

ABERDEEN CITY COUNCIL

COMMITTEE: Enterprise, Planning and Infrastructure
DATE: 24th May 2011
DIRECTOR: Gordon McIntosh
TITLE OF REPORT: School Catering Services – Meal Price Increase
REPORT NUMBER: EPI/11/165

1. PURPOSE OF REPORT

The purpose of this report is to seek approval for officers within Facilities Management Services to apply an annual increase to the price of both Primary and Secondary School meals, as necessary.

2. RECOMMENDATION(S)

That the Committee

a) approve an increase in the price of a School meal by 10 pence per meal from August 2011.

b) delegate power to the Head of Asset Management and Operations to determine and apply increases in future years meal prices as necessary, to reflect budget decisions, increased costs etc. subject to the charges being benchmarked with other comparable authorities.

c) refer the report to the Finance and Resources Committee of 16th June 2011 for final approval to apply any increases and to the Education, Culture and Sport Committee on 2 June, 2011, for information.

d) that the final decision of the Finance and Resources Committee be communicated to parents through each school.

3. FINANCIAL IMPLICATIONS

The School Catering Services budget was removed from a trading account last year and the budget now sits within Enterprise, Planning and Infrastructure. As with all budgets it is important that expenditure costs and income are balanced to remove potential subsidies for the provision of the service. By allowing annual review of the service provision taking into account inflation, costs of supplies, services and staffing costs will ensure that a balanced budget is maintained.

It should be recognised that the provision of a free school meal to pupils whose parents meet the eligibility criteria, is something that we have to provide under Scottish Government statute. The cost to the Council for this provision in financial year 2010/2011 was £692,219, this cost being recouped by Enterprise, Planning & Infrastructure from Education, Culture & Sport. With the 10 pence increase applied, at the current level of free school meal uptake, this will have an approximate impact of a further £35,000 per annum on Education, Culture & Sport's budget.

4. SERVICE & COMMUNITY IMPACT

It is recognised that the impact of these increases will be an additional burden to the parents of pupils, but by keeping the proposed level of increase in a daily meal ticket to ten pence per day, or fifty pence per week, the increase is kept in line with other authorities across the country. Implementation will be from the start of the new school term in August.

Headteachers and Facilities Management staff, through ongoing contact with parents, will ensure that any child eligible to be in receipt of free school meals will continue to do so.

5. OTHER IMPLICATIONS

None

6. REPORT

6.1 Background

6.1.1 At the Full Council meeting of 14th February 2008, approval was given for an increase of fifteen pence to be applied to the cost of a School meal, with this being applied from the beginning of financial year 2008/2009. The increase was set at fifteen pence per meal; this increase was to cover the increased cost in the supply of meals, with the increase in income being estimated to be in the region of £150,000 per annum. However this increase was only applied in August 2010, at the beginning of the present School Academic year.

6.1.2 The price of a School meal has risen relatively slowly over the course of the last five years as indicated in the table below:

	School Meal Price				
	2006	2007	2008	2009	2010
Primary	£1.60	£1.70	£1.70	£1.70	£1.85
Secondary	£1.85	£1.95	£1.95	£1.95	£2.10

6.1.3 School Catering Services budget for financial year 2010/2011 was overspent to the tune of £428,000. This overspend can be attributed to a number of factors:

- Post EP&M staffing cost increases
- Increased food supply costs
- Increased food delivery costs
- Free School meal provision

6.1.4 The School Catering Budget is broken down into three elements:

- Staffing Costs (66% of total expenditure)
- Supplies and Services (34% of total expenditure)
- Income

While it is envisaged that staffing costs will remain fairly static, other than allowing for incremental progression, supplies and services costs are increasing at a rate of approximately 2% at present with forecasts from Scotland Excel of a possible 7% increase by this summer, the proposed increase of 10 pence per meal is to cover the expected increased costs in production.

6.2 Applying Increases

6.2.1 Increases would be applied at the commencement of a School Academic year, typically in mid August. This would mean that the impact of an increase would not be felt for the whole financial year. It would, however, seem a sensible time to apply increases and would allow for production and distribution of new meal tickets to be undertaken during the summer holiday period.

6.2.2 A review of the ongoing service delivery would be carried out on an annual basis prior to any decision being taken; an increase in the price of a school meal would only be applied if further increases in expenditure stopped the delivery of a balanced budget. A thorough review of alternatives to increasing costs will be undertaken at this time to identify ways of reducing meal production costs and developing other income streams.

6.2.3 Any future increases which are applied under delegated powers will be communicated to Committee via the information bulletin.

7 REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None