

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET REPORT

Date

REPORT AUTHOR: Cheryl Leighton
Catering and Cleaning Services Development Manager

SUBJECT: Catering service:
Review of Fees and Charges for January 2013

REPORT FOR: Decision

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 uplifted in September 2010. The authority has not increased the cost of school meals since this date.
To enable the Catering service to stay in line with current budget targets, a new menu and rapidly rising fruit and vegetable, milk and bread costs, complying with Welsh Government's *Appetite 4 Life* standards, as well as nutritional standards, the service now requests an increase from January 2013.
Catering school meals is a required service within Powys.
- 1.2.1 At the time of the last price review the average cost of the food element of the meal was 71p, with the remaining costs being associated with staff, equipment and transport costs. The current average cost of the food element of the new menu for the meal is 94p with the highest cost of a meal within the 3 week menu being £1.26p and the lowest 52p. This average is based on the higher cost of either the hot meal of the day or the alternative tuck box of the day.
- 1.3 The RPI on food and catering percentage is 3.1 for October 2012 and an average of 2.9 for 2012/13. Applying the above inflation to the food element of the current costs would increase the food element cost of the primary meal and secondary school meal of the day by 3p which would not cover the actual increase in food costs.

2. Proposal

- 2.1 It is proposed that the following price increases, exclusive of VAT are implemented with effect from January 2013:
- the primary school meal from £2.00 to £2.10 which is a 5% increase
 - the meal of the day in High School from £2.05 to £2.15 which is a 5% increase
 - the price of adult meal tickets from £2.80 to £3.00 (plus VAT - 60p)
 - NNEB meals from £2.83 to £2.90 (plus VAT - 58p)
 - the price of meals on wheels remain at £4.10 (including VAT)
 - In view of above inflation increases on many food items and vehicle fuel an increase in charges is required to ensure the current level of service can be delivered.

- 2.2 In addition, the staff restaurants had an annual uplift in April 2011 and it is requested that uplift from January 2013 of up to a maximum of 5.5% be considered 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.

4. Options Considered/Available

- 4.1 Leave the charges for school meals as is – the increase of additional costs cannot be absorbed within the catering budget.
- 4.2 An increase of 5p would generate an additional income of £54,570 per annum based on 2011 – 2012 take-up.
- 4.3 An increase of 10p would generate an additional income of £109,140 per annum based on 2011 – 2012 take-up.

5. Preferred Choice and Reasons

- 5.1 Option 4.3 is the preferred choice as £2.00 per primary meal does not recover all costs to provide the meal in line with Appetite for Life. That is school meal increases to be 10p. Therefore Primary School meals will increase from £2.00 to £2.10 per day, and the High School ‘meal of the day’ that is currently £2.05 will increase to £2.15.
- 5.2 With 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 desert daily. These menu items based on current supplier charges have put the average food cost per meal up by an additional 23p, taking into account inflation to date, plus additional costs for implementing Appetite for Life.
- 5.3 The Authority will shortly be legally required to monitor the compliance with Appetite for Life which will incur yet further additional costs, as there is not capacity to carry this out within the current staffing structure. Therefore the preferred option recommends a minimum price increase of 10p to cover these additional costs.
- 5.4 The following meals had no increase last year and therefore the preferred choice is detailed exclusive of VAT as follows –
Adult meal tickets £3.00 and NNEB meals will increase to £2.90

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

Meals are available to all, with price rises limited and balanced to ensure that the NNEB take up does not adversely affect those in an otherwise supporting role. There is no change in any prior impact upon these issues.

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

The Service promotes and is seeking to promote further, the take up of free school meals which are unaffected by the proposals. The proposals allow the service to cover predictable inflationary food rises partially.

8. Local Member(s) N/A

9. Other Front Line Services

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

The Principal Accountant for Communities, Skills and Learning comments that the 2012-13 Original Income Target was based on an overall increase in the charges for meals effective from April 2012 of 5%. As all charges have been held at the 2011 rates, this together with the reduction in take up has led to an underachievement in income. This shortfall has been offset to date by reduced food purchases and other underspends within the Service, but with the increasing cost of food, this situation is no longer sustainable. Therefore the proposed increase of 10p per meal will mitigate this additional cost.

There would be no legal implications arising from the implementation of these proposals

11. Local Service Board/Partnerships/Stakeholders etc

11.1 No specific implications for LSB

12. Communications

13. Statutory Officers

The Director of Finance notes the comment of the Principal Accountant that this will allow the service to breakeven.

Recommendation:	Reason for Recommendation:
It is recommended that the above catering increases are implemented for January 2013.	To increase income in line with budget target.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	N/A
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Person(s) To Implement Decision:	Stuart Mackintosh / Cheryl Leighton
Date By When Decision To Be Implemented:	January 2012

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Background Papers used to prepare Report:

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