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SCHOOL MEAL PRICES, INCLUDING PRICE REVIEW

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek agreement on a suggested school meal selling price to be charged to parents of KS2 children from September 2015, prior to a brief consultation with primary schools round this proposal.

2. Summary

- 2.1 In the context of pressure on school budgets, this paper considers the recommended KS2 meal price in the primary sector and options for increasing it to ensure that external income and charges are sufficient to meet the direct costs to schools of purchasing school meals. It is suggested that a brief consultation takes place with schools on this proposal, prior to final approval by Forum in April.

3. Recommendation

- 3.1 That schools are consulted on a proposal to increase the recommended selling price for junior-aged meals to £2.30 from September 2015.
- 3.2 That the recommended selling price continues to be reviewed annually by Forum.

4. Background

- 4.1 Most schools in Hertfordshire currently adopt the recommended selling price for a school meal in the junior sector which is proposed annually by Schools Forum, and mirrors the price that HCL charge for a meal. Each school has the option to set its own price, but it has been expedient for

Governing Bodies to follow a common approach for various reasons, including ease of presentation of the level of charges to parents.

- 4.2 However, it is evident that the budgets of Hertfordshire schools are coming under increasing pressure. Many schools are showing signs of financial difficulty and work is underway to support schools to achieve financial sustainability. In this context it is important to look carefully at the level of charges for services – such as meals. This report presents some analysis to support this process.
- 4.3 From September 2014 the HCL charge per meal for an infant meal was £2.20 and for a junior meal £2.15. The difference being that a one-off 5p charge for the first year of the new duty to provide Universal Infant Free School Meals was added to infant meals to cover the significant set-up costs in meeting this duty.
- 4.4 A separate paper to Forum proposes that as a result of pressures on the cost of meal production, the per-meal charge from HCL for infant and junior meals is increased to £2.20 from September. In addition to this HCL also charges an annual subscription which will be £3535 from April 2015.
- 4.6 Currently Universal Infant Free School Meals are funded at £2.30 per pupil by the DfE. This figure can therefore reasonably be seen as a national benchmark for the cost of meal provision nationally, albeit DfE may well have set this at a level which reflects the marginal additional cost of extra meals from existing operational kitchens rather than the average cost or indirect costs.
- 4.7 Over and above HCL's current costs, there are a number of direct and indirect costs that schools support (i.e. MSAs). This Paper addresses only the current direct costs from HCL.
- 4.8 School meal services in Hertfordshire are undoubtedly popular among parents and pupils. Hertfordshire has some of the highest school meal uptake figures in the country. The average take-up of UIFSM is defined nationally at 87% and the HCL figures reflect this average. The average in the junior sector is 50%. Thus in an average 2FE primary school 277 meals are produced a day. Of these 157 are served to infants and 120 to junior-aged children. Some of the junior meals are FSM (for which the school receives funding in its core budget).

Options for Meal Prices

- 4.9 It is evident that there is scope to reduce stress on school budgets by increasing the recommended selling price of a school meal to reflect all direct costs – both the purchase price of meals and the annual subscription. However, sharply increasing the cost of a meal in a market where some parents are benefiting from UIFSM when others will have not may be difficult both in terms of parental/public reaction and take up of junior meals.
- 4.10 Three options have therefore been developed for the recommended meal price in the junior sector:

Option 1 mirrors the recommended selling price of a meal with the new proposed charging price of HCL at £2.20 per meal with schools continuing to absorb the annual subscription. This is an increase of 5p – 2.3% roughly in line with inflation.

Option 2 is to increase the recommended selling price by 10p (4.6%) to £2.25 to enable larger schools to cover the costs of the annual subscription

Option 3 is to increase recommended selling price by 15p (7%) to £2.30 which will enable an average 2FE school to more-than meet the costs of the annual subscription and a 1FE school more-or-less to do so. This also brings the selling price into line with the revenue received from the DfE for UIFSM.

- 4.11 The financial effect of each of these options is summarised for a notional 2FE school in the Table below. The table assumes a 2FE school serving 157 free infant meals and 120 paid junior over 190 days. Of course every school will be different. Such a school would be charged by HCL £115,786 for meals plus £3535 subscription, to a total of £119,231. The right hand column shows the same calculation for a notional 1FE school.

Meal price	220	225	230	230
School income:	2FE	2FE	2FE	1FE
--From DfE	68,609	68,609	68,609	34,304
--From parents	50,160	51,300	52,440	26,220
Total	118,769	119,909	121,049	60,524
Total HCL charge	119,231	119,231	119,231	61,428
Net income	-462	+678	+1,818	-903

- 4.12 It can be seen that the notional 2FE school breaks even at £2.25, and is in marginal surplus at £2.30. The same calculation on a school with half the roll – a 1FE say - shows a slight deficit at £2.30. On that basis Option 3 is preferred.
- 4.13 Whatever option is chosen, it is proposed to continue to review meal prices and take-up annually. As pupils move into KS2 having benefited from UIFSM a further increase in meal prices may be more palatable to parents in future years.

5. Conclusions

- 5.1 The preferred option for the recommended selling price of a school meal to parents is for an increase to £2.30p per meal. This would bring that price into line with income received from DfE for the Universal Free Infant Meal, and would enable schools broadly to cover the direct costs of meals from income received.
- 5.2 It is proposed that this is the subject of a brief consultation with schools, who of course would not be bound by the recommendation in any case, with Forum confirming its recommendation in April.