

ITEM 19 c)

MINUTE EXTRACT

Time began	6.00pm
Time ended	7.50pm

COUNCIL CABINET 27 JULY 2010

Present: Councillor Jennings (Chair)
Councillors Holmes, Marshall, Poulter Webb and Williams

In attendance Councillor Bayliss, Carr and Jones

This record of decisions was published on 29 July 2010. The key decisions set out in this record will come into force and may be implemented on the expiry of five clear days unless a key decision is called in.

38/10 Options Appraisal of the Schools Meals Provision in the City

The Council Cabinet considered a report on Options Appraisal of the Schools Meals Provisions in the City. A comprehensive review had taken place of school meal provision in the City due to the significant losses the school meals service was making. The future of non-schools catering was also considered in the report. The report set out the various options with details of the benefits and negative impacts along with projected costs. Due to the scale of the continuing losses and schools deciding to opt out of the Council run catering service, it was important to make a strategic decision on the preferred option for the service as soon as possible.

The Council Cabinet also considered the recommendations of the Scrutiny Management Commission.

Options Considered

1. These were detailed in the report. In addition:
2. The School Meals Service could give notice to the remaining 56 schools that were running at a loss that a school meals service would no longer be provided. Individual sites would then become responsible for the catering service to their pupils. This would be contentious as head teachers would be unable to buy into the Council provided catering service. Where these services were making a loss, a decision would need to be made on the provision of school meals if head teachers refused to provide a service. This may lead to differences in

provision across city schools. It would lead to ineffective procurement if schools procured separately. The 56 schools had been identified as loss-making based on their proportion of free school meals to total meals provided. Where this was less than 50%, then sites were likely to be running at a loss. This was because the cost of producing a meal was above the £2 per meal charged for a paid meal and was effectively subsidised by the free school meal allocation. This option had been discounted because it may have led to a loss of school meals service within some schools. The uptake of school meals is currently a National Indicator which all Local Authorities were required to report on.

3. The option to increase the price of a school meal to cover the costs of preparation was considered but rejected because of ...
 - the impact on low paid families across the city
 - it was also considered that it would lead to a significant reduction in take-up and consequently increase the costs of producing the remaining meals.

Decision

1. To approve the outsourcing of the school meals service either through: Option A: Outsource the production and delivery of school meals to a Council distribution hub which would transport the meals to school kitchens where the meals would be regenerated, or Option B2: Outsource the school meals service to either a private or public catering provider with a regeneration production process dependent upon the outcomes of a full tendering process. The proposals set out in Option C to also be further explored for their potential merits.
2. To include non-school catering in the outsourced contract.
3. To change the school meal options from September 2010 to a choice of two meals – fish or meat and vegetarian, from the currently provided choice of three meals – fish, meat and vegetarian, as detailed in paragraph 4.63 of the report giving an estimated saving over a full year of £141,000.
4. To note proposals to renew life expired and obsolete kitchen equipment and approve the policy on catering equipment ownership that, in the event of a school opting out of the Council catering service, any remaining borrowing liabilities on assets were transferred to the school with the asset as detailed in paragraphs 4.60 and 4.61 of the report.

Reasons

1. A decision was required on a financially sustainable method of operation which delivered high quality school meals. A full analysis of

the costs, based on soft market testing, of each option demonstrated that a regeneration cooking method was the only process that would enable the catering service to generate sufficient cost reductions to produce a school meal at a price the Council could afford. This method would maintain nutritional, health and quality standards and allow a greater choice of meals to be provided. Options A and B2 were the most favourable in financial and risk terms.

2. Non-school catering, essentially the Council House and Kedleston Road, was making a loss of approximately £40,000.
3. Short-term cost reduction measures were required to reduce the budget deficit for this year.
4. Kitchen equipment would remain in schools which opted out of the centrally provided service. Replacement of life expired kitchen equipment soon to be carried out would be funded partly through Government grant and partly from the modernisation fund as unsupported borrowing. This funding had to be repaid.

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