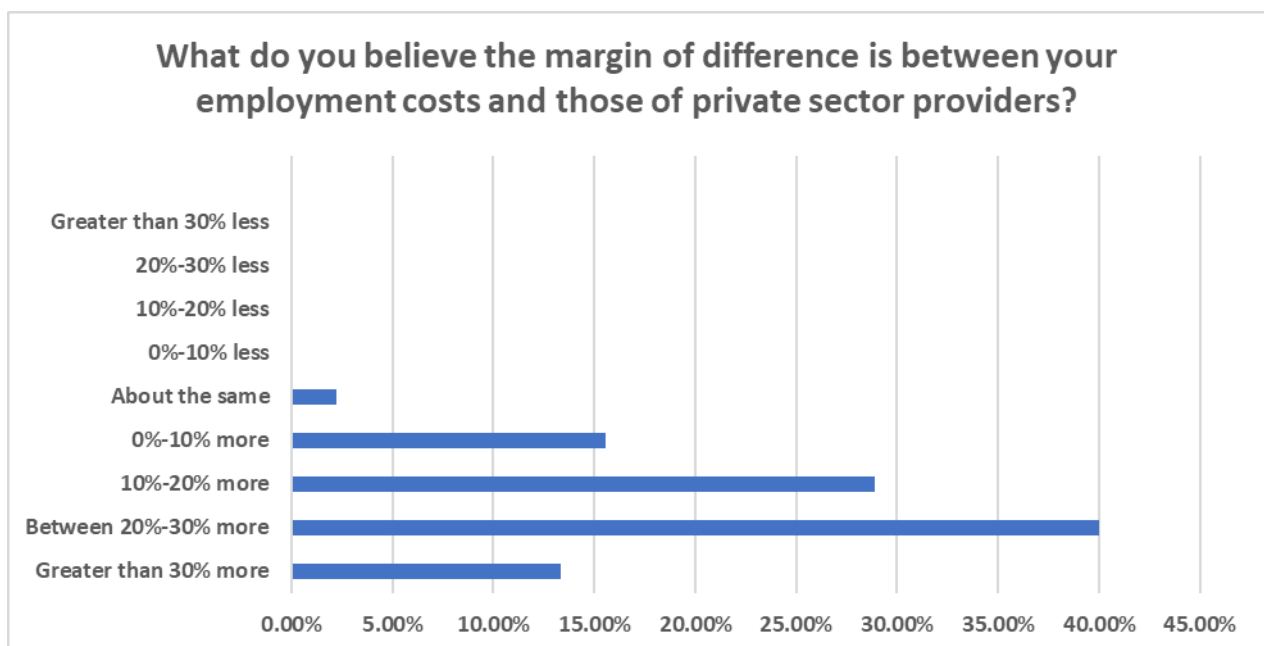
It is true to say that there are common costs across the catering sector and for catering providers across the UK. Like companies in the private sector, local authorities have continued to make efficiencies to the way they deliver the service. The APSE Performance Network data outlines that the overhead ratio for the service has decreased by 2.5% since 2015/16.

In recent years food costs have increased, with the APSE Performance Networks data showing that the average food only cost per meal in primary schools is at a 5 year high of £0.82, compared with £0.77 in 2015/16. This is despite the measures that have been introduced to mitigate the impact of food cost rises such as revising menus to include more seasonal produce and the introduction of meat free days.

## 6.9 Pay and conditions

Staffing costs have been increasing over the same period. The introduction of the increase in the statutory National Living Wage on 1 April 2021 and the previous rises has had an impact on the staffing costs. However, the youngest, oldest and women workers have gained more since the introduction of the National Minimum Wage (Low Pay Commission)<sup>24</sup> and with the demographics of workers in the catering sector being predominately women, this introduction has had a positive impact on employees in the private sector, in-house school catering services and local authority employees. Nevertheless, this represents an additional cost to the service.

The APSE survey asked respondents to make a comparison with the school catering providers in the private sector and local authority providers. An overwhelming majority of respondents (97.83%) believed that local authorities offered more favourable terms and conditions to their workforce than the private sector. *Figure 1.4*, highlights what respondents believed to be the margin of difference in employment cost between the local authority provider and the private sector provider.



*Fig 1.4 - What do you believe the margin of difference is between the employment costs of the local authority provider and the private sector provider.*

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<sup>24</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/790910/20\\_years\\_of\\_the\\_National\\_Minimum\\_Wage\\_-\\_a\\_history\\_of\\_the\\_UK\\_minimum\\_wage\\_and\\_its\\_effects.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790910/20_years_of_the_National_Minimum_Wage_-_a_history_of_the_UK_minimum_wage_and_its_effects.pdf)

The respondents to the survey believe that employment costs are greater for local authority caterers. 40% state that the costs are between 20% - 30% more than in the private sector, and 28.89% state that the costs are 10%-20% more.

Local authorities advise that the difference in employment cost is due to the enhanced terms and conditions that local authorities offer. In the APSE State of the Market - Local authority catering services 2021<sup>25</sup> it is reported that 76% of respondents report that they pay the higher living wage, Real Living Wage rate of £9.50 (£10.85 in London).

The statutory employer pension contribution from 6 April 2019 is set at a minimum of 3%. However, local authorities advise that the contributions that are paid to their employees are on average 18%. The proportion of employees enrolled in a workplace pension has significantly increased from 47% in 2012 to 77% in 2019 (Office of National Statistics)<sup>26</sup>. Due to the introduction of auto-enrolment, over three-quarters (76%) of public sector employees are enrolled on a defined benefit pension scheme compared to just 7% in the private sector. In 2018, the median weekly employer pension contribution for workers enrolled in a workplace pension in the public sector was £94.53, compared to £9.24 in the private sector (Ulster University - Public and private sector earnings)<sup>27</sup>

In addition, it is reported by local authorities that holiday entitlement and sickness benefits provided in the local authority are also more favourable than that of those in the private sector with sickness pay being paid from day one of the sickness and more generous holiday entitlement.

To gain a more detailed understanding of the types of contracts local authority caterers employed their staff on, the APSE survey asked what contracts were offered to the workforce. The vast majority (91.30%) offered part-time, term-time contracts, whereas 50% reported that the service offered full time term time only contracts. 39.13% reported providing 52-week full time contracts and 32.61% offered part time 52-week contracts. A small minority 15.22% offered zero hours contracts, these are mainly for bank staff that can cover for sickness and some of the local authorities report that a retainer was paid to these staff. In addition, for the majority of staff on term-time only contracts are paid year-round on an annualised basis. It was also

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<sup>25</sup> <https://www.apse.org.uk/apse/index.cfm/members-area/briefings/2021/21-07-state-of-the-market-2021-local-authority-catering-services/>

<sup>26</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2019provisionaland2018finalresults>

<sup>27</sup> [https://www.ulster.ac.uk/\\_\\_data/assets/pdf\\_file/0003/542586/UUEPC-Public-and-private-sector-pay-270220-FINAL.pdf](https://www.ulster.ac.uk/__data/assets/pdf_file/0003/542586/UUEPC-Public-and-private-sector-pay-270220-FINAL.pdf)

commented that staff received additional pay for attending staff training over and above the contracted hours.

The pay and conditions offered by local authorities are only a small part of the picture. Local authorities have also adopted various projects to support people into employment. The respondents to the APSE Survey conducted for this research advise that 42.11% offer apprenticeships for school leavers, 36.84% utilise internships for young people with special educational needs and disabilities. 28.84% of respondents advised that they use schemes to support the long-term unemployed back into work. In addition, 31.58% have a scheme that employs care leavers and 21.05% report using a scheme to employ ex-service personnel. The main reason cited for using these schemes was to add to the social value of the service.

### 6.10 Investment in the workforce

Once an individual is recruited to the catering service, the importance of investing in the workforce cannot be underestimated and evidence shows that staff that are well trained and knowledgeable about their role are more able to prepare and promote healthy eating and take a pride in the work that they do. (Serving up children’s health.)<sup>28</sup>

The APSE Survey highlights that local authority caterers are offering a whole range of support for their workforce; *Figure 1.5*, provides an overview of the training that local authorities advise that they have in place.



*Fig 1.5 What investments do you make in the workforce?*

<sup>28</sup> <https://urbanhealth.org.uk/wp-content/uploads/2020/12/Serving-up-childrens-health.pdf>



As expected, 100% of respondents provide training to meet statutory compliance, 97.96% report that there is a formal induction process, 89.80% provide additional informal training, 83.67% offer formal/accredited training and 81.63% report that they have in place career progression opportunities.

## 6.11 Social value

Social Value has been a concept that has been present for several years and was formally introduced with the implementation of the Social Value Act 2012 that required public bodies to consider how procuring services can improve the economic, social and environmental wellbeing of the areas the procurement will impact. Many local authorities have actively implemented strategies and procedures to ensure that Social Value is a key principle not only in the way they procure but also in the way that they deliver services and demonstrate that it is not just a tick box exercise to satisfy legislation.

The Public Procurement Bill 2022 progressed through the House of Lords on 12 May 2022 and is due to be enacted in March 2023. The Bill introduces principles to ensure that contracts are value for money and support national strategies. It will apply to England, Northern Ireland and Wales.

Therefore, local authority catering services have introduced principals into how they deliver school food provision. The respondents to the APSE Survey demonstrate that local authority catering services have implemented a range of social value objectives with schools/ clients with 68.09% reporting that they provide locally sourced food which not only supports local supplies but also assists in meeting sustainability objectives. 63.83% have social value influenced employment conditions, 61.70% have in place sustainability policies and 40.43% have provided local economic support.

The following examples highlight the social value objectives that local authorities have implemented specifically in their catering service.

**Wigan Council** – 95% of school food suppliers are classed as local and provide fresh and seasonal produce where possible. 80% of food purchases are produced by local businesses, fresh meat is ethically sourced, the catering service holds a Gold Egg Award and they work in partnership with schools to recycle more to support ‘the Deal’.<sup>29</sup>

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<sup>29</sup> <https://www.wigan.gov.uk/Council/The-Deal/The-Deal.aspx>

**Edsential** – The Community Interest Company owned by Cheshire West and Chester Council and Wirral Council became the world's first certified sustainable palm oil catering company in 2019 after being inspired by local school children who were passionate about protecting the natural environment.

**Telford & Wrekin Council** – The catering and cleaning teams at the council won the APSE National Green Innovation (Facilities Management) Award 2020 for the green initiatives that the service has implemented. Key initiatives include the use of fully compostable plant-based disposables within catering units; introducing a large pergal milk machine into Café Go which has reduced the use of single-use plastic by 20 bottles per week; trailed a reusable deposit cup scheme in Café Go thereby reducing the use of fully-compostable take-out cups; reducing the use of Clingfilm in school kitchens; and have their waste oil collected by their main food supplier to be recycled for fuel.

## **7 Identifying the challenges for local authority catering services in the short-term, medium term and longer term**

The school catering sector has faced challenges since the inception of FSM in 1906. However, the COVID-19 pandemic has highlighted the issues of child poverty, deprivation and the provision of FSM with the Marcus Rashford campaign. The campaign represents an opportunity to review the school meal provision and determine what the future of the provision should be. Identifying the challenges and barriers local authorities face currently, and the challenges forecast to arise in the medium and longer-term, will assist in building resilience in local authority catering and the wider sector to enable the system to be improved. This section provides an overview of the challenges and issues raised at the APSE Roundtable Event as well as the responses to the survey.

### **7.1 Post COVID-19 legacy**

It is fair to say that not many catering service providers would have anticipated COVID-19 and factored the subsequent scenario that played out into their business plans. Although business continuity plans were in place, many of these would have focused on temporary closures of schools such as snow closures, staff shortages due to short term illness, or closure of individual kitchens. Therefore, the announcement of schools closing in March 2020 to all children except vulnerable and children of keyworkers presented an immediate challenge of putting in place provision for children eligible for FSM at home. Local authorities very quickly mobilised to support free school meal

children, the children still attending school and the wider community.

To demonstrate the effectiveness of the local authority response, Audit Wales produced a report looking at providing FSM during the lockdown and how councils responded to the challenge in the spring and summer of 2020. The report states that local authorities responded quickly and worked hard to find ways of providing FSM and that the uptake of alternative FSM ranged from 85% to 100%, an increase from a national figure of 77% pre-COVID. (Audit Wales- providing FSM in lockdown)<sup>30</sup>

## 7.2 The voucher scheme

As the pandemic continued, the support provided for children eligible for FSM changed focus and the government put in place the voucher scheme that allowed for eligible families to receive a supermarket voucher per eligible child which was a practical solution under the circumstances. In December, the National Audit Office conducted an investigation into the FSM voucher scheme in England, and as part of the conclusions, it was determined that as of 5 October 2020, the Office forecast that the final cost of the scheme would be no more than £384 million. In order to get the scheme running quickly, DfE looked first to existing government suppliers to help deliver the scheme and appointed Edenred. Edenred was the sole supplier to government departments and public bodies under a Crown Commercial Service framework. covering employee benefit and recognition schemes, including vouchers, via an online platform. DfE does not know whether Edenred made a profit from running the scheme.

The APSE survey highlighted that the legacy of the voucher scheme could significantly impact the future of school meals. As the vouchers have been provided directly to families as a cash payment, respondents advised that this was detrimental to the future provision of FSM in the following ways: -

- **Nutritional Standards** – While at home, children have been eating meals that do not meet the nutritional standards of a meal served at schools. Therefore, work needs to be undertaken by schools and catering providers to encourage children back to the school meal to maximise uptakes.
- **Direct payments** – It has been suggested that the funding currently provided to schools and local authorities should be paid directly to eligible families through the benefits system. It is agreed this will enable the parent to make the

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<sup>30</sup> <https://www.wao.gov.uk/sites/default/files/2020-11/FSM-portrait-eng.pdf>

choice on how to spend the money.

- **No direct correlation** – The amount being provided by the voucher does not correlate with FSM funding and the cost to provide a school meal. Therefore, there is a public perception that the FSM funding is adequate as there is not an understanding of the additional overhead costs.
- **Other restrictions** – With social distancing leading schools to serve meals in the classroom, there is concern that schools will opt to continue the voucher scheme to meet the obligation of providing a FSM, resulting in the associated funding being removed from the catering provider.

### 7.3 The workforce

Throughout the pandemic, the majority of local authority catering services have continued to pay their staff and have not placed employees on furlough. Furthermore, councils have also reported that staff on casual contracts at the start of the restrictions have continued to be paid an average of their earnings for the previous three months. The staffing costs have somewhat been offset by the reduction in other costs – such as food costs – and some caterers have continued to receive payments for the free school meal element of the provision from the school but some have not and are currently working with these schools to resolve the issue. As a result, local authority caterers are reporting large deficits in their budgets. This is due, in part, to not receiving an income from paid meals, the ceasing of the commercial aspect of the service such as event catering and the continuation of providing school meals for the children attending school or providing food boxes. One of the respondents to the APSE survey reported that they forecast that the deficit in their budget was as much as 70%.

As schools re-opened in September 2020, catering services experienced additional impacts that have an impact on the financial position of the service. The requirement to social distance affected what meals could be provided. Menus were subsequently revised and, in many cases, a reduction in the choices was made to restrict movement of children, school lunches were served in the classroom or in outdoor spaces both of which had an impact on school meal uptake.

The uptake of school meals also directly impacts the viability of the school meal service. For example, the funding for UIFSM was calculated based on an uptake of 80% and, in addition to the financial requirement for uptakes to remain high, the question has to be asked, if the child is not taking a meal provided by the school, where are they getting their lunch and how healthy is the food?

School closures and 'bubble groups' being sent home from schools to self-isolate following a positive COVID incident have placed further financial impacts on councils, especially those in areas of high COVID infection rate as any perishable food cannot be used so represented a further loss to the service.

As society opened up with the lifting of restrictions, issues in the retention and recruitment of the workforce became apparent and are continuing to the present day. A proportion of people approaching retirement age and above are opting to give up work, a proportion of EU migrant workers have chosen to go back to their home country, and others have found employment in other sectors that faced less disruption than in the hospitality sector.

Therefore, maintaining the service delivery is challenging. Especially in areas where school meal provision has been extended.

#### **7.4 School food standards**

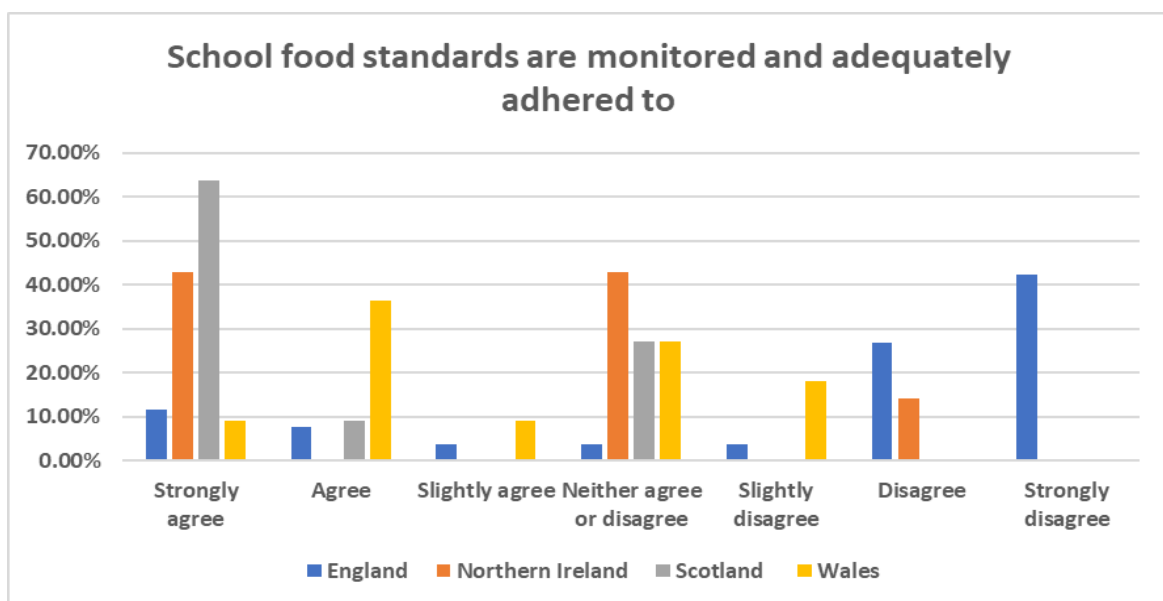
All the UK countries have in place regulations for school food standards. However, the research for this report has highlighted that school food standards are presenting challenges for local authority caterers throughout the UK. The particular regulatory landscapes of each country present different challenges for each nation.

The introduction of the Local Government Act in 1980, the removal of the requirement to meet nutritional standards for school meals and the subsequent reviews undertaken outlined how the quality of school meals substantially diminished over the proceeding decades. This culminated in the Jamie Oliver Campaign in 2005. It is evident that minimum nutritional standards are required to protect the quality of the school meal, especially in a competitive tendering arena. There is evidence to support the idea that local authorities across the UK demonstrate a commitment to providing nutritious hot meals that are appealing for children, with services employing development chefs and nutritionists and many holding accreditations such as Food for Life and Golden Egg. East Ayrshire Council, Kirklees Council and Nottinghamshire County Council all hold a Gold Food for Life Accreditation.

In making a comparison with the private sector, local authority caterers receive scrutiny from not only the council but from elected members. Therefore, there is a requirement for the catering service to ensure standards are maintained and that there is compliance with the National Guidance. However, it goes further than nutritional standards but also hygiene standards. It is true to say that instances of food poisoning from school meals are not a new issue and questions have been raised in parliament

regarding instances. Though food poisoning in school is not a common occurrence in the modern day, local authorities have environmental health teams within the organisation to scrutinise the hygiene practices of the council to ensure compliance. It was also stated in the survey, 100% of respondents reported that they provide statutory training to staff.

In the APSE survey conducted for the research, many of the respondents from England outlined that school food standards were a challenge for their service. Respondents were asked how they felt about the statement 'The school food standards are adequately monitored and adhered to'. *Figure 1.6*, below provides an overview of the responses received.



*Fig 1.6 To what extent are school food standards monitored and adequately adhered to?*

The responses, when broken down by UK country clearly demonstrate there is a disparity in views and it is clear that the respondents from Scottish local authorities believe school food standards are monitored and adhered to with 72.73% agreeing. Just over half of respondents in Wales (54.55%) agree, 42.86 respondents in Northern Ireland agree and only 23.08% of English respondents agree, with 73.08% stating they disagree and over 40% of these strongly disagree.

The role of ensuring that standards are met within schools sits with the school governing body. However, research shows that there is a direct correlation between the standard of school food being served in English schools and the importance that the school leadership team places on the service. In a report undertaken by the Children's Food Trust on Food in Academies, the research found that most of the senior staff thought that food and drink provision met the food-based and nutrient-

based standards but few were able to supply supporting evidence this was the case. Therefore, these schools were reliant on the catering supplier. (Food and Academies)<sup>31</sup>

With the current financial deficit in school caterers' budgets and schools looking to manage cost, the APSE survey highlighted that the absence of the monitoring of school food standards was allowing for private sector companies to provide meals that were believed to not be school food standard compliant.

Comments received in response to a survey conducted by the APPG for School Food, (The impact of food costs on school food),<sup>32</sup> highlight examples of how the standard of meals served has decreased.

As the lessons from the 1980s highlighted, when competing on cost without standards it makes it increasingly difficult for local authorities to compete in the sector and as previously has occurred, local authority caterers will cease to provide school meals.

There has been a recognition by the UK Government that there needs to be a formal mechanism for monitoring school food standards and a pilot scheme was announced in the 'Levelling Up White Paper'. The Food Standards Agency (FSA) and Department for Education (DfE) launched the School Food Standards Compliance pilot across 18 participating local authorities in England in November 2022.

When examining the responses from respondents from Northern Ireland, Scotland and Wales, there is greater confidence that the standards are being adhered to. This could be attributed to local authorities being responsible for providing school meals and not the school itself, therefore ensuring greater accountability for the standards of school meals.

The Scottish Government has been working with local authorities and stakeholders to introduce revised standards with the Nutritional Requirements for Food and Drink in Schools (Scotland) 2020 that came into force on 8 April 2021 (Healthy eating in schools guidance 2020).<sup>33</sup> The approach to developing the standards has been conducted in a collaborative way and the measures being implemented support the wider aims of the Scottish Government regarding health and wellbeing.

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<sup>31</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/182196/SFT-00045-2012\\_Food\\_and\\_Academies\\_-\\_a\\_qualitative\\_study.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/182196/SFT-00045-2012_Food_and_Academies_-_a_qualitative_study.pdf)

<sup>32</sup> <https://www.apse.org.uk/index.cfm/apse/research/current-research-programme/impact-of-food-cost-on-school-meals/>

<sup>33</sup> <https://www.gov.scot/publications/healthy-eating-schools-guidance-2020/pages/0/>

However, some Scottish respondents raised concern that the revised standards require caterers to amend the menus and remove some of the popular dishes. Therefore, in the current time of reduced uptakes, it was expressed that this could further decrease the uptakes, without positive promotion to schools, parents and children regarding the purpose of the changes. However, as the sector is not open to competitive tendering and there is a level playing field in terms of policy there is the ability to allow for promotion and adjustment to the new standards.

From the Welsh perspective, it was commented that a review of standards was committed but there had been no work undertaken and a review was very overdue.

## **7.5 Tendering for contracts**

Following the introduction of the private sector in the market, combined with the Fair Fund provision allowing schools in England to make arrangements for school food provision, the purpose of introducing the private sector to the market was to improve competition, to reduce costs and make the system more efficient. The Fair Fund provision was designed to give schools autonomy over their budget and how they spent it.

The APSE Survey for this research asked local authorities to provide details regarding the reasoning for why they have been unsuccessful in a tender. The majority of respondents (63.83%) state that the contract had been lost on cost, while only 2.13% report that the contract had not been awarded due to the tender not meeting social value criteria. 8.51% report the reason stated was the tender not meeting quality criteria. These responses clearly highlight that contracts are being awarded on the cheaper cost criteria.

To further understand the views of local authorities on the introduction of competition in the market the survey provided a series of statements and Figure 1.7 below highlights the responses from the UK countries where school meals policy is not as favorable to competitive tendering.



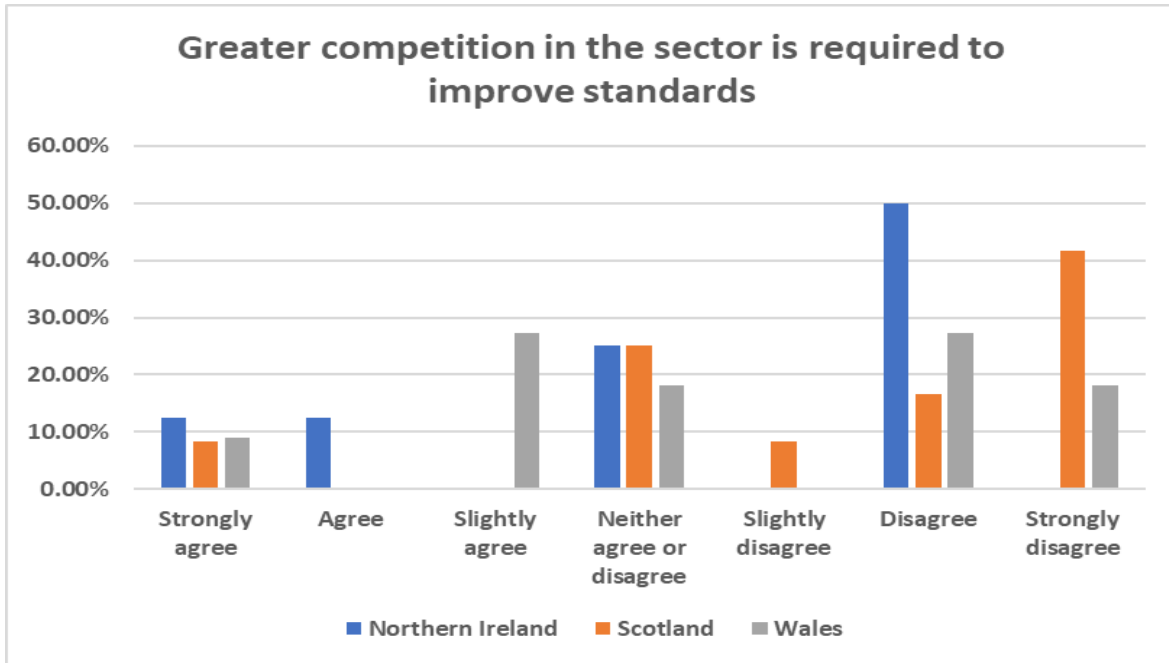


Fig 1.7 To what extent do you agree that greater competition in the sector is required to improve standards?

When looking at the competition and standards, it is clear that the respondents from the respective countries disagree that competition will improve standards. There were 50% of respondents in Northern Ireland, 66.67% of respondents in Scotland and 45.45% of respondents in Wales who stated they slightly disagreed, disagreed and strongly disagreed.

Focusing on innovation in the sector and competition the majority of respondents disagree that greater competition is required to improve innovation, *Figure 1.8*, sets out the detailed responses with 50% of respondents in Wales, 33.33% of respondents in Scotland and 50% of respondents in Northern Ireland strongly disagree, disagree or disagree slightly that this is the case.

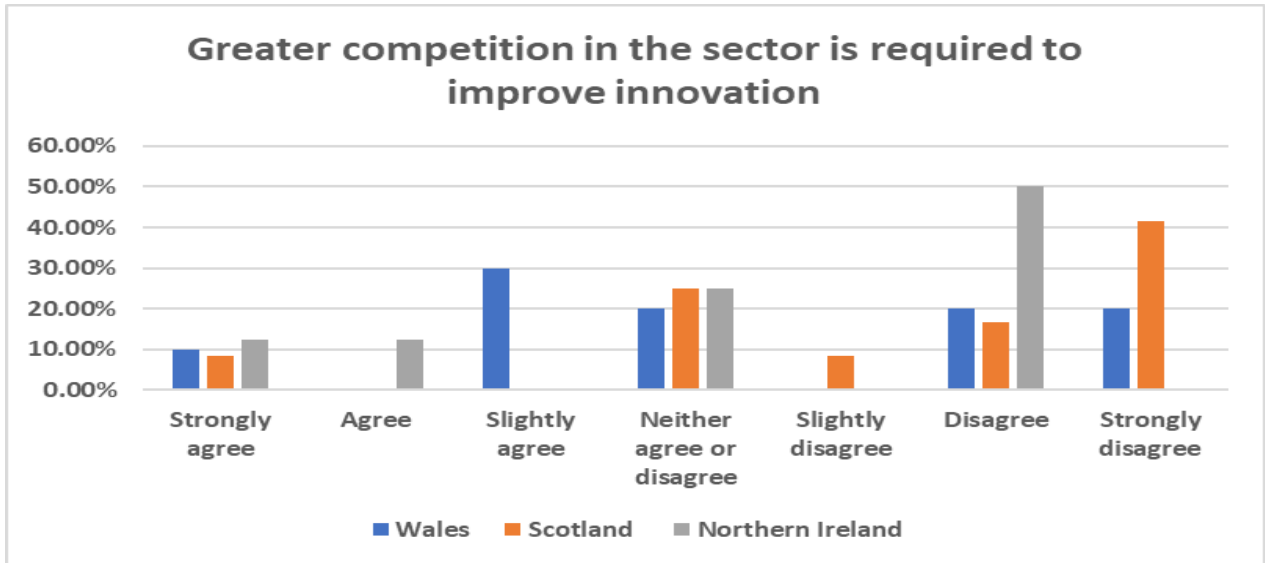


Fig 1.8 To what extent do you agree that greater competition in the sector is required to improve innovation?

Competitive tendering has been in the school meals arena for many years in England. Therefore, the APSE survey asked respondents from English local authorities if they agreed that competitive tendering had improved standards, innovation and provision. Figure 1.9, below highlights the responses received.

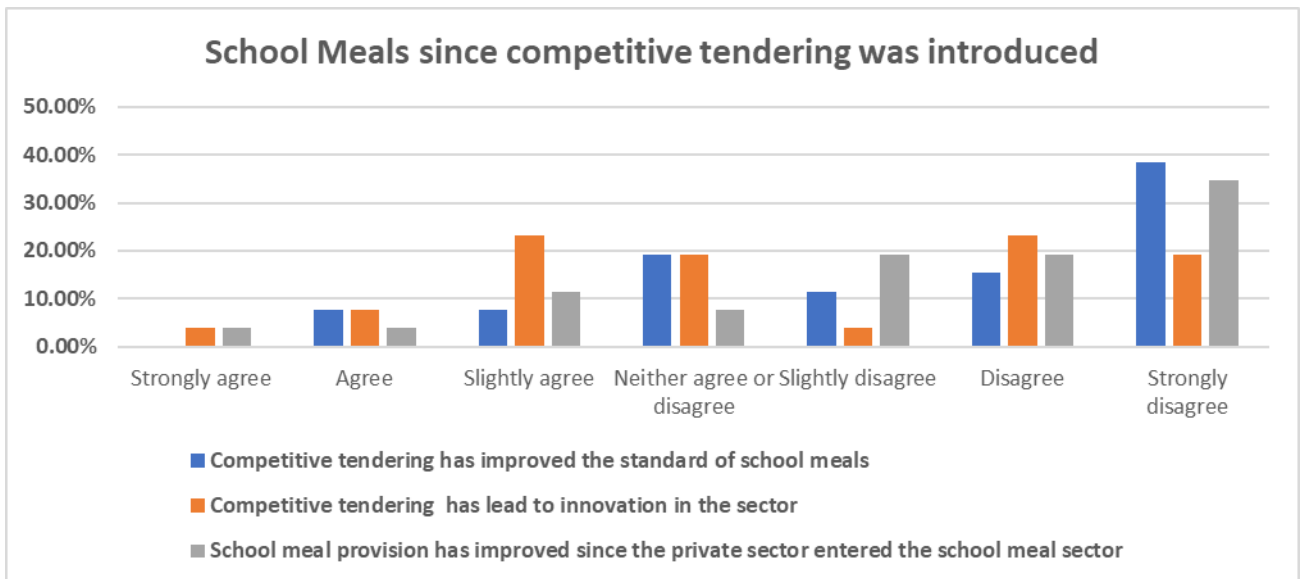


Fig 1.9 School meals since competitive tendering was introduced

It is very clear from the responses that there is a high level of disagreement that competitive tendering has introduced improvements to school meals. The majority of respondents either slightly disagreed, disagreed or strongly disagreed with 65.38% of respondents disagreeing that competitive tendering had improved the standard of a school meal, 46.17% disagreeing that competitive tendering had improved innovation

and over two thirds, 73.08% disagreeing that school meal provision had improved since the private sector entered the school meal sector.

While it is true to say that the standard of school meals has increased since the introduction of the private sector and CCT to the school meals sector, this can be attributed to the implementation of nutritional food standards, rather than competition. The depths to where the standards for school meal standards sunk was highlighted by the Jamie Oliver campaign.

In response to the question in the APSE survey, some respondents advised that local authorities were seen as not being innovative. However, when looking at the State of the Market – Local Authority Caterers<sup>34</sup>, there is strong evidence that local authorities are embracing technology to improve the service that is provided. This is evidenced by 91.67% of respondents advising that they used an electronic pre-ordering system in primary schools, 92.86% reporting that online payments are utilised in primary schools, and 95.65% putting in place a kitchen management system in primary schools.

Other examples of innovation can be found in councils such as the London Borough of Havering which has developed their own games app which has been designed to encourage children to eat more fruit and vegetables and increase school meal uptake. (Veggie Run)<sup>35</sup>

Bradford Metropolitan Borough Council has also developed an app to promote the service they offer and to communicate and engage with parents about the school meals service and the food that is being served in the school.

## **7.6 Funding not keeping pace with overheads**

As outlined in the costs of running the catering service, there is a variety of fixed costs associated with the service. The costs of running local authority catering services have been captured over the years in the APSE Performance Networks data which show that the food only cost for primary schools has increased by 6.10% from 2016/17 to 2019/20, the total cost of a lunchtime meal, (excluding premises cost and Central Establishment Charges) has increased by 8.87% for primary schools and 4.61% in secondary school.

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<sup>34</sup>

<sup>35</sup> <https://apse.org.uk/sites/apse/assets/File/Dennis%20Brewin.pdf>

The rising cost can, to some extent, be offset by the increase in meal uptakes, due to economies of scale and by introducing measures to mitigate cost rises such as the introduction of meat free days to menus and a revision of ingredients used. However, many costs are more difficult to mitigate such as rising wage costs.

UIFSM and breakfast provision has remained stagnant for several years with the UK government only recently announcing an increase in UIFSM funding to £2.41. However, the APSE Performance Networks data indicates that the average cost for providing a meal in both primary and secondary schools is £2.82. With the rapid increase in costs in the last few months, the current figure may be higher. Therefore, this highlights that there is a clear deficit between the funding that is provided and the actual cost.

As the hospitality sector has started re-opening following the lockdowns imposed due to the pandemic, the CGA Prestige Foodservice Price Index<sup>36</sup>, which uses foodservice data drawn from 7.8m transactions per month, reports that the March edition shows significant levels of inflation in the categories of fruit, meat, breads and cereals.

APSE conducted research into the impact of the cost of living on the catering service during December 2022. Over 50% of respondents to the survey report that the costs for the service had increased by 21-30% over the previous 12 months.<sup>37</sup>

In the current climate of rising costs, reduced uptakes due to COVID-19 and the cost-of-living crisis, there is a clear choice to be made by school catering providers. They can either cut costs such as reducing staff pay and conditions, provide the catering service on a subsidy basis and increase the amount children pay for meals. Or they can cease to provide the service.

One of the other aspects that was highlighted in the impact of the cost-of-living survey was that 18% of respondents were looking to be more selective over the work that they tendered for and 6.8% reported that they were decreasing the amount of commercial work that they were undertaking. Although there are other factors that contribute to this position, such as the recruitment and retention issues, the issue regarding funding not keeping pace with overheads is a significant factor.

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<sup>36</sup> <https://cgastrategy.com/food-supply-prices-start-to-firm-as-hospitality-reopens/>

<sup>37</sup> APSE conducted research into the impact of the cost of living on the catering service

## **7.7 Funding disparities**

For small schools, and in areas of deprivation where there are high proportions of children eligible for FSM, the cost of providing a school meal is greater. In small schools, due to the economies of scale, to be viable, around 80 meals a day need to be served. In smaller rural schools this is not possible. The paid meals subsidise the FSMs to some extent due to the optional extra purchases over and above the standard meal cost. Therefore, where there is a higher number of FSM pupils, there are fewer paid meals to subsidise the shortfall in funding.

In Northern Ireland, Scotland and Wales this does not present as much of a problem as it does in England, as local authorities provide the service for the whole local authority area and these disparities can be mitigated. However, in England, local authorities report that the private sector companies, due to their need to make a profit for their shareholders, can be selective regarding what schools they tender for in effect cherry picking the most profitable contracts.

These schools are then required to pay a higher cost for provision. The local authority caterers continue to provide provision to these schools at a loss or alternatively, the school opts to provide the service in-house and carry all the associated risks.

## **7.8 Funding not being ring-fenced**

As outlined in this report, school meal funding is not ringfenced and schools in England can use the funding allocated for school meals for educational purposes, which could be to provide an extra teaching assistant.

Although there is little evidence available to clarify the actual amount that schools pay per school meal due to the lack of transparency in school budgets. Due to austerity, it is not too hard to conceive that if the cost of a school meal can be as low as possible this allows more money to be spent on other much needed areas. In the comments provided to the survey, it has been commented that tenders have been lost due to the catering provider not stating that a rebate would be paid back to the school.

Not all respondents to the survey agreed that the funding should be ringfenced. However, as there is no transparency in the current system and there are incentives for not allocating the full cost for school meal provision further supports the 'race to the bottom.'

## **7.9 Changes in government policy**

Since the enacting of the Education (Provision of Meals) Act 1906, the agenda of the government of the day has had a significant bearing on school food provision in both negative and positive ways.

There are several comments regarding the impact that changes in government policy will have on the local authority catering service.

The Scottish Government has identified the importance that school meals play in tackling food insecurity and, as part of the Budget Bill, have implemented a phased extension of UIFSM, starting with pupils in Primary 4 from August 2021, which is also the date of implementation of free meals for all early year pupils aged up to five. The free provision will be rolled out to all primary school children by 2022. The aim of this is to assist in addressing food insecurity, remove the stigma of means testing and contribute to addressing the obesity crisis. It will also allow local authority caterers to establish longer term strategies for providing school meals, providing certainty over funding, allowing a focus on increasing uptakes, embedding the new food standards and looking at the delivery of a service rather than just a meal.

This is in stark contrast to the situation in England. The lead up to every general election sees school food become a political issue. The current Conservative government has only committed in its manifesto to provide school meals to the children most in need. Therefore, the future of funding for FSM and UIFSM becomes uncertain. The future funding is a clear concern expressed by the respondents to the APSE survey for this research.

During the COVID-19 pandemic, the UK government has been providing direct funding for school meals to eligible families in the form of supermarket vouchers. These families have received a £15 per child weekly uplift in their budget, in effect monetising the school meal. There is concern expressed that this has opened up the scenario of FSM funding being included within the Universal Credit payment to give the choice to the family of how the money is spent. Precedence for this approach already exists with direct payments in the social care sector and Universal Credit claimants receiving housing benefit payments directly to pay to their landlord rather than the rent being paid on their behalf.

Due to the severe economic impact of COVID-19 on government spending, it is conceivable that all areas of funding provided by government will come under scrutiny and be reviewed. The funding for UIFSM is no exception, as seen in the run up

to every election and in the recent debate about funding for FSM in the school holidays, there is no universal support for this provision. The survey conducted for this research highlighted that the removal of funding for UIFSM and reforming how FSM funding is allocated is among the greatest concerns for local authorities.

Removing funding for one or the other, or indeed both, would be catastrophic for the school meals sector. Whilst the statutory duty to provide a free school meal and a meal to any child who wants one will possibly still exist, the cost of providing school meals will become unviable as the service relies heavily on uptakes to make the service financially sustainable.

### **7.10 Academisation**

Academies were introduced in 2010 in England with the aim of allowing schools to practice greater autonomy over how they operate, with the scrutiny for how they operate coming directly under the responsibility of the Secretary of State. Academies have moved away from local authority administration and operate very differently. The establishment of Multi Academy Trusts (MATs) have particularly impacted on the way that school meal provision is tendered for and delivered. In addition, School Food Standards do not currently apply to academies that were founded between 2010 and June 2014. MATs are made up of a group of schools and can be a group of local schools. However, this is not always the case, and there are MATs with up to 30-40 schools together. Therefore, the contracts that are procured can be substantial due to the size of the provision required.

Due to the loophole in legislation, although it is part of an explicit requirement for academies funding, there is not the same statutory duty for academies to meet school food standards. As already demonstrated, there has been a race to the bottom in terms of cost when tendering, local authority caterers report that winning tenders for academies is very challenging.

A report commissioned by the DfE found that in the absence of compulsory standards, academies are serving food in the dining room that the standards were intended to restrict or eliminate. (Food and Academies: A quantitative study)<sup>38</sup>

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<sup>38</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/182196/SFT-00045-2012\\_Food\\_and\\_Academies\\_-\\_a\\_qualitative\\_study.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/182196/SFT-00045-2012_Food_and_Academies_-_a_qualitative_study.pdf)

In addition, as MATs can be formed of schools from across multiple counties, the logistics of delivering a catering service of this nature also prohibits local authorities from tendering for the work, therefore only private sector companies that can operate nationwide or across multiple counties are in a position to tender to deliver the service.

As of January 2018, 72% of secondary schools had converted to academies and 27% of primary schools (figures from NAO). It was commented in the survey that the introduction and continued conversion of schools to academies were contributing to the instability in the local authority catering sector as the service functioned by relying on economies of scale. Therefore there were fewer schools available to tender for, requiring the council to subsidise the schools that were not academies. In addition, 96.15% of respondents to the survey strongly agreed, agreed, or slightly agreed that all academies should be held to the same standards as all other schools.

### **7.11 Disconnect between awarding bodies**

The duty is placed on the governing body of the school to ensure that there is provision at the school for school meals and that this meets the prescribed standards. However, this is just one really small aspect of the role, as the three main responsibilities of a school governor are:

- Giving the school a clear vision, ethos and strategic direction.
- Holding the headteacher to account for the educational performance of the school and its pupils.
- Overseeing the financial performance of the school and making sure its money is well spent.

The remit is very broad and, as a voluntary position, the effectiveness of a school governor and governing body is dependent on the skills of the individuals appointed and the strength and strategic ethos of the school's leadership team. Therefore, the ability to conduct an effective tender and manage the contracts once awarded are variable from one school to another.

In the survey, the vast majority of respondents (88.46%) agreed that school leadership teams and governing bodies should be held to account for school food provision and the role and responsibilities of governors in terms of school food is set out in guidance



from the DfE (School Food in England: Guidance)<sup>39</sup>.

Local authorities, when procuring contracts, have a framework setting out what good procurement looks like, with requirements such as employing local residents, minimum terms and conditions, local sourcing of products, and social value elements.

This is not always the case for governing bodies. A decision is made to end the local authority catering service and put the service out to tender, most of the time with the aim of reducing the cost to deliver the service. Like other FM services provided to schools, what is provided goes largely unseen and therefore is a budget line in a ledger, which can make it an easy decision to reduce the spend on services such as catering and cleaning. It is only when this service is failing to deliver that it is highlighted. Due to the lack of scrutiny on the school meals service in England, the issues regarding the effectiveness of the service do not become visible until an issue arises. In September 2020 Caterlink and Chartwell both announced that they would be making redundancies in the school meal service (Schools Week, 17 July 2020)<sup>40</sup>.

Although this was in response to issues resulting from the pandemic, it should also be noted that it was reported by LACA that the majority of schools had continued to pay their suppliers in line with government guidance and that these companies had received support from taxpayers through the Furlough scheme. Schools were concerned that the redundancies would impact service delivery.

## **7.12 Flexibility, resilience and responsiveness to the sector**

A respondent to the survey commented that there is a perception that the local authority was not as commercially driven as the private sector. Therefore, there is a perception that they are more expensive and 'staid.' However, councils have been demonstrating the ability to adopt a commercial approach to service delivery whilst maintaining the community minded ethos. The ASPE report 'Selling services to schools' Section 8.3<sup>41</sup> highlights the many strengths that local authorities have over the private sector.

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<sup>39</sup> <https://www.gov.uk/government/publications/standards-for-school-food-in-england/school-food-in-england>

<sup>40</sup> <https://schoolsweek.co.uk/school-meals-fears-catering-firms-chartwells-caterlink-redundancies/>

<sup>41</sup> <https://www.apse.org.uk/index.cfm/apse/research/current-research-programme/selling-services-to-schools/>

In January 2018, a company labelled too big to fail collapsed, resulting in the immediate cessation of the services that the company provided including the provision of school meals. However, local authorities stepped in to ensure that the service was delivered and that school meals were provided.

The COVID-19 pandemic has also highlighted how local authority catering providers are not only able to respond to circumstances rapidly but also to take a leading role in the support that they provide within their community.

The APSE remobilisation groups met throughout the pandemic and highlighted several examples of local authorities mobilising in a matter of hours, their workforce responding to the needs of their communities, and not only providing food for children eligible for FSM but welfare packages for those shielding and coordinating support where ever required. Councils were approached by schools not contracted with the local authority to provide school meals due to their provider not being able to. (APSE Soft FM remobilisation report)<sup>42</sup>. One authority used the delivery of food parcels to provide IT support, signpost families to services and check in on families identified as vulnerable or in need.

Local authorities have continued to pay their staff with very few relying on the government funded furlough scheme. Councils have provided sick pay for those self-isolating, and continued to pay and support their suppliers. In many cases, the local authority has reported that they have not sought contractual redress from the school.

As schools reopened, the local authority providers also worked with the schools to develop risk assessments and approaches to ensure the school meals can be provided in the safest way possible and meet government guidance.

## **8 School catering in context**

Local authorities, in agreement with the trade unions, have policies in place regarding the pay and conditions of the staff employed that directly contribute to the social value ethos such as paying the higher living wage. In some areas of the UK, the local council is the biggest employer, therefore the impact of paying higher rates of pay has a larger impact on the wider local economy.

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<sup>42</sup> <https://www.apse.org.uk/apse/index.cfm/news/articles/2020/covid-19-apse-information-hub/remobilisation-reports/soft-fm/soft-fm-services/>

The Living Wage Foundation<sup>43</sup> sets out the benefits of paying the higher rate. The Foundation conducted a survey with businesses that pay the higher rate and 75% of respondents believed that motivation and retention rates for employees had increased. The catering staff are the frontline of the service. Therefore, motivated staff will promote the service in a more positive way. Staff retention reduces the cost of recruiting which can be spent on other aspects of the service.

For the local economies, the potential annual gains of paying higher wages are estimated to be in the millions, according to the Living Wage Foundation; if a third of the workforce in a city was paid the higher rate, combined with productivity growth generating £560m net local Living Wage dividend and £357m tax dividend to HM Treasury. In the West Midlands and Greater Manchester, this is estimated to be over £50m. The North East Combined Authority would gain just under £29m. (The Local Living Wage Dividend)<sup>44</sup>

The largest private sector provider of school meals in England has a subsidiary that has won £350 million of school catering contracts, made operating profits of £561 million in 2020 and the Chief Executive is reportedly paid 280 times more than a dinner lady. (The Guardian)<sup>45</sup>

The next two top providers in the sector have won £75m worth of contracts and £72m respectively since 2016

Therefore, just short of £500 million of public money has been awarded to three private sector companies to provide school meals. Unlike local authority catering services who are scrutinised and accountable to the public and elected representatives, these organisations are not scrutinised in the same way. The external monitoring regime for school food standards is virtually none existent in English schools and as the funding is not ringfenced, the quality and value for money of the provision cannot be effectively assessed.

The impact of the private sector in the current fragmented English school meals arena can in effect be a double hit to the public purse. The profits the companies make from

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<sup>43</sup> <https://www.livingwage.org.uk/good-for-business>

<sup>44</sup> [https://www.livingwage.org.uk/sites/default/files/The%20local%20Living%20Wage%20dividend%20REPORT%201\\_0.pdf](https://www.livingwage.org.uk/sites/default/files/The%20local%20Living%20Wage%20dividend%20REPORT%201_0.pdf)

<sup>45</sup> <https://www.theguardian.com/business/2021/jan/12/school-dinners-row-shines-light-on-role-of-catering-firms-chartwells>  
compass#:~:text=Since%20the%20start%20of%202016%2C%20Compass%20and%20its%20subsidiary%20have%20company%20that%20tracks%20public%20procurement.

providing school meal provision do not translate into companies necessarily paying larger tax bills and the lower pay and conditions in the private sector contribute to household in-work poverty, requiring the taxpayer to support these families through the benefits system.

## **8.1 Council Subsidies**

A council can opt to subsidise the discretionary services they provide and this is generally funded from the General Fund. The level of subsidy is agreed upon at a local level to support social value outcomes. As outlined in the report, school meals play a pivotal role in elevating challenging societal issues. Local authorities have a clear understanding of the challenges that are in the local area and, as such, set a strategic vision and priorities to meet these. Subsidising the catering service can be a major contributor to wider community wealth, a lever for health and wellbeing objectives and to support and promote the council's net zero targets.

Local authorities have major buying power and the way that services and products can influence the local economy. Local authority catering services procure produce and other supplies, where social value is actively built into the procurement of these, small businesses and other local suppliers can be supported, providing additional wealth to the economy

## **9 Linking between the benefits of school meals and the value of LA catering services**

### **9.1 Pay**

The workforce in school catering are predominantly women, working part-time hours and living in the community where they work. Child Poverty Action Group highlighted that the 2020/21 data shows that 3.9 million children are living in poverty and 75% of these children live in households where at least one parent works. (Child poverty facts and figures)<sup>46</sup>.

As highlighted in the report, the majority of local authorities pay their staff the higher living wage, and this has a ripple effect on the local economy in terms of local spend, reduction in the government spend on benefits and reducing poverty.

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<sup>46</sup> [https://cpag.org.uk/child-poverty/child-poverty-facts-and-figures#footnote5\\_spt2fhd](https://cpag.org.uk/child-poverty/child-poverty-facts-and-figures#footnote5_spt2fhd)

## **9.2 Pensions**

The benefits of paying into a pension for an employee are well established and provide security in old age. Employees that have favourable contributions from employers will have a larger pension pot at the point they are eligible to draw their pension.

However, the benefits associated with the Local Government Pension Scheme go further than achieving financial suitability in old age for the employee. Councils will invest the funds in schemes that have a wider benefit to the community.

Falkirk Pension Fund invested £30 million in a project with the Scottish Government to provide much needed housing including council housing in the Forth Valley.

Strathclyde invested £10 million in Albion Community Power to assist to fund a 1.5mw windfarm at Goathill in Fife.

## **9.3 Procurement**

Many local authority caterers have in place frameworks which specify that a supplier must operate according to social value. For example, pay the living wage and ethically source products. In the APSE survey conducted for this research, 68.09% of respondents report that the service has agreed to provide locally sourced food and a further 40.43% have agreed to provide local economic support.

For every pound spent with SMEs, it is reported that 63p stays within the local economy. This reduces to 40p when a pound is spent with larger companies. Many councils have committed to purchasing their goods and services locally, Preston City Council have adopted this approach and since 2013, £70 million has been put back into the Preston area and £200 million across the wider Lancashire area demonstrating the impact of this principle.

When focusing on this approach in the context of school meals, the New Economics Foundation was commissioned by the Food for Life Partnership (FFLP) to research the social, economic and environmental impacts of FFLP procurement practices for a school meal. In the two case studies outlined in the research, for Nottinghamshire County Council it is estimated that £3.11 in social economic and environmental value was achieved for every £1 spent. In Plymouth, it was an estimated £3.04 for every £1 spent.

## 9.4 Surplus

Where local authority catering services make a surplus on their school meal provision this is reinvested back into the service or the local authority. Private sector companies work on a for profit model and therefore are required to make a profit.

In a report published by the DfE in 2015 looking at School Lunch uptakes, the cost average price of a school meal was £2.01 in schools with a local authority contract and £2.13 in schools where the contract was with a private company. This represents a 5.63% difference. Therefore, the question that has to be posed, is whether the 5.63% difference is used to provide the service or pay the respective shareholders. (DfE - School lunch take-up survey 2013 to 2014)<sup>47</sup>

## 9.5 Obesity strategies and health and wellbeing

The importance of the school meal in the health and wellbeing of the child has been long established and was one of the reasons that school food legislation was first introduced. There is currently an obesity crisis affecting the population of the UK, and the National Child Measurement Programme for England highlights that 20% of year 6 children are classified as obese. Studies show that children that are overweight or obese not only develop health problems such as diabetes earlier in their life but also develop multiple health issues, both physical and mental, as they go through adulthood. (Statistics on Obesity, Physical Activity and Diet, England, 2019)<sup>48</sup> The report highlights that obesity levels are linked with deprivation, with the children living in poverty more at risk of becoming obese and overweight.

The issues are wide ranging and a holistic approach is required to tackle the issue. The governments of Scotland, Northern Ireland, England and the Welsh Assembly have all developed strategies to start tackling obesity. Interventions to address obesity are targeted at schools due to the ability to reach several children and their families in one place. Health and wellbeing are something that needs to be embedded into every aspect of school life and initiatives such as the daily mile to promote children to get active. Local authority caterers have the health of the children as a key principle of providing the service and have an enhanced offering for schools: 53.83% of respondents to the APSE survey report that they ran cookery classes and 61.54% report that they supported food education.

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<sup>47</sup> [https://dera.ioe.ac.uk/21825/1/RR405\\_-\\_School\\_Lunch\\_Take-up\\_Survey\\_2013\\_to\\_2014.pdf](https://dera.ioe.ac.uk/21825/1/RR405_-_School_Lunch_Take-up_Survey_2013_to_2014.pdf)

<sup>48</sup> <https://digital.nhs.uk/data-and-information/publications/statistical/statistics-on-obesity-physical-activity-and-diet/statistics-on-obesity-physical-activity-and-diet-england-2019/part-4-childhood-obesity>

## **9.6 Support to key worker children**

Throughout the COVID- 19 pandemic, local authorities have been providing school meals for the children of key workers and families eligible for FSM. The number of children in school differed from area to area and also in response to changes to government guidance in the respective lockdowns. Planning for provision was made difficult as data was not necessarily recorded on parents' occupations. However, local authorities quickly adapted to the challenge.

APSE Performance Networks data reports that from April 2020 through to June 2020, an average of 66,257 meals were served for key worker and vulnerable children.

For those children eligible for FSM, there was a range of local provision put in place which has included providing food parcels with recipe cards and catering services supporting schools to deliver food to homes to allow welfare checks to be undertaken. The Performance Network data collection highlights that 75% of responding authorities have provided food boxes/food parcels/welfare meals or hampers from April to June 2020 with only half reporting that the authority has made a charge for extra food costs.

Although the number of meals in schools provided had seen an 88.47% decrease for the first quarter, when compared to the same period in the previous year, local authorities report that there has been an increase of 4.8% in operational staff hours for the same period. This increase can be attributed to the changes in the way the service was delivered and the need to prepare and distribute food to the local community.

## **10 What good looks like**

The divergence in policy that has been brought about by devolution allows there to be a comparator made between the different interventions that have been introduced at a government level and how effective this is; both with regards to delivering a healthy nutritious school meal and the wider benefits that a school meal can provide.

The roundtable, the APSE research and a review of the wider published research has highlighted that several elements makeup 'good' and the role local authorities play in delivering a service that not only delivers food on the plate but also has a positive impact for the child, school, and wider community.

## **10.1 Government policy, and responding at a local level**

Local authorities have a long track record of delivering national policy at a local level in a way that meets the needs of their communities. They are able to provide a holistic approach across the services that they offer.

### *10.1.1 Poverty*

As a result of the COVID-19 pandemic, figures now show that as of June 2021, one in five children are eligible for FSM. Without auto-enrolment for these eligible children, the local authority plays a key role in supporting schools and parents to sign up for the provision. For example, Wolverhampton Council has developed an approach that proactively identifies eligible children and has a process in place to enable them to sign up to the benefit of the school and family in terms of the Pupil Premium.

The change in the threshold for eligibility for FSM that came about with the wider roll out of Universal Credit has resulted in many families in need of support not meeting the criteria. Local authorities recognised the impact that this was having on families. In response, four London Borough Councils have implemented Universal FSM for all primary school children.

In addition, for those families in poverty, local authorities have a broader range of support to assist in help tackling poverty in their communities, such as providing meals for children 365 days of the year. This is the case with North Lanarkshire Council which has put in place the provision of meals for school children for the 175 days those children are not in school. The Council has adopted the approach in response to data showing that food bank usage doubles in the school holidays.

Many other local authorities across the UK have had in place holiday hunger provision for some time. The Holiday Hunger Playworks project was piloted in the most deprived areas in Wales and following the success of the programme the Welsh Government is providing funding to all local authorities in Wales to provide holiday programmes. This local authority provision in Wales and across the UK does not just provide food and activities for children it is also a conduit for families to engage positively with the local services. The holiday provision acts as a place to gain support for the wider issues. For example, some local authority provision has in place advisors that can offer assistance with benefits and housing issues. The DFE in England has also recognised the important role local authorities play in this area with the Holiday Activities and Food (HAF) Programme.



APSE conducted research into the holiday provision that local authorities had put in place and the report provides case study examples (Local Authority Holiday Provision)<sup>49</sup>

### *10.1.2 Climate change*

The climate emergency has moved up the political agenda with targets being set in legislation for the UK to achieve net zero. As of May 2021, 82% of principal councils had declared a climate emergency (Climate Emergency UK).<sup>50</sup> Following these declarations, councils embed strategies in their service delivery to meet the targets including in the catering service, with all aspects of the service being reviewed and initiatives being implemented including things such as reducing food miles and removing single use plastic.

### *10.1.3 Health and wellbeing*

Malnutrition has been highlighted during the pandemic, either in the form of obesity or in form of children's diets lacking in the required vitamins and minerals. The various governments have in place obesity strategies that look at the broader context of the causes of obesity such as TV advertising, calorie labelling and the 'sugar tax'. Each of these has their issues and critics. This includes the children having wider access to junk food advertising through social media platforms and sports sponsorship, aspects of the population not having the means or knowledge to make choices of the food they consume and, to some extent, the levy worked by manufactures reforming the formulas of their products.

However local authorities have the capacity to not only provide a healthy school meal but can also adopt approaches to support the policy interventions. The London Borough of Lambeth is working with schools in the area to advise on the areas where the sugar tax funding can be best spent to support reducing obesity.

Local authorities provide additional support to schools and parents to promote, engage and educate children and families to make healthier choices, providing cooking classes for children and parents, working with schools to support their food education, introducing incentives for children to choose the healthy option. Derbyshire County Council catering service holds a health and wellbeing themed day every year where schools attend a local outdoor education facility.

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<sup>49</sup> <https://apse.org.uk/index.cfm/apse/research/current-research-programme/local-authority-holiday-provision/>

<sup>50</sup> <https://www.climateemergency.uk/blog/list-of-councils/>

In addition, the wider local authority services can support the wellbeing agenda through the council regulatory functions, restricting the number or opening times of fast-food outlets in close proximity of schools, and working with outlets to develop schemes that promote serving healthier food options.

#### *10.1.4 Accountability and transparency*

In England, where devolved budgets have played a part in the fragmentation of provision, and where there is an absence of an effective regime of ensuring school meals are delivered to a high nutrition standard, the school meal system to some extent has become a competitive market with little accountability. Therefore, public money is being spent without the transparency of how the money is being spent and the quality of provision.

When comparing the current situation in England, with that in Northern Ireland, Scotland and Wales, a spotlight is shone on how fragmented the school meal sector has become in England and highlights the positive aspects of local authority caterers.

All services delivered through the local authority are subject to a level of scrutiny which is not true of the private sector. As local authorities spend public money, they are bound by legislative requirements, with smaller local authorities being required to publish their annual accounts and larger local authorities having an additional requirement to publish a statement of their income and expenditure with supporting comments.

Under the governance arrangement of councils, democratically elected councillors play a key role in the decisions taken by the council, represent the local electorate in this decision and provide a level of scrutiny with regards to the decisions that are made by the authority.

The Scottish Government has recently introduced revised nutritional standards for school meals in Scotland and, although there was concern regarding the introduction of standards in a time of reduced uptakes following the pandemic, they have been broadly supported. This has been achieved due to the Scottish Government working collaboratively with local authorities who provide the meals to agree on the standards and their introduction. As the Scottish local authorities are not required to competitively tender, it is in their interest to adhere to the standard.

Local authorities are in a position to ensure the continuation of provision when the private sector fails or is not in a position to. This was highlighted following the collapse of Carillion and also in the response to COVID-19. Carillion received substantial public

money to deliver contracts and, at its collapse, local authorities were required to step in and provide the services .

Likewise, during the pandemic, local authorities stepped up to the plate and provided meal provision where others couldn't and worked to support schools. Many did not use the publicly funded scheme to furlough their catering staff.

#### *10.1.5 Re-Investment in public services*

The funding for school meals is not ring-fenced and there is also the ability for school caterers to gain income from paying pupils and offering wider provision such as break time catering. Due to the lack of transparency in the private sector, it is not possible to gain a true picture of how the money received from school meal funding and the additional income received by the service is spent, including what proportion contributes to their profits and for shareholders benefit.

Local authorities have the ability to generate income and have the responsibility to provide value for the taxpayer. Therefore, income received from the service is re-invested back into the service or goes to support other areas of service delivery, which benefits the wider community.

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