

Agenda



Delegated Decisions - Cabinet Member for Education & Skills

Date: Tuesday, 28 August 2018

Time: Not Required

Venue: Not Required

To: Councillor G Giles

Item

Wards Affected

1 Primary & Secondary School Meal Prices (Pages 3 - 12)

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Date of Issue: 17 August 2018

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Report

Cabinet Member for Education and Skills

Part 1

Date: 28 August 2018

Subject Primary and Secondary School Meal Prices

Purpose To consider increasing Primary and Secondary school meal prices across all Newport schools (with the exception of Caerleon Comprehensive School and Newport High School)

Author Education Business Manager

Ward All

Summary The Council has a single contract with Chartwells for the delivery of a school meals service across all sites, with the exception of Caerleon Comprehensive School and Newport High School. Within these contractual arrangements, an annual price review must be carried out to take account of increased food costs and labour charges.

This report considers the appropriateness of increasing school meal prices across the City to accommodate the contract price increase proposed by Chartwells with effect from September 2018.

Proposal To increase the primary school meal price to £2.15 per meal, the secondary school meal price to £2.40 per meal and the adult meal price to £3.30 per meal.

Action by Education Business Manager

Timetable Implementation from September 2018

This report was prepared after consultation with:

- Chief Education Officer
- Head of Law and Regulation
- Head of Human Resources
- Head of Finance
- School Meals Contract Board

Signed

Background

In April 2011 the Council entered into a six-year contract with Chartwells for the delivery of its' school meals function across all primary and special school sites. Six of the Authority's then eight secondary schools also chose to join this single contract. The remaining two secondary schools made their own individual arrangements for catering services on their sites. The Council established a ninth secondary school in September 2016, Ysgol Gyfun Gwent Is Coed, the governing body for which elected to join the single contract with Chartwells.

The award of this contract significantly reduced the subsidy that was currently being paid in relation to the school meals service from £355,000 to £27,850. This subsidy was fully negated in November 2016 when the school meal price was last increased.

The initial contract was due to expire in March 2017, but following the approval of the Chief Education Officer, a three-year extension clause was invoked. The original contract terms will therefore be extended to cover the period April 2017 to March 2020.

Under the terms of the contract, and as part of the annual price review, Chartwells is able to claim an increase on the contract price based on two factors:

1. Food, beverage and other material costs - the percentage increase in the office of National Statistics' Consumer Price Index, and;
2. Labour and employment related costs - the percentage increase in the NJC pay award for Local Authority employees.

The most recent school meal price comparison carried out identified that the average price of a secondary school meal across Wales is £2.44. The average price of a primary school meal is currently £2.30.

Contract Price & Subsidy

There has been an increase in labour costs. This has the effect of increasing the labour element of the meal cost by 9p per meal. Food inflation in the past 12 month shows a substantial increase on fresh meat and dairy products but a decline on alcohol, giving an overall CPI movement of 4.1%, when applied to the food element of the meal price this would also increase by 4p. Overall there is a movement of 13p.

Chartwells has advised the Council that from 1st September 2018, the contract prices for both secondary school meals and primary schools meals will increase by 5p to £2.15 and £2.40 respectively.

Within the terms of the contract the price should increase by 13p, however Chartwells are conscious that this would be passed on to parents and may have a detrimental effect on meal numbers and so they recommend an applied increase of 5p. They have already taken steps to reduce operational costs within the business, with the removal of the operations manager for primary schools in December.

If the Council chooses to accept the increase on behalf of the client group, a subsidy position will be created that would be unacceptable in the current financial climate.

The price of an adult meal has not increased since 2011 and so an increase to £3.30 would be recommended. The average price across Wales for an adult meal is £3.50.

Financial Summary

This report proposes that the Council accepts the cost increase imposed by Chartwells and passes this on directly to the school meal customers. If the Council decides not to pass on the increase, all school meals will be subsidised resulting in a budget pressure. Whilst in the primary sector this is likely to be £21,000 for the 2018/19 financial year (September to March), it is not possible to estimate the secondary school element because of the cafeteria systems in place.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect?	Who is responsible for dealing with the risk?
An increase in the meal prices across all sectors could result in a reduced meal uptake across the City	High	Low	This risk lies with the Contractor. Therefore passing on any contract price increase may encourage the contractor to place a greater focus on the quality of provision to maintain custom and sales	Education Business Manager and Chartwells (School Meals Contractor)
Failure to pass the meal cost increase on to customers will incur a subsidy payable by the Council in relation to the school meals service	Medium	Low	Fully passing on the increase will ensure the subsidy remains as nil which will benefit financial savings for the Council.	Education Business Manager
Low income families being affected by the price increase.	Medium	Medium	The rise is mitigated for many low income families that receive Free School Meals	Education Business Manager

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Wellbeing of Future Generations Act
 Council Improvement Plan
 Education Service Plan
 Appetite for Life Legislation

Options Available

Option 1: To accept the proposed increase of 5p per meal and pass this directly on to customers. This will have the effect of increasing the primary school meal price to £2.15, the secondary school meal price to £2.40 and the adult meal price to £3.30 with effect from September 2018.

Option 2: To accept the proposed increase of 5p per school meal, but maintain existing school meal prices of £2.10 and £2.25 for primary school pupils and secondary school pupils respectively. This will maintain current meal prices but will see a return of the subsidy resulting in an additional financial burden on the Council amounting to approximately £21,000 per annum in addition to the current pressure.

Preferred Option and Why

The preferred option is Option 1. This will ensure that the contract cost increase is directly passed to customers and will not incur a subsidy to be paid by the Council. The increased meal cost could result in a reduction in meal take-up and this is something that will need to be closely monitored by the contractor.

Comments of Chief Financial Officer

As the report states costs of providing a school meals service has increased as labour costs are a predominant part of the costs of provision, and it is accepted that these are increasing with the range of staffing involved being at minimum wage levels. Food inflation has also increased in the past 12 months.

The proposal is to pass on the increase in costs through a 5p per meal price increase to parents, which is supported. If the proposal to increase meal prices is not supported a minimum subsidy cost of £21,000 is required to be paid by the Council on paid school meals, it will be an additional burden on the Education service provision.

Comments of Monitoring Officer

The Council has discretion when fixing the price of school meals provided in accordance with its duties under Section 512 of the Education Act. The Education Authority is required to charge for all non-free school meals but the price of the meal is a matter for the Council to determine. In the case of secondary schools with delegated budgets, this duty in relation to the provision and pricing of school meals is delegated to each Governing Body. However, all of those secondary schools who have opted-in to the single catering contract with Chartwells have agreed that the price of meals will continue to be fixed by the Council. In accordance with the current school meals contract with Chartwells, the contractor is entitled to request an index-linked annual price increase in line with any increases in the costs of labour and food supplies. The proposed increase for both primary and secondary school meals to £2.15 and £2.40 respectively and the corresponding increase in adult meals to £3.30 is considered to be reasonable and in line with the contractor's index-linked cost increases. In fact, the index-linked increases for both the labour and food costs would justify a much higher increase, but the Contractors have elected not to apply for a higher increase in case that affects the demand for school meals. Therefore, the Council cannot refuse the requested contract price increases and the only discretion is whether or not to pass on these increases, in whole or part, to the parents. The option of passing on all of the price increases will avoid the need for any Council subsidy, in accordance with the previous pricing policy.

Comments of Head of People and Business Change

As required this proposal has considered all five aspects of the sustainable development principle of the Well-being of Future Generations (Wales) Act. In addition a Fairness and Equality Impact Assessment (FEIA) has been completed to assess the fairness and equality impacts of this proposal.

From a human resources perspective there are no staffing implications as a result of this proposal.

Local issues

Scrutiny Committees

Equalities Impact Assessment

Please see associated FEIA

Children and Families (Wales) Measure

An increase in the school meal price could be seen to adversely affect children and families and could result in a reduced meal uptake across the City. The contractor will be keen however to reverse this and therefore there should be a greater focus on the quality of provision to maintain custom and sales.

Wellbeing of Future Generations (Wales) Act 2015

Report writers need to indicate how they have considered the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act. You will need to demonstrate you have considered the following:

- Long term: the importance of balancing short- term needs with the need to safeguard the ability to also meet long – term needs. **Passing the price increase directly to parents will enable Chartwells to note the impact on take-up, and the need to retain custom should ensure there is no impact on quality.**
- Prevention: How acting to prevent problems occurring or getting worse may help us meet our objectives. **If the Council accepted the increase on behalf of the client group, a subsidy position would be created that would be unacceptable in this financial climate.**
- Integration: Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives or those of other public bodies. **A FEIA has been prepared to consider the impact on groups with protected characteristics. This proposal supports the “A healthier Wales” and “A more equal Wales” Well-being Goals and has no adverse effect on any of the other Well-being Goals. In addition this proposal supports the Newport City Council Well-being Objective “To improve skills, educational outcomes and employment opportunities”**
- Collaboration: have you considered how acting in collaboration with any other person or any other part of our organisation could help meet our wellbeing objectives. **The Council has outsourced the School Meals Contract to Chartwells and there is currently no subsidy paid in relation to this. This proposal supports continuing this.**
- Involvement: The importance of involving people with an interest in achieving the wellbeing goals, and ensuring that those people reflect the diversity of the City we serve. **This School Meals Contract applies across the City (in all but two secondary schools) and includes provision for diverse ethnic groups.**

Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

Consultation

None

Background Papers

None

Dated: 28 August 2018

Fairness and Equalities Impact Assessment (FEIA)

Version 3.6 May 2017

The purpose of this assessment is to provide balanced information to support decision making and to promote better ways of working in line with equalities (Equalities Act 2010), Welsh language promotion (The Welsh Language (Wales) Measure 2011), sustainable development (Wellbeing of Future Generations (Wales) Act 2015), and the four parameters of debate about fairness identified by the Newport Fairness Commission (NFC Full Report to Council 2013).

Completed by: Jodi Pontin **Role:** Education Business manager

Head of Service: Sarah Morgan **Date:** 09/08/2018

I confirm that the above Head of Service has agreed the content of this assessment

Yes / No

When you complete this FEIA, it is your responsibility to submit it to impact.assessment@newport.gov.uk

1. Name and description of the policy / proposal being assessed. Outline the policy's purpose.

The Council has a single contract with Chartwells for the delivery of a school meals service across all sites, with the exception of Caerleon Comprehensive School and Newport High School. Within these contractual arrangements, an annual price review must be carried out to take account of increased food costs and labour charges.

This report considers the appropriateness of increasing school meal process across the City to accommodate the contract price increase proposed by Chartwells with effect from September 2018.

2. Outline how you have/ will involve stakeholders who will be affected by the policy/proposal

Under the terms of the contract and as part of the annual price review, Chartwells is able to claim an increase on the contract price based on the percentage increase on the office of National Statistics' Consumer Price Increase and the percentage increase in the NJC pay award for Local Authority employees.

Chartwells has notified the Council of an intention to raise the school meal price by 5p from September 2018.

3. What information/evidence do you have on stakeholders? e.g. views, needs, service usage etc. Please include all the evidence you consider relevant.

Within the School Meals Contract, Chartwells is able to claim an increase based on the percentage increase in the office of National Statistics' Consumer Price Index and the percentage increase in the NJC pay award for Local Authority employees






School meal prices across Wales.

4. Equalities and Welsh language impact

Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: <ol style="list-style-type: none"> Promote equal opportunity Promote community cohesion Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This will effect all pupils attending any of Newport's schools. The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This will effect all pupils attending any of Newport's schools, including the special school sector. The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.
Gender reassignment/ transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable
Marriage or civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable
Pregnancy or maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This will effect all pupils attending any of Newport's schools. The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.
Religion or Belief or non-belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable
Sex/ Gender Identity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This will effect all pupils attending any of Newport's schools, including the special school sector. The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents

Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
				will be reminded about the application process for Free School Meals should this apply in their case.
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This will effect all pupils attending any of Newport's schools, including Welsh-medium schools. The decision will be communicated to all schools, parents and pupils as soon as possible to enable sufficient notice to be provided to all stakeholders. As part of this exercise, parents will be reminded about the application process for Free School Meals should this apply in their case.

5 How has your proposal embedded and prioritised the sustainable development principle in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
 <p>Long Term</p> <p>Balancing short term need with long term needs</p>	<p>Passing the price increase directly to parents will enable Chartwells to note the impact on take-up, and the need to retain custom should ensure there is no impact on quality.</p>
 <p>Collaboration</p> <p>Working together to deliver objectives</p>	<p>The Council has outsourced the School Meals Contract to Chartwells and there is currently no subsidy paid in relation to this. This proposal supports continuing this.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>This School Meals Contract applies across the City (in all but two secondary schools) and includes provision for diverse ethnic groups.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>If the Council accepted the increase on behalf of the client group, a subsidy position would be created that would be unacceptable in this financial climate.</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This proposal supports the “A healthier Wales” and “A more equal Wales” Well-being Goals and has no adverse effect on any of the other Well-being Goals. In addition this proposal supports the Newport City Council Well-being Objective “To improve skills, educational outcomes and employment opportunities”</p>

6 Will the proposal/policy have a disproportionate impact on a specific geographical area of Newport?

The proposal should not have a disproportionate impact on specific geographical areas of Newport as part of this exercise will be to remind parents about the application process for Free School Meals should this apply in their case.

7 How does the proposal/policy relate to the parameters of debate about Fairness identified by the Newport Fairness Commission

The proposal will see an increase in price of the school meals, however this will be equal to all pupils within each sector. Those entitled to Free School Meals will not be affected.

8 Taking this assessment as a whole, what could be done to mitigate any negative impacts of your policy and better contribute to positive impacts?

N/A

9 Monitoring, evaluating and reviewing

The impact of the price increase on school meal uptake will be monitored by Chartwells and the Local Authority.

10 Involvement

How will people be advised of the changes and of the FEIA?

The proposed change will be subject to a formal report to the Cabinet Member for Education & Skills and thus will be taken through the Council's agreed democratic process. Once the outcome is confirmed, stakeholders will be advised as appropriate both by the Education Department and by the contractor, Chartwells.

11 Summary of Impact (for inclusion in any report)

Equality Act 2010 AND Welsh Language

There is no discrimination or breach of equalities duties. All communities would have an equal outcome.

Welsh Medium pupils will be treated in the same way as English Medium pupils.

Wellbeing of Future Generations (Wales) Act 2015

Young people and their families will be affected by the price increase, however, the Local Authority will remind parents about the application process for Free School Meals should this apply in their case.