

Report To:	EXECUTIVE CABINET
Date:	13 December 2017
Cabinet Deputy/Reporting Officer:	Councillor Lynne Travis; Executive Member (Lifelong Learning) Robin Monk; Executive Director of Place Kathy Roe, Director of Finance Tameside & Glossop and Tameside MBC
Subject:	CONSULTATION ON PAYMENT ARRANGEMENTS FOR SCHOOLS MEALS
Report Summary:	<p>The current financial arrangements for the schools meals service have not been reviewed for some time and have become disjointed and haphazard. Improvements that could be made to the arrangements have been identified and it is planned to consult schools about these.</p> <p>A further report will be presented to Members about any recommended changes in the light of feedback to the consultation.</p>
Recommendations:	<p>The Executive Cabinet is asked to:</p> <ul style="list-style-type: none"> • Approve the commencement of consultation on the full delegation of the school meals service to primary schools; • Support the implementation of cashless payment systems in schools.
Links to Community Strategy:	The proposal will contribute to the aims of the Community Strategy 2012-22 by making best use of council resources.
Policy Implications:	None.
Financial Implications: (Authorised by the Section 151 Officer)	<p>There would be a minor on-going budgetary saving from 2017/18 to the Council of £4,970 per year.</p> <p>Cost of installing the cashless systems in 67 schools would be £73,200. This would be funded from existing resources.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>The local authority has a duty under Section 512 of the <i>Education Act 1996</i> (EA 1996) to provide school meals to registered pupils, provided it would not be unreasonable to do so. The local authority has the discretion to charge for these meals, however such charges must not exceed the cost of providing the food, and some pupils will be eligible for free school meals. As such it is the default position that local authorities will provide school meals and set the pricing.</p> <p>School meals must comply with nutritional standards outlined in the <i>Requirement for School Food Regulations 2014/1603</i>.</p>

Under Section 533 EA 1996, the governing bodies of maintained schools with delegated budgets are also empowered to provide school meals to registered pupils, subject to all of the above. In such cases, the provision of school meals and pricing thereof falls within the remit of the governing body.

There is no statutory regulation as to the mechanics of how a local authority or maintained school charges for school meals in practice.

Owing to the shrinking number of schools buying into the direct service, the Council procured the LEP to provide these services under a three year contract and staff transferred accordingly. Under the contract the Council is liable to pay for all the services and/or equipment which is covered by the 13p for each meal under the contract. In effect the 13 pence/meal acts as an insurance as some schools will use more or have a greater claim against the budget. This proposal makes it fairer for individual schools but may mean some pay more and it may mean that some schools have to pay for unbudgeted sums as the timely means that heavy equipment fails which would have been covered under this arrangement. What will be important to safeguard the Council is to ensure that the Council is able to recover the sums payable by each individual school which the Council is currently liable for.

Risk Management:

This proposal will bring primary schools operations of schools catering in line with the secondary schools. Therefore the risks in relation to this proposal are minimal.

Access To Information:

The background papers relating to this report can be inspected by contacting Tom Wilkinson, Assistant Director, Finance by:



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1. BACKGROUND

- 1.1 The provision of school meals is a delegated item in the Local Management of Schools. This means schools are free to decide who they commission to provide the service, with the cost being met from their delegated budget.
- 1.2 Secondary schools tend to operate a restaurant type of service with pupils having a choice of meals. The prices for the meals are set by the school and the income generated from pupils is retained by the school to help towards the cost of providing the service.
- 1.3 In primary schools there is limited choice menu and a standard price which is determined by the Council each year. Until recently the arrangement was that the money schools collect from parents for school meals was paid into the Council's bank account. Schools were then charged for the net cost of the catering service i.e. the difference between the contract price and the amount due from parents. There has been an enforced change in this arrangement which is referred to below. In addition schools are levied an additional charge of 13p per meal to cover certain costs associated with operating the catering contract.

2 PROPOSED CHANGES TO BE CONSULTED UPON

- 2.1 As this is a delegated service to schools it is proposed that all income and expenditure related to the catering service is managed by each school from their delegated budget.
- 2.2 Currently this is largely happening by default. After the Council was forced to change its bank in 2015. Schools have not been able to pay the money they collect from parents into the Council's new bank account with Barclays as there are only limited paying in facilities (the Post Office could be used for the Co-op Bank this service cannot be accessed via Barclays). For security purposes the schools pay the money into their own bank account. This has a knock-on effect as the monthly advances paid to schools have to be manually re-calculated to allow for the fact that schools have received the benefit of having catering income in their bank account. This is an inefficient and laborious task.
- 2.3 It is proposed that the additional charge to schools of 13p per meal ceases. Anecdotally we understand that schools are not in favour of this charge. However it is levied to cover the following costs associated with the catering service:
 - Provision, maintenance & repair of heavy catering equipment e.g. cookers ,freezers, mixers
 - Provision of light catering equipment e.g. cutlery, trays, serving equipment
 - Provision and maintenance of school dining hall furniture e.g. SICO fixed tables
 - Pest control, Trade waste, catering health and safety checks in kitchens e.g. PAT testing, emission testing, and fan cleaning.
 - Stationery items connected to provision e.g. registers
 - School kitchen telephones, fax machines and landline installation and rental.
 - The collection of payments for lunches including administration of 'bad debt'.
- 2.4 These services still need to be provided and therefore it is proposed that these are carried out by schools, as schools will already be carrying out a number of these activities as part of the local management arrangements e.g. pest control, PAT testing, waste collection.
- 2.5 The proposed changes would bring primary schools in line operationally with the secondary schools in the borough. It would also help to 'future proof' these primary schools, making it

easier to change the school meals provider if they desired or make the transition to an Academy. Indeed a number of primary schools have changed their catering provider and will have arranged for these services identified in para 2.3 to be carried out.

- 2.6 Some of the expenditure is ad-hoc in nature, such as the replacement of furniture and equipment. This will be paid to schools by the abolition of the 13p charge but it will require schools to decide how to build this into their financial plans.
- 2.7 On average over the past 3 years the council has incurred a loss on providing the services listed in paragraph 2.3 above of £9,472, with a projected surplus of £15,500 for the current financial year. Therefore if arrangements stayed the same the charge would need to increase. It is important to note that the plan to pass the responsibility for the direct cost of these services to primary and secondary does not necessarily mean an extra cost to a school's budget. Apart from a saving from the ending of the 13p charge, schools will not incur the Council's overhead charge and will almost certainly improve collection of school meals charges from families.
- 2.8 For the avoidance of doubt, any change in the financial arrangements of the school meals service would have to be applied consistently across all schools i.e. schools could not have the individual choice whether to opt in, or not, to some or all of the arrangements.

3 COLLECTION OF INCOME

- 3.1 A total of £1.5m is collected each year from parents for school meals. This may come in the form of cash, cheques and, for some schools which have the facility, card payment. There are occasions when payment is not received and schools may ask the Council to pursue payment. As with any debt, if payment is not received promptly it can be difficult to collect the debt.
- 3.2 As can be seen, part of the additional 13p charge is to cover losses from families not paying the charge for school meals. It is felt that schools have the best opportunity to collect the charge as they are in closer and more regular contact with families; at present the Council is unaware of unpaid school meals until asked by a school to pursue arrears.
- 3.3 A number of schools have cashless payment systems which makes it much easier to collect income and have the ability to track where payments have not been received. To ensure that all schools have the same opportunity it is proposed that the Council pays for the installation of a cashless payment system, and first year's maintenance, for those schools without such a system.
- 3.4 There are 67 schools which would require such a system and the estimated costs are:

Year 1 costs including training –	£47,500
Year 2 cost	£25,700
Total cost for 2 years	£73,200

There are some schools that are in the process of opting out of the council catering contract and in the process of converting to academies so the final number of schools and resulting costs may change.

- 3.5 A procurement process would need to be gone through to purchase the system, by the Council procuring this on schools behalf a discounted rate could be secured, generating a saving of between £34k if one year only and £53k over the 2 years. Note the costs in 3.3 include this assumed level of savings.

- 3.6 The system would enable parents to pay the school directly for school meals via a secure portal. For parents who do not have access to the system online, there is an option to pay for meals at a post office or local shop via PayPoint.
- 3.7 The benefit for the school is they could remove cash handling completely, removing the need to keep cash securely on site and banking the cash. Also removing the associated cash reconciliations that sit alongside this process and sign off by the Bursar, or Head in some cases, again reducing administration for the school.
- 3.8 The cashless systems include other functionality within system including:
- maintaining individual pupil balances so the parent knows exactly how much they have paid or owe. These can be text, emailed or notified by letter directly from the system. This would support the assist in the debt management of unpaid meals.
 - automatically updates pupil data with payments as they are made automating reconciliations.
 - enabling parents to make meal choices on line to help with healthy meal choices for children. Enables the parent to make advance meal bookings for the days they require meals.
 - having the option within the system to collect other cash items such as trips, once again reducing the administration on the teaching and admin staff.

4 CONSULTATION

- 4.1 Consultation with the schools would need to take place for the proposed change. If Members agree to consult schools then this would start in October 2017 and will run for four weeks. The proposed questions are attached at Appendix A.
- 4.2 Feedback from the consultation will be reported back to Members and will be taken into account as part of the final decision report.

5 CONCLUSION

- 5.1 The transfer of the responsibility of school meals income to schools would support effective use of resources for both the Council and the schools in the collection of income.
- 5.2 The procurement and roll out of a cashless system in primary schools would provide parents with an easier method of payment of the meals and manage payments to schools more succinctly.

6 RECOMMENDATION

- 6.1 As set out on the front of the report.

APPENDIX A

Schools Meals Service for Primary Schools

We are consulting with primary schools about proposed changes to the charging arrangements for the schools meals service and also the collection of income from parents for the Primary Schools Catering Contract. We are proposing to bring primary schools operations of school catering in line with that provided by secondary schools.

We are asking you to submit your views by no later than XXXXXXXX.

Income Collection

The report proposes that the collection and banking of schools catering income would be carried out completely by the school. As part of this transfer it is proposed the council invest in a cashless system to enable parents to pay online, or via pay point for school meals income.

1. To what extent do you agree that the efficiency of catering income collection would be improved if this was transferred to the school with all payments going directly to the school bank account? (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree

2. To what extent do you agree that the school would benefit from investment in a cashless payment service? (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree

3. To what extent do you agree that parents would benefit from being able to pay for schools meals on-line directly to the school or via pay point facility at local shops or post offices? (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree

4. To what extent do you agree that a cashless system would remove some of the administration of the income collection for the School's Bursar/Business Manager? (Please tick one box only)

- Strongly agree
- Agree
- Disagree

Strongly disagree

5. To what extent do you agree that schools are better placed to collect the school meal income directly as they are in closer and more regular contact with families? (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree

Transfer of Schools Catering Contract

The provision of school meals is a delegated item in the Local Management of Schools. This means schools decide who they commission to provide the service, with the cost being met from their delegated budget. The report proposes to transfer the management of the schools meals service in primary schools to the school in line with Secondary schools and Academies. The report also proposes to stop the charge of 13p per meal (currently) for the management of the additional services of catering operation, and transfer the responsibility of this to the school.

6. To what extent do you agree that the school is better placed than the council to understand the daily catering requirements of the children and staff within the school? (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree

7. To what extent do you agree it would be more efficient for schools to directly purchase services required for the kitchen alongside the general services purchased for the school? (examples of these services may include Pest control, trade waste collection; health and safety checks in kitchens, PAT testing) (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree

8. The council currently charges 13p per meal for the management of the additional services of catering operation. This 13p charge covers

- Provision, maintenance & repair of heavy catering equipment e.g. cookers ,freezers, mixers
- Provision of light catering equipment e.g. cutlery, trays, serving equipment
- Provision and maintenance of school dining hall furniture e.g. SICO fixed tables
- Pest control, Trade waste, catering health and safety checks in kitchens e.g. PAT testing, emission testing, and fan cleaning.
- Stationery items connected to provision e.g. registers
- School kitchen telephones, fax machines and landline installation and rental.
- The collection of payments for lunches including administration of 'bad debt'.

- All other costs e.g. utility bills, school kitchen building maintenance.

The school would have to factor this expenditure into the routine planning of school finances.

The council are proposing to remove the 13p charge so that the school could use these funds to pay for the additional services element that it would become responsible for. Please note this charge is due to be reviewed and is likely to increase if the function remains with the council.

To what extent do you agree with the proposal that the additional service charge per meal (currently 13p) would be removed? (Please tick one box only)

- Strongly agree
- Agree
- Disagree
- Strongly disagree