**Catering contract from 31 October 2019 – notes for L&R meeting 24 September 2019**

**Introduction**

We have used Edwards & Ward catering contractors since October 2016, and the contract runs on an annual basis from 31 October.

The school is in a fortunate position to be able to offer school meals that are cooked freshly on site every day, especially as we are a small school. However, it does come at a price that governors need to consider carefully each year. The number of meals sold daily does not cover the cost of the catering service provision here, so the school is charged the difference between the meal income and the service costs, known as a subsidy.

This subsidy is agreed up front at the beginning of the contract year, which means that if the actual number of meals sold during the contract year is lower than the proposed daily figure, there is no variation the subsidy due throughout the year. Having said that, the school and the catering contractor need to work together to increase meal sales wherever possible to meet the target figure. Should more meals than proposed be sold, there is the opportunity for a profit share arrangement with a 50:50 split between the contractors and the school.

**Subsidy history**

2016/17 contract year - subsidy was £1,181 (based on 61 meals/day)

2017/18 contract year - subsidy was £1.220 (based on 60 meals/day)

2018/19 contract year the subsidy was £1,758 (based on 51 meals/day)

The average number of meals sold during 2018/19 has been 46 per day

**Dinner money**

Meals currently cost £2.35 each.

Children in Key Stage 1 are entitled to claim a free meal daily under the government’s Infant Free School Meal (UIFSM) scheme. We encourage all children in KS1 to claim their meal if at possible due to health, educational and social reasons as well as for the financial reasons to the school. The government pays the school £2.30 per UIFSM served, although the funding we receive is based on the UIFSM take-up on two specific census days in the year (in October and January). We currently have 34 children eligible for UIFSM.

Children whose families are entitled to certain benefits may be eligible for Free School Meals, whatever year group their child/ren is in. The cost of their meals is paid by the school (approximately £440 per child, per year), via the Pupil Premium Grant. We currently have seven children eligible for FSM.

The meals for all other children are paid for electronically by parents through our ParentMail system. There are 56 x Key Stage 2 children who would need to pay for their meals if they opt for dinners as opposed to bringing a packed lunch.

**Contract from 31 October 2018 – 2019**

There are two members of Edwards & Ward staff that provide the catering service, the catering manager (25 hours/week), and a catering assistant (7.5 hours/week). Last year it was identified by the contractor that the number of meals served did not warrant this level of staffing and our contract was based on the catering assistant hours being removed from 31 October 2018. However, Edwards & Ward did not actually get round to making the catering assistant hours redundant. I suspect it was overlooked due to management personnel changes.

**Proposed Contract from 31 October 2019**

Various proposals have been drafted, discussed, and negotiated with Edwards & Ward over the last few months and I have all the details in my records. The four options for consideration are:-

1. Daily meal numbers 59

Increase meal price to £2.40

Remove catering assistant hours

Subsidy = £1,167

1. Daily meal numbers 59

Increase meal price to £2.40

Reduce catering assistant hours from 7.5 hours/week to 2 hours/week (i.e. for Wednesdays and Fridays only when meal numbers are generally higher)

Subsidy = £1,987

1. Daily meal numbers 59

Increase meal price to £2.40

Reduce catering assistant hours from 7.5 hours/week to 3 hours/week

Subsidy = £2,357

1. Daily meal numbers 59

Increase meal price to £2.40

Keep catering assistant hours at 7.5 hours/week

Subsidy = £4,022

Other points to note:

* Keeping the meal prices at £2.35 would increase the subsidies by approximately £260
* The contract management fee was due to increase to £6,013 this year, but Edwards & Ward have agreed to keep it at £5,727 for 2019/20.
* Edwards & Ward have suggested the 59 meals/day is an achievable target based on our NOR, and there are lots of marketing/promotions they can do which will help.
* An increase in employer’s pension contributions from 1% to 3% was mandatory, hence increase in staffing on-costs.
* From September 2018, the school has administered the school dinner money via electronic payments in the ParentMail system - this is no longer the responsibility of the catering manager, which was a time consuming exercise recording/reconciling cash and cheque payments every week and chasing debts.
* The catering assistant also works one hour per day on a school MDSA contract.
* We are still offering ASC Snack bags at £1.00 each which represent very good value for money. There is a low take-up of these.

**Alternative options**

A review of the catering service and contractors was carried out in 2016. At this time, consideration of an in-house service was considered but not pursued due to many reasons.

Some schools have their meals cooked off-site and delivered in (Lacock does this). I have asked Edwards & Ward to investigate this option for us, although they don’t currently offer this service to any other schools in the area.

I have also asked if our kitchen had the capacity to cook for other schools (e.g. Lacock), and am awaiting a response on this.

I suggest that we review the catering service again next year.

**Recommendation**

Richard and I have discussed the options above and recommend proposal number #2, with a subsidy of £1,987. Whilst this cost falls within Richard’s autonomy of £2,000, we feel it is important for the L&R committee to be informed of the situation and have knowledge of the other options proposed, and the small meal price increase.

**Lizzy Moor**

**Finance Officer**

**20 September 2019**