

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Report For Delegated Decision by  
Cllrs Garry Banks ( Portfolio Holder for Property and Assets)  
and  
Myfanwy Alexander ( Portfolio Holder for Education and Children's Services)  
Date - ..... March 2014**

**REPORT AUTHOR: Cheryl Leighton  
Catering and Cleaning Services Development Manager**

**SUBJECT: Catering service:  
Review of Fees and Charges for April 2014**

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**REPORT FOR: Decision by Portfolio Holder**

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**1. Summary**

- 1.1 To review the current scale of charges for the Council's Catering Service and to recommend changes where appropriate. The schedule of charges for school meals was last increased in February 2013. The authority has not increased the cost of school meals since this date.

Following the closure of approximately 20 small schools the Catering Service has had a reduction to the subsidy received from School Services during 2013-14 of £150,000 and has managed to make efficiencies to offset £95,000 but with a proposed further reduction in the subsidy of £292,000 in 2014-15 the catering service are working with the schools service to identify areas of cost reduction and cost transfer. However the catering service will need to increase it's income.

To enable the Catering service to stay in line with current budget targets and complying with Welsh Government's '*Appetite for Life*' standards, as well as nutritional standards, the service now requests an increase from 28<sup>th</sup> April 2014. The Catering school meals service provides both a statutory and non-statutory service within Powys.

The current average cost of the food element of the meal is 82p with the highest cost of a meal within the 3 week menu being £1.45p and the lowest 50p. This average is based on the hot meal including pudding. The average cost of the main meal does not reflect the true food cost. An analysis of the menu indicates that any further reduction in food costs would result in the Authority being non-compliant in terms of the *Appetite for Life* requirement.

- 1.2 The RPI on food and catering percentage is 2.1% for 2013. Applying this rate of inflation will only add 4p.

**2. Proposal**

- 2.1 It is proposed that the following price increases, exclusive of VAT are implemented with effect from 28<sup>th</sup> April 2014:

- The daily primary school meal increases from £2.10 to £2.20 which is a 4.8% increase
- The primary school free meal increases from £2.15 to £2.25 which is a 4.7% increase. Based on January and February uptake and 185 days will result in an annual increase in costs to the School service of in the region of £18,300 for Primary Schools and £7,300 for Secondary Schools.
- the meal of the day in High School increases from £2.15 to £2.25 which is a 4.7% increase
- the high school free meal increases from £2.20 to £2.30 which is a 4.5% increase
- the price of adult meal tickets from £3.00 to £3.42 (ex VAT or £4.10 including VAT)
- the price of adult meals paid on the day will remain at £4.10 (including VAT)
- the price of meals on wheels remain at £4.10 (including VAT)

2.2 In addition, the staff restaurants had an annual uplift in April 2011 and it is requested that an uplift is applied from April 2014 of up to a maximum of 5.5% for these outlets. Individual menu items will be reviewed in line with food costs before any uplift is implemented.

### **3. Corporate Improvement Plan**

3.1 Risks to the Council if these increases are not implemented are that the Catering Service returns a deficit, however the requested uplift may potentially also reduce take-up of the service and impact on the School Meals budget of School Services. The income in paid meals should meet in the region of £77,000 of the proposed reduction in subsidy from School Services.

### **4. Options Considered/Available**

4.1 Leave the charges for school and staff meals as is – the decrease to the subsidy received from the School Service cannot be absorbed within the catering budget.

4.2 An increase of 10p would generate an estimated additional income of £92k per annum based on 2013 – 2014 take-ups. The remaining £200k is reliant on passing additional costs back to the Schools Service and through identifying further efficiencies in the delivery of the service.

### **5. Preferred Choice and Reasons**

5.1 Option 4.2 is the preferred choice as £2.10 per primary meal does not recover all costs to provide the meal in line with Appetite for Life and the reduced subsidy. That is school meal increases to be 10p. Therefore Primary School meals will increase from £2.10 to £2.20 per day, and the High School 'meal of the day' that is currently £2.15 will increase to £2.25. To standardise the price of all Adult meals the meal tickets will be increased from £3.00 to £3.42 (ex VAT or £4.10 including VAT).

5.2 To maintain Appetite for Life compliance, all menus have to meet all the criteria which has led to an additional oily fish item, an additional meat dish and a fruit based dessert daily. These menu items based on current supplier charges have put the food cost per meal up by an additional 23p, taking into account inflation to date.

5.3 The Authority is now legally required to monitor the compliance with Appetite for Life which has incurred further additional costs, staffing structure has been reorganised to

achieve this. Therefore the preferred option recommends a minimum price increase of 10p to cover additional costs.

5.4 The prices for meals on wheels to remain at £4.10 inclusive of VAT.

5.5 County Council Restaurant prices to be reviewed individually and where required be increased by a maximum of 5.5%.

## **6. Sustainability and Environmental Issues/Equalities/Crime and Disorder/Welsh Language/Other Policies etc**

6.1 All adult meals will be £4.10 inclusive of VAT from April 2014 removing current inequalities.

## **7. Children and Young People's Impact Statement - Safeguarding and Wellbeing**

7.1 The Service promotes and is seeking to promote further, the take up of free school meals which will have the same 10p increase as paid meals. Letters have been sent to all schools for distribution to parents advising of the eligibility of free school meals if families are entitled. The service will continue to support the Schools Service in promoting the uptake of School Meals.

## **8. Local Member(s)**

8.1 The proposal will impact on families in all wards across the Authority.

## **9. Other Front Line Services**

9.1 The proposal will have a direct impact on the costs charged to the schools service and schools delegated budgets, the service will undertake discussions with senior officers within the schools service on how the service will meet the additional costs around free schools meals.

## **10. Support Services (Legal, Finance, HR, ICT, BPU)**

10.1 Legal – The recommendations can be supported from a legal perspective.

10.2 Finance – The £292k reduction in subsidy mentioned in this report has not yet been agreed. The £92k this increase in meal charges is expected to realise will help mitigate the effect of any proposed reduction in subsidy from the Education Dept. However, any increase in charges over and above this is likely to be counter-productive. We will need to consider how any future shortfall can be managed within Authority budgets once the reduced subsidy figure from Education is known.

## **11. Local Service Board/Partnerships/Stakeholders etc**

11.1 No specific implications for LSB

## **12. Communications**

12.1 This will need a proactive news release after the increase is approved.

### 13. Statutory Officers

13.1 The Solicitor to the Council (monitoring Officer) has commented as follows:  
" I note the legal comment and have nothing to add to the report".

13.2 The Strategic Director Resources (Section 151 Officer) notes the comments made by finance.

### 14. Members' Interests

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the Portfolio holders have an interest they should declare it and refrain from taking the delegated decision.

### 15. Future Status of the Report

(This section must be completed if the report is a confidential/exempt report)

15.1 Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

15.2 The view of the Strategic Director, Law & Governance is that:

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
The catering increases set out in the proposal are implemented from 28th April 2014.	To increase income in line with budget target.

<b>Relevant Policy (ies):</b>			
<b>Within Policy:</b>	Y	<b>Within Budget:</b>	Y

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	<b>Catering &amp; Cleaning Services Development Manager (Place)</b>
<b>Date By When Decision To Be Implemented:</b>	<b>28/02/2014</b>

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
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*Recommendation approved 27th March 2014*  
*Signed: Portfolio holder :-*  
*Signed Portfolio holder*