

School Meals Funding Delegation

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Summary

Background

The second phase of the Fair Funding initiative for schools was introduced in 2000 and the biggest single item delegated to secondary schools at that time was school meals funding. Whilst grant maintained secondary schools had had responsibility for school meals for some time, secondary schools automatically received delegated funding under the new regulations. Many LEAs delegated school meals funding to all schools, including primary and special schools. In LEAs that did not adopt universal delegation to all schools, primary and special schools could opt to receive meal funding if they believed it would be advantageous. Delegating funds for school meals to schools transferred to the governing body the statutory requirements to supply free school meals to eligible pupils, paid meals on request and compliance with various nutritional standards.

Aims of the study

The specific objectives of this study were to:

- identify the difficulties for LEAs and schools in moving to delegated funding
- identify examples of best practice both in administration and delivery of delegating budgets
- look at the support and monitoring school staff and governors received to assist the provision of meals.
- investigate the impact of the shift to delegated school meals funding on nutritional standards and the quality of food provision in school.

The research

The study was divided into three principal strands of research.

Strand 1: Interviews with representatives from 10 interest groups with special interest or responsibility for school meals (including national charities, catering unions and private catering companies).

Strand 2: A review of delegation issues and practices in a sample of 12 LEAs, eight of which had delegated all school meals funding. Interviews were conducted with LEA policy and finance officers, central catering service managers and representatives of the local governors association. In LEAs with a central contract with a private catering company, a representative of the company was also interviewed where possible.

Strand 3: Case studies conducted in a sample of five secondary, four middle and six primary schools. The selected schools included large and small schools, from rural to inner city locations, with both high and low percentages of pupils taking free school meals. Interviews were conducted with head teachers, bursars, catering staff and governors. Pupils were consulted at nine schools and parents at four schools.

Main findings

Delegation processes

The study estimated that over 80% of LEAs had delegated funding universally to all secondary and primary schools. The administrative processes of delegation of school meals budgets had been relatively straightforward in the majority of the sampled LEAs and schools. Most LEAs had resolved issues of devising the funding formulae without difficulty, although no standard formula appears to operate across LEAs. In one LEA, the formula for the budget had changed each year because of a lack of consensus on the most appropriate to adopt. Some LEAs delegate funding only to reimburse schools for the number of free school meals supplied whilst others adopt more generous formulae taking account of the total number of paid meals served. Funding formulae for kitchen repair and maintenance also vary substantially from LEA to LEA.

In LEAs where the funding formula was based on free school meal entitlement rather than take up, the sums schools spent on meals did not necessarily match the sums delegated. In schools that made savings on the budget, unspent sums were often absorbed into the general school budget. Conversely, some schools were known to be spending more on free school meals than the sum delegated.

Many LEAs that delegated universally were able to reassure schools that delegation needed only to be 'a paper exercise', and that they would be able to send their budgets straight back to the central contract. There would be no additional charge to the school and nothing would change. In the four sampled LEAs which delegated to primary schools by request only, the take up of funding was relatively rare, suggesting that, on the whole, schools were satisfied with their current provision.

However for some LEAs and schools, the delegation process had been less straightforward. One case study school had been unhappy to have the budget delegated, knowing that it would be unable to sustain its meal service without additional subsidy.

Schools take-up of delegation opportunities

The study found a very diverse response from schools in the extent to which they had seen delegation as an opportunity to change their meal provision.

Schools may have been discouraged from making changes, not because they were completely satisfied with the current provision, but through fear of what might happen if they did. For some head teachers and governing bodies, taking responsibility for the kitchen entailed more staffing and legislation issues to resolve, and more financial worry. For schools for which the service was going to become a financial drain, the temptation to close the kitchen permanently was overwhelming.

Despite the 'no change' situation in many schools, other schools were entrepreneurial in their use of the delegated budgets, renegotiating contracts or seeking out new sources of supply. Schools with profitable cafeterias were able to make advantageous individual contracts with suppliers, both central catering services and private catering companies, to gain a share of the profits or refurbishment of their kitchens and dining areas. These gains for individual schools

are likely to have been at a cost to schools with less profitable provision, which had been subsidised previously via a central contract.

Head teachers and governing bodies at schools which successfully embarked on their own in-house provision or found new sources of supply expressed determination to maintain a meals service as part of the school day. If necessary, they were committed to subsidising the service with additional funds beyond that delegated for meals by the LEA.

Kitchens and equipment

Kitchen maintenance and replacement were among the issues that had been least understood in the delegation process. Kitchen repair and maintenance budgets, previously held by LEAs, allowed for a rolling programme of maintenance and refurbishment. Divided between all schools in an authority, the amounts delegated did not stretch to cover any major repairs or replacement. Many schools and governors were unprepared for their responsibilities in this and the division of ownership and responsibility between school and contractor was not fully appreciated prior to delegation. Schools were unsure what equipment was theirs to retain at delegation, and resolving these thorny issues had been time-consuming and difficult for LEAs and schools.

Governing bodies expressed concern that, under the previous rolling programmes of refurbishment, there were substantial inequalities in the standard of kitchens at the time of delegation. Whilst some kitchens had been recently upgraded, others were nearing the end of their working lives. These inequalities were being addressed in voluntary-aided schools under a programme of funding to upgrade kitchens. However, the kitchen repair and maintenance issue proved decisive for some schools. With only minimal sums delegated specifically to cover those costs, schools opted to close their kitchens.

Support

Many schools and governors were reluctant to take on the additional responsibility for the meal service, for fear of becoming embroiled in a quagmire of health and safety and environmental legislation, along with a raft of staffing issues.

In terms of preparation for delegation, LEAs and schools were generally reactive in providing and seeking support. Some LEAs had offered guidance documents, others had provided support on a consultancy basis, and most had legal departments to review contract documents. Although some LEAs had established a designated support officer, in others support tended to be *ad hoc* and not offered as a corporate package.

Monitoring

The study found a lack of uniformity in the monitoring services provided by LEAs, and specifically in monitoring nutritional standards of meals. LEAs were uncertain about their role in monitoring schools outside the main contract. Some LEAs believed it to be their statutory duty, others that they had, with delegation of the responsibility to schools and governors, no further role.

Some LEAs offered complete service packages to monitor meals provision, including nutritional standards. Other LEAs who believed this to be an important function were unable to offer any monitoring service, because no officer other than those employed within the LA's direct services had the expertise for the role. Those LEAs offering monitoring services reported a good take up of their services.

Schools outside of central contracts were able to buy into LEA services or to use a private consultancy service to provide monitoring. Case study schools expressed satisfaction with the LEA or private services to which they subscribed, and believed that external monitoring was worthwhile.

Some schools were receiving no external monitoring, having decided against buying into a service. In some schools, governors were diligent in their own internal monitoring, aware of the required nutritional standards and regularly eating meals with pupils to check provision. However at other schools, where the meal service had a lower priority for governors, monitoring of nutritional standards and free school meals was lacking.

Delegation and central catering services

All six of the LEAs in the study using LA in-house provision (DSOs) had seen some reduction in the number of schools for which they were providing meals. The degree to which they had lost business almost certainly reflected the level of satisfaction with the central service or the prospective profitability to schools of opting for an alternative supplier.

Some DSOs had experienced a substantial loss of schools from the central contract and this was reflected in their capacity to develop the services they offered. There was concern that with more profitable schools lost to their contract, DSOs would have difficulties providing smaller or less profitable schools with a meal service without introducing a differential pricing system. This would have implications for the delegation of future budgets for free school meals.

DSOs acknowledged that delegation had provided an impetus for them to review the service they provided. Schools were more aware of the costs of services and were working more closely with DSOs to tailor services to their specific requirements

Quality and provision of meals

In many LEAs, delegation had coincided with the introduction of nutritional standards and a number of related initiatives to improve the quality of school meals.

The shift of responsibility for meals to schools and governing bodies had encouraged some schools, even those within central contracts, to negotiate at individual school level for the supply of healthier meals. The case studies included examples of schools that had found new suppliers or embarked on in-house services to offer meals that exceeded the nutritional standards required by law. These schools stressed the need for a whole school approach to meals and to healthy eating, with emphasis on gaining the support of pupils and parents to ensure a commercially sustainable meal service.

However, delegation has resulted in an increased emphasis on the commercial viability of meal services at individual schools. This had been achieved, in some schools, by offering popular, but not necessarily nutritionally well-balanced meals. This has had serious implications for the quality of the meals offered and in the range of choices available.

In other schools, the response has been to raise prices with serious implications for the take up of meals and particularly for the provision of free school meals. In schools offering a set meal, the price of the meal may well be above the value of the free school meal so that schools have covered the additional cost by either selling paid meals at a profit or subsidy from the general school budget. In schools with cash cafeterias, the burden of this mismatch between free

Summary

school meal value and the cost of an adequate meal is borne by the free school meal pupil, who has either to subsidise the meal with personal money or select a less than adequate meal.

I Introduction

1. Background to the study

- 1.1 The second phase of the Fair Funding initiative for schools was introduced in 2000 and the biggest single item delegated to secondary schools at that time was school meals funding. Whilst grant maintained secondary schools had had responsibility for school meals for some time, secondary schools automatically received delegated funding under the new regulations. Many LEAs delegated school meals funding to all schools, including primary and special schools. In LEAs that did not adopt universal delegation to all schools, primary and special schools could opt to receive meal funding if they believed it would be advantageous. Delegating funds for school meals to schools transferred to the governing body the statutory requirements to supply free school meals to eligible pupils, paid meals on request and compliance with various nutritional standards.
- 1.2 The specific objectives of this study were to:
- identify the difficulties involved in moving to delegated funding, and to explore the strategies which LEAs and schools employed to ensure successful outcomes to delegation.
 - identify examples of best practice both in administration and delivery in the process of delegation of budgets.
 - look at the support and monitoring school staff and governors received to assist the provision of meals.
 - investigate the impact of the shift to delegated school meals funding on nutritional standards and the quality of food provision in school.

The research

- 1.3 The study, undertaken between January and June 2003, was divided into three principal strands of research:
- Strand 1: Interviews with national bodies and interest groups with special interest or responsibility for school meals
 - Strand 2: A review of delegation issues and practices in a sample of LEAs
 - Strand 3: Case studies conducted in a sample of primary and secondary schools

Strand 1 National bodies and interest groups

- 1.4 Representatives from ten interest groups were contacted and interviewed for the study. These included a wide range of national bodies with a specific interest in diet and school meals provision, such as British Dietetics Association, Health Education Trust, and National Heart Forum. Children's charities that have conducted work on school meals were also approached. Interviews were also conducted with catering organisations (Unison and Local Authority Caterers Association) together with representatives of private catering companies.

1. Background to the Study

Strand 2 LEAs

- 1.5 A purposive sample of 12 LEAs was selected for study. To address the diversity of delegation issues, funding regimes and involvement in school meals provision, the study identified the following criteria as factors of specific interest for the selection process.
- a. *Universal or optional delegation:* Whether an LEA had delegated school meals budgets to all schools or had delegated to primary and special schools only as requested, was obviously important. Data supplied by DfES (S52 Budget 2002-3) provided an initial guide to the extent to which LEAs had delegated funding to primary schools. Almost 60% (87) of LEAs held no budget for primary school meals services and these were deemed to have delegated all funding. The remaining 63 LEAs recorded holding some budget for primary meals but in around half of these the sums held were small. Telephone enquiries to a random selection of LEAs holding funds indicated that a substantial proportion had indeed delegated all funds to primary schools. Using the original data supplied by DfES and results from the telephone enquiry, it was estimated that less than one fifth of LEAs had not delegated universally to all primary and special schools.
 - b. *Central or private contracting:* It was anticipated that the delegation process might impact differently in LEAs which had maintained in-house provision via a direct services organisation (DSO) than in those in which all the supply was privatised or in which a mix of in-house and private contractor supply operated. Unison had conducted a survey of LEAs in 2001 that estimated that around a quarter of LEAs all provision was privatised, with mixed in-house and contractor-provided service in just over 20%. In others, the LEA provided meals via a central service. This survey data were made available to the study to permit LEAs to be identified by type of provision.
 - c. *Free school meal eligibility:* As the overall take up of meals within each LEA is in part a reflection of the level of free school meal eligibility within it, it was important that the LEAs selected should represent both higher and lower levels of eligibility. Data by LEA from the Annual School Census 2002 for free meal eligibility for all LEA maintained schools was supplied by DfES.
 - d. *Subsidy:* It was initially hoped to take into account the level to which LEAs provided any additional funding for school meals, beyond that for free school meals, as a sampling factor. Reliable data on subsidy by LEA proved insufficient for purposes of sampling and this criterion was not retained in the selection process.

Price of meals: *The price of the school meal is known to vary substantially from LEA to LEA, (and indeed, very likely from school to school within an LEA). The selection aimed to represent the span of pricing.*

- 1.6 LEAs were grouped into 12 categories using criteria *a*, *b* and *c*. The initial selection of LEAs from the 12 groups was made using criterion *e*, using additional data on meal pricing from the Unison survey. Preliminary screening interviews were conducted with 23 LEAs, to confirm data on the delegation policy and the source of meal provision (central, private or mixed). From these initial interviews 12 LEAs were selected.

1. Background to the Study

Table 1: LEAs selected for Strand 2

LEA		All school meals budgets delegated	Free school meal eligibility 2002	LA in-house provision (DSO)
1	Shire County	Yes	7%	No
2	Metropolitan Borough	Yes	18%	Yes
3	Shire County	Yes	14%	Yes
4	London Borough	Yes	33%	No
5	Unitary Authority	Yes	27%	Yes
6	Metropolitan Borough	Yes	21%	Yes
7	Unitary Authority	Yes	5%	No
8	Shire County	No	7%	No
9	Unitary Authority	No	9%	No
10	London Borough	No	23%	Yes
11	Unitary Authority	No	25%	Yes
12	Unitary	Yes but de-delegated 2003	22%	No

1.7 Table 1 shows the characteristics of these LEAs in terms of the main selection criteria. The sample included four LEAs in which the school meals budget had been delegated on request to primary schools and eight in which it had been delegated across the board. (One LEA had delegated the budgets but was de-delegating in April 2003.) In six LEAs, a central catering service was in operation which had served the majority of schools before delegation. The LEAs were equally divided between above and below mean eligibility for free school meals, with a range from 5% to 33%. At least one LEA was selected from each of the 10 regions of England to ensure a geographic spread. The LEAs included three shire counties, two metropolitan boroughs, two London boroughs and five unitary authorities.

Strand 2 Data collection

1.8 Within each of the 12 LEAs, the study aimed to conduct a minimum of three semi-structured interviews. These included interviews with a finance or policy officer from the Education department, a representative of the central catering service or the officer responsible for the central contract and, where applicable, a representative from the main private catering company. The study also aimed to interview a member of the local association of school governors in each of the areas. In some LEAs, it was necessary to undertake further interviews, to include other officers from the LEA or additional private contractors. Whilst gaining access to LEA officers was fairly straightforward, private contractors proved slightly more elusive. Some LEAs were more reluctant than others to divulge contact details for representatives from local governors associations and this slowed the process of engaging with that group. In some LEAs, governors had very little to contribute, since the delegation of school meal budgets had not been a significant issue at the Association level.

Strand 3 Case study schools

1.9 Case study schools were selected to explore in more detail a range of issues highlighted in Strands 1 and 2 of the study. The selection included five secondary, four middle and six primary schools with a wide range of pupil numbers. Table 2 shows the characteristics of the schools in terms of the type of catering provided, the type of supplier, the percentage of pupils on free school meals, the value of the free school meal and the type of monitoring in place. The sample includes schools with central contracts,

1. Background to the Study

Table 2: Case Study Schools selected for Strand 3

School	Type	Total pupils	% free school meal	Value of free school meal	Catering	Type of Monitoring
1	Rural Primary	42	4%	£1.80	Hot meal supplied by local pub	No external monitoring
2	Rural primary	104	6 %	£1.50	Hot meal cooked on premises + sandwich choice + salad bar; in-house catering	No external monitoring
3	City Primary	195	34%	£1.50	Hot meal cooked on premises (DSO)	Central contact
4	London Primary	235	39%	£1.20	Hot meal cooked on premises; LEA PFI ¹ with outside contractor	LEA client monitoring
3	London primary	280	43%	£1	Hot meal using regeneration oven + other choices; in-house	No external monitoring
6	Urban Primary	334	48%	£1.35	Sandwich and hot soup delivered by private contractor	Central contract
7	Rural Middle	420	5%	£1.38	Hot meal cooked on premises by private contractor	LEA SLA ² monitoring
8	Town Middle	490	2%	£1.38	Hot meal – school in-house service	Private consultancy
9	Town middle	500	6%	N/A	No meal provision except delivered packed meals for free school meal	Central contract
10	City Middle	469	13%	£1.35	Hot meal cooked on premises + other choices; outside caterer under PFI buildings contract	PFI contractor entitled to monitor at any time
11	Urban Secondary	1,910	6%	£1.40	Hot meal, sixth form servery, private contractor	No external monitoring
12	Urban Secondary	770	45%	£1.40	Hot meal - private contractor	LEA SLA monitoring
13	London Secondary	1,064	48%	£1.60	Hot Meal cooked on premises, + sandwich bar + breakfast club, LEA PFI with private contractor	LEA client monitoring
14	City Secondary	1,339	15%	£1.95	Hot meal cooked on premises + sandwich + salad options; breakfast bar; 6 th Form servery; private contractor	LEA core monitoring + SLA
15	City secondary	1,400	25%	£1.75	Hot meal cooked on premises + other choices; private contractor	LEA core monitoring + SLA

¹ Private Finance and Investment

² Service Level Agreement

1. Background to the Study

individual contracts and schools that had negotiated consortium contracts. Case study schools were selected to provide examples of monitoring using private services, LEA services and no external monitoring. Additionally, four had gained Healthy School Awards, one was an Accelerated Learning School (where the meal provision was seen as integral to the accelerated learning process), and one had won the School Chef of the Year award in recent years.

- 1.10 No special schools were included in the case study selection. Interviews during Strand 2 suggested that on the whole, the meal provision for special schools changed very little in response to delegation. Even in areas where the central service have been scaled down to a sandwich service, special schools tend to have retained their own hot meal kitchens.

Strand 3 Data collection

- 1.11 Nine schools were selected for full case studies. In these schools, semi-structured interviews were conducted with school staff at all levels involved in meal provision, including the school head teacher and/or bursar, catering and dinner supervision staff and, where appropriate, outside meal suppliers. A member of the governing body, most often the Chair of Governors was also interviewed. Interviews were conducted with over 100 pupils, in formal groups during class time or in small informal groups during the lunch period, to elicit their views and experiences.
- 1.12 A sample of parents of pupils attending the case study primary schools were contacted via a letter sent from the school and explaining the purpose of the research. Parents were invited to send their contact details, via a Freepost envelope to the research team. Short semi-structured telephone interviews were conducted with the 3% of parents who responded.
- 1.13 At six schools, only a limited range of interviews were conducted with school and catering staff and governors where appropriate. Pupils and parents were not included in the data collection.

Structure of the report

- 1.14 The report is structured with the following sections
- Section 2 looks at the processes of delegation, consultation, calculation of delegation formulae and issues around the ring fencing of delegated funds.
 - Section 3 describes how schools took up their delegated funding and the extent to which delegation led to changes in the suppliers of meals in schools.
 - Section 4 examines the impact of delegation on the kitchen and dining accommodation of schools in terms of maintenance and capital expenditure.
 - Section 5 reviews the evidence of support provided for schools at delegation
 - Section 6 describes the services in place to monitor meals provided in schools
 - Section 7 examines the impact of delegation on school meals in terms of take-up, quality, pricing and nutritional standards.
 - Section 8 assesses the impact of delegation on central services
 - Section 9 identifies the key points raised by the study.

II Main Findings

2. Delegation processes

- 2.1 While secondary schools automatically received delegated funding under the second phase of the Fair Funding initiative, not all LEAs made the decision to delegate the funding to all primary and special schools. However, in LEAs that did not delegate universally, primary and special schools could opt to receive meal funding if they believed this would be advantageous. This section looks at how LEAs came to their delegation decisions, what consultation was undertaken with schools and how the delegation formulae were derived. Finally, it considers specific issues concerning the delegation of funds for free school meals.

The decision to delegate.

- 2.2 The study asked LEAs what influenced the decision to delegate universally or only by request to primary and special schools. Most LEAs that delegated universally responded that this had been solely to achieve the Fair Funding targets. One described delegation as '*a foregone conclusion*', with no choice but to delegate if the LA was to meet Government delegation targets. However, one London LEA that had previously negotiated a PFI (Private Finance and Investment) contract with an outside caterer to address lack of investment in school kitchens since the demise of ILEA, had delegated budgets at the time, in consultation with schools, offering them the choice of joining in the LEA's PFI or making alternative arrangements.
- 2.3 In the four LEAs that had not delegated across the board, several reasons were put forward for retaining these budgets. Two LEAs had wanted to delegate to all schools but, after consultation with head teachers, decided against. Another LEA reported that the complexity of the current contract would have made delegation to all schools very difficult, although they had managed to extract the individual budgets of secondary schools. Other ways had been found to meet the delegation targets, principally by successfully delegating the SEN budget. Another LEA reported that although they could have delegated the primary school meals budgets, this would have failed to meet what the officer believed to be the target for 90% delegation³, so there was little point in undertaking the exercise. This officer described a situation that was probably not untypical of other LEAs.

And there were issues that it would have been a delegation that really wouldn't have meant anything, because at the time the primaries were still tied into the contract that they had agreed to go with and if we delegated the money we would have had to have them all buy back in again anyway. So we thought we would only be delegating it on paper, it would create extra work and we wouldn't reach the target anyway, so it probably wasn't worth it.

- 2.4 Three LEAs had delayed delegation to primary schools until 2002. For one, the feeling was that this was almost a delegation too far. Previous delegations of other budgets had been undertaken with more enthusiasm and were believed to have had positive benefits for both the LEA and the schools. However the delegation of the meals budget had been different.

Because we had been fairly proactive and a lot had gone out, we had got down to the most complicated part, and which had always been seen as the most complicated to put out. So in

³ Although a 90% target had been proposed in 2000 by DfES for 2003, this was never implemented.

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reality, it felt like it was being done for the sake of it, rather than the earlier delegations where it has been seen very positively, 'And these are the benefits for schools'. It was more 'We've got to get this one done to get over the percentage'. It was a shame, because it went against all the previous delegations that we'd done, in that spirit. They had all been very positive and 'Yes we can do that'.

2.5 LEAs reported consulting with schools, and head teachers of case study schools recalled the consultation process. Some LEAs were strongly influenced by the responses to consultation when making the final decisions. Several officers described lengthy periods of somewhat limited consultation in which letters and information packs about the implications were sent to schools and governing bodies. Often there was little response to the consultation process, perhaps reflecting a lack of priority or grasp of the issue by schools at that time. One LEA officer commented that it was 'not until the eleventh hour', when it was too late, that some schools came back to say that they did not want to take up this option.

2.6 In LEAs which had decided against across the board delegation to primary schools, consultation was minimal, since the decision for each school was optional.

I think we came out of it reasonably well in the eyes of the schools, in PR terms. We didn't consult them properly but at the same time, we didn't force it on them. We did moot it at some of our forums and it was 'No we don't want the bother' and the ones who did want the bother, got the chance to opt for it.

2.7 For two LEAs, the consultation with head teachers had been a strong factor in the decision not to delegate to primary schools. One LEA commented that the general feeling had been that schools did not want to take on more responsibility for the service.

The heads have got so much on their plates now that school meals is not something they would want to take on board. Whereas with the secondaries, they tend to employ business managers now so the head can pass that responsibility on. Primaries don't have that luxury of being able to employ business managers.

2.8 In a number of LEAs, officers reported that the consultation had been conducted with schools in the expectation, and with the reassurance, that the delegation would make no difference.

It was explained that whatever the schools had delegated, that sum would be what was invoiced so it was nil cost. So Heads who took it had no risk associated to it. We ensured that the charge made would be exactly that that was delegated out through the formula. We explained that we had to meet delegation targets and that this was now no longer an option and if schools went along with that and they realised that they did not have a lot of choice, they wouldn't actually lose out.

2.9 However, in some LEAs where budgets were all to be delegated, consultation generated a range of issues to be resolved, particularly where delegation of kitchen repair and maintenance budgets had also to be considered. Several LEAs reported consulting with the Fair Funding Group to come up with a range of delegation options which were then put to all schools for a consensus view.

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Anything to do with delegation, we take to our working group, which consists of a range of representative heads. So we bounce some ideas around them and when we get some options that they feel comfortable with, we put them out to all the schools and use their response.

- 2.10 In one authority, the local association of governors although in favour of delegation, felt that they had had no voice in the decision with the Fair Funding process, as this had been limited to consultation between head teachers and LEA officers. Only with the recent introduction of a Schools Forum did governors consider that they had been offered an opportunity to participate in the consultation process.

Formulae for delegating the school meals budget

- 2.11 In interviews in Strand 1 of the study, interest groups had raised concerns that the formulae for delegating funding had not been clearly understood by all schools and caterers and that in some LEAs there was a lack of transparency around the process. With schools and caterers unclear how the sums were derived, there was unease that funding could be perceived to be not equally available to those who choose to leave or to remain with a central contract.
- 2.12 The factors used to devise the school meals budget formulae varied, even within the small sample of LEAs selected in Strand 2. At the most minimal level, LEAs reported delegating only a sum to reimburse schools for providing free school meals. However, other LEAs delegated further elements, which were identified as a subsidy for all paid meals as well as free meals, and for the repair and maintenance of kitchens and kitchen equipment.
- 2.13 The delegated budget for free school meal was calculated in several ways. Some LEAs used the number of pupils with registered entitlement whilst others used meal take up as the basis for their calculations. Some calculated using a snapshot view such as entitlement recorded at PLASC (Pupil Level Annual School Census), others used the beginning of the school year as their audit point. One LEA used two census points, September and PLASC and then 7/12 and 5/12 proportions to assess an average entitlement.
- 2.14 The use of the census or snapshot formula raised problems, not least because it failed to accommodate changes in the number of pupils in each school taking the free school meal over the course of the year. To overcome variations over the year, several LEAs used actual take up, with schools invoicing the LEA for reimbursement for the free school meal taken in their school.
- 2.15 In addition to the free school meal funding, two LEAs reported calculating budgets using total paid meal take up in each school. Historically, this element had been used for calculating budgets for grant maintained schools and the formula had been continued for calculating delegated budgets. However, whilst take up of paid meals had been recorded on Form 7 in earlier days, these data were no longer collected, so the LEA had now to collect this independently from each school. The LEA believed this to be a worthwhile exercise, providing an incentive to schools to maintain and improve the meals service.

If you just worked it out on the number of pupils then schools which have tried hard to get more pupils in for meals would feel that they had been done, because 'We have upped our number of pupils and we don't get any recognition for that in the formula'. So if we did that we

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wouldn't be very popular. So we are probably just stuck with collecting that extra piece of data each year.

- 2.16 In some LEAs a specific sum had been delegated for repairs and maintenance (R&M) to kitchens and kitchen equipment. Again several methods for assessing this portion of the budget were reported. In two LEAs, each school received a basic capital sum, plus an additional element based on the number of pupils on the roll. One LEA used the square footage of kitchen as the basis for assessing the division by school.

The secondary schools get the repair and maintenance budget divided up on the square footage of the kitchen as we felt that this was the fairest way of doing that. The primary schools have no kitchens and at least this way, smaller secondary and the middle schools in particular, had a fairer chance of maintaining their services.

- 2.17 In others, the total R&M budget was divided up equally between the schools, regardless of the number of meals served or size of kitchen.

- 2.18 One LEA encountered problems explaining to secondary schools leaving the central contract that there was no budget for school meals beyond the payment to cover free meals. Revenue from paid meals had been used for all repairs, maintenance and kitchen refurbishment work for many years. The LEA officer believed that private contractors had misled schools on this issue, perhaps based on their experiences in other LEAs where there were budgets for this work. This had led to some uneasiness, with schools feeling that part of their budget was being withheld.

- 2.19 One LEA that reported having nothing to delegate apart from the free school meal budget and small sums for repairs and maintenance, related how they had had to put an extra sum of money into the free school meal budget, *'because of consternation from head teachers that having taken responsibility for the meals service, the budget would not be big enough to sustain free school meals'*. This had resulted in about a 6% increase in the overall free school meal budget (approximately £75,000 per year to be shared between schools) to pay for free school meals take up at that time. Another LEA reported delegating all its central meals budget, but then also creating a separate small budget of £7-8,000 for client satisfaction costs, which they used for monitoring nutritional standards and health and safety. Here, the schools meals budget had been carefully reviewed the September prior to delegation, in anticipation of the change.

- 2.20 Only one LEA reported making changes in the formula since the delegation process began, moving from take up of free school meal to entitlement and then back to take up. The business adviser at one school in the LEA had found these changes in the delegation formula inhibiting for long term planning. The school, with a high proportion of pupils taking free school meals, had not felt confident to negotiate its contract with the outside catering contractor for more than one year at a time. A one year contract limited the capital investment the contractor was prepared to make towards refurbishment of the school kitchens and dining areas. Additionally, during the year in which the budget had been based on entitlement, the LEA had requested that schools return unspent monies. This had not been popular with schools and one head teacher questioned the legality of the request.

I can't see how it is legal to have an agreed budget which the governors agree as the legal custodians of the school and then the LEA to change the goal posts and the money to be

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recouped in that way. I am sceptical of that, that it gave parity to schools when it masked the massive variables.

- 2.21 In all authorities, budgets had risen annually since delegation in line with inflation and pay awards. Some LEAs reported substantial increases in this current year (12% in one LEA) with the implementation of single status agreements.
- 2.22 Interviews with head teachers and governors revealed that for many, the formula had been of little interest. The school meals budget item was minimal compared with other delegated budgets as the governor of a large secondary school explained:
Delegated meals budget is only £8000 or so, in a budget of over £4 million odd. It's peanuts and so it doesn't really have any impact on us.
- 2.23 Whilst most head teachers and governors were aware of the overall sum, they were often vague as to what the figure represented. As the head teacher of one primary school remarked
I'm not bothered about how they arrive at it. I'm only interested in the bottom line.

Protecting the budget for free school meals

- 2.24 Interest groups in Strand 1 interviews had highlighted fears that, post delegation, schools would deploy unspent school meal funds for other purposes. As delegated budgets would not be ring-fenced, schools might see this as an opportunity to use the meals service to fund other school activities and facilities. Particular concern was raised about the impact of this on the provision of free school meals. Interest groups argued that if funding formulae were based on the factor of numbers of pupils with eligibility for free school meals then schools wishing to make a financial saving would have no incentive to encourage the take up of those meals.
- 2.25 The fears expressed by the interest groups were echoed by LEA officers working in those authorities where the delegated budget was calculated on the basis of the number of pupils eligible for free school meal rather than the number taking up.
My boss is continually battling with education to try to get the FM budget which is delegated to schools brought back centrally because now the schools don't need to encourage free meal uptake because the lower the take up the more money they have to perhaps subsidise a teacher or get new toilets. There's a bit of a conflict there. It's not changing for this forthcoming financial year.
- However another officer argued that the impetus to keep free school meal take up high to trigger other benefits for the school would mitigate against schools seeking to exploit the short term gain.
For some schools actually the money is not ring fenced in the school budget because its part of the formula so you can get the situation where children don't take the meal and that creates a surplus in the school budget. On the other hand I should think they would be wanting to get the maximum take up of meals as other things are triggered by that.
- 2.26 Since delegation, some schools were certainly making savings from unspent free school meal funds. One case study primary school, with almost a third of pupils eligible for free school meal, made savings of over £4000 on the school meals budget in the last financial year. The chair of governors explained his feelings about this and the dilemma that governors face when trying to fulfil their responsibilities.

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This is where your responsibilities can conflict as a governor. We are stretched, we need to find every penny that we can. I can imagine a situation with my finance committee saying 'Hang on, it's up to these people to make their claim, look after their children', because anything that does not go in that direction, remains in the budget to cater for what is a really, really tight year.....

So yes I'm not too upset if there is a little bit of money left in the budget because some children haven't taken up their meal. On the other hand if I thought that number was substantial then I think we would have to rethink it and inform people. We are a Christian school and we have an obligation to look after our children.

- 2.27 However there was also evidence that some schools were subsidising losses on the provision of free school meal. One LEA officer was aware of schools in her authority where the number of pupils taking free school meal exceeded the number on which their delegated funding was calculated.

There are a few schools, probably about five or six, which do actually service more free meals than they have the money for and what has surprised us is that these schools have not been jumping up and down saying 'We are not getting enough money'. In the primaries they are probably a few hundreds of pounds short but in one secondary, they were several thousand pounds short and I was surprised they weren't chasing that.

- 2.28 A representative of a local Governors Association described the situation which had arisen in their authority which had led to schools being out of pocket on free school meals. The local area had experienced expanding residential development and the free school meal budget did not accommodate rapid changes in village populations.

What it doesn't take account of is external forces because it is almost entirely pupil driven. If you get an expanding village you can finish up without the money you require..... If you've got a population shift within an area you end up with mismatches.

- 2.29 One LEA, that had closed its paid meals service in 1991 addressed this problem by giving retrospective top-ups to schools to cover changes in the free school meal take up. This had been implemented because of the difficulties which had arisen in rural schools which took in pupils from traveller families for short periods.

- 2.30 However, some LEAs reported no formal process for providing 'top-ups' and one case study school had pursued this with the LEA. The free school meal budget, calculated on the previous years take up of free school meal, had not covered the cost of the demand in the current year. However there had been no reimbursement forthcoming.

- 2.31 A Schools Forum had played an active role in successfully recommending that free school meal funding should remain central, arguing that the current situation worked against schools trying to improve the take-up of free meals. A member of the Forum expressed the view;

This is a social function in effect, not an education function and if all the entitlement is taken up there isn't enough money in the kitty. So one head in an underprivileged area said 'This is a nonsense, I want to build up, I want to encourage parents to take up free school meals. If I've only got the allocation on previous years take up, then I've got no incentive.' We believe that the free school meal budget should remain with the authority because in the long run the authority has a statutory duty to fund it whether it's got the money or not because it is a social function- it's got to find the money whatever. At the Schools Forum it was fairly unanimous

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because we saw the sense of what the heads were saying, that the system was unfair and the authority have to find the money anyway.

- 2.32 Several LEAs, which had adopted free school meal entitlement formula for delegation, reported losing control over a part of the budget which they had previously used to fund other aspects of the meals service. The unspent free school meal budget was previously retained centrally and used for other meal related investment. An LEA officer, running a central meals service admitted that, with the money now allocated to individual schools, she no longer had as much money to develop the service.

Now that we only get the money for each free school meal actually served rather than the complete free school meal budget, we shall make a loss of around £120,000 this year. Normally that money would have come back into the meals service and we could use that money to provide a better quality meal. Now that that money is staying in school, we don't have any extra money to improve the service and we can't invest in the service because that money is staying in school.

Summary

- 2.33 Generally the administrative processes of delegation of school meals budgets had gone smoothly for the sampled LEAs and schools. Most LEAs reported consulting with schools before delegation and some had taken account of the views of schools when reaching the final decision regarding delegation to primary schools. However at least one case study school had been against delegation at the consultation stage but the LEA had continued with universal delegation. At least 80% of LEAs decided to delegate the budget to all primary schools.
- 2.34 There was evidence that many LEAs had reassured schools that delegation needed only to be 'a paper exercise', making more work for the LEA dividing up the budgets but having little or no effect on the schools. Schools were reassured that they would be able to send their budgets straight back to the central contractor, there would be no additional charge to the school and nothing would change.
- 2.35 Most LEAs had resolved issues of devising the funding formulae without difficulty although there are a range of formulae in operation. The passivity of schools and governors on this issue may have been linked to the size of the sums being delegated. In LEAs where the only budget was for free school meal provision, and particularly in LEAs and schools with only small proportions of entitled pupils, the annual amounts delegated were almost insignificant within the total school budget. However in one LEA, the formula for the budget had changed each year because of a lack of consensus on the most appropriate to adopt.
- 2.36 Concerns that delegation of school meals budgets would give schools the opportunity to use the money to finance other aspects of provision appear to have been justified. Some schools have found themselves with sums unspent, particularly arising from pupils not taking up their free school meal entitlement. The study suggests that these savings were often absorbed into the general school budget.

3. Changes in provision with delegated budgets

- 3.1 This section looks at how schools took up their delegated funding and the extent to which delegation led to changes in the suppliers of meals in schools. Interest groups, consulted as part of Strand 1 work, believed that one of the key advantages of delegation would be to highlight the clear accountability of schools for their meals service. Historically, school meals were perceived to be an LEA problem and an LEA responsibility. The LEA wrote the contract and the caterers delivered the service, providing schools with the opportunity to deny any responsibility for poor quality. With delegation, it was expected that schools would become more involved with the kitchens and dining rooms. Even schools that bought back into existing services would feel increased ownership of the service.
- 3.2 Interest groups were pessimistic, however, about the impact of delegation on smaller schools especially those in rural locations, believing that some schools would not receive an adequate budget to cover the costs of meals provision. A further concern was that larger schools, aware of the commercial value of their catering contract, might be unwilling to continue to subsidise less profitable schools within a central contract, a widespread practice before delegation.
- 3.3 The study found that in two of the four sampled LEAs that did not delegate automatically to primary schools, no primary school had opted to take meals budgets. In the remaining two LEAs, a total of seven primary schools had taken the delegation option. This suggests little enthusiasm on the part of primary schools that had a choice in delegation to take up the opportunities it offered.
- 3.4 LEAs reported a range of changes when delegation was implemented, almost certainly reflecting the diversity of meal provision in operation at the time. In some, there had been minimal changes. For example, in one authority only one secondary school had left the central service. Other LEAs reported more substantial changes. In one authority, over half the primary schools and most secondary schools had taken the opportunity to effect some fundamental change in provision, either by a complete change of supplier or by renegotiating agreements with the central service. In another LEA, delegation had coincided with a change in the central contract, with a new private contractor replacing a hot meal service with a sandwich and hot soup provision intended to conform to nutritional standards.

Buying back in

- 3.5 Many schools received their budgets and returned them straight back into the central pre-delegation contract with meals supplied by the DSO or a private contractor. For some schools, this was a matter of choice, for others there was little room to terminate existing agreements that still had several years to run.
- 3.6 For one LEA officer in an authority where almost all schools had returned their budgets to the central contract, the whole exercise was an unwanted and fruitless administrative task.

3. Changes in provision with delegated budgets

The secondary schools that do buy back, we have to go through the paperwork of giving them the money and they have to pay it all back again and that doesn't really achieve anything for anybody at the end of the day, just moving money backwards and forwards.

- 3.7 Head teachers and governors at the case study schools that bought back into existing services through choice, mentioned several reasons for wishing to maintain the status quo. The main incentive to stay was satisfaction with the service the school was receiving and the quality of the meal provided.
- 3.8 On the other hand, head teachers and governors mentioned other less positive reasons for remaining in the contract, particularly the additional management burden in taking responsibility the kitchen. One governor believed that, as a volunteer, he was being expected to take more and more responsibility for the administration of the school and the kitchen was better left with the DSO.
- At the end of the day, my suspicion is that it was going to end up with the work being done by unpaid governors and stretched administrative staff in the school, to deal with the administration of finances. There seems to be more and more responsibility delegated to the governors...just speaking for myself I find it onerous, there are mountains of data that you have to get your head round with different legislation and regulation.*
- 3.9 One primary head teacher of a school with a hot meal service cooked on the premises for around 120 pupils each day summed up his reasons
- One - because technically they are over staffed in the kitchen and we would have ended up with someone losing their job. Two- it would have meant another level of management that I would have had to have taken over, on top of everything else as well. It was all too big a can of worms and there wasn't, to my mind sufficient money there and sufficient capacity within the school in order to make it a viable option.*
- 3.10 The issue of staffing was raised in several schools. Schools were aware that over-staffing in the kitchen would require the governors to undertake the unpleasant task of making staff redundant to achieve financial viability. For other schools, the anticipated problems were in recruiting and retaining kitchen staff together with the need to ensure adequate training for compliance with health and safety and environmental health legislation. The head teacher of a rural middle school did not wish to get sidetracked into the staffing, health and food safety issues that provision would entail.
- You get waylaid by issues which have nothing to do with the education of the pupils in school.... In a rural situation there are only a limited number of people who could be approached to do the job. There is security in having a contractor who is responsible for staff and if there is a health issue, then there is a fallback in the contractor picking up the tab not me.*

Renegotiating the contract

- 3.11 Some schools used the opportunity of delegation to renegotiate more advantageous contracts from their existing supplier whether the DSO or a private contractor. Schools were able to agree more flexible services and, more importantly for some, retain the profits from their meals service. In some LEAs, schools had formed consortiums to negotiate group contracts for service. One private catering company had seen a twenty-fold increase in the number of contracts it handled with the move to individual rather than the group and county-wide contractual agreements. One DSO had retained the contracts with eight of the eleven secondary schools in the LEA only by renegotiating

3. Changes in provision with delegated budgets

the contracts to provide up-front capital investments and offering to return a cash percentage of turnover to schools. These negotiations had been necessary because schools had become aware of the commercial incentives that private contracting companies would offer for their contact.

- 3.12 In some instances, contractors themselves made approaches to schools whose contracts they did not wish to lose, to offer new facilities to schools. One large case study school had been delighted with the terms offered by the private contractor that had previously supplied the school via the LEA central contract, and had agreed to a new three-year individual contract. The head teacher explained that the existing provision had been run down and needed substantial upgrading.

The LEA never pumped thousands into the kitchen service. If you saw the kitchens before we worked together, the windows were dropping out, the roof was leaking, the equipment was obsolete. It was horrendous.

The contractor had refurbished the kitchen and paid for a new servery to enhance the appearance of the dining facilities. The contractor had also installed nine tills to speed up the service and reduce queuing.

Finding a new supplier

- 3.13 For schools dissatisfied with their existing provision or facing substantial changes in LEA provision, delegation provided the opportunity to find a new supplier. The head teacher of a small rural primary school described the situation that led to the school opting for a hot meal supplied from the nearby village pub.

Before delegation, we were in the county system and the meals were actually cooked at [village] primary school three miles up the road, packaged up in metal containers and shipped out to us. The meals weren't too beautiful but then again, it's very difficult to do that when you have to pack them up and bring them over. But the quality of them was not brilliant by any means. We did go into the best buy business, we looked at [county preferred private contractor]. The problem with that was that we were so far from anywhere that they were offering us sandwiches at a very high premium. We weren't large enough to warrant a hot meal coming here.

- 3.14 The head teacher, the governors and the supplier all believed that keeping a good meal service was vital to the school. The supplier herself recalled her own school lunches positively and believed that they were an experience that children should not miss, and the governors agreed that money should be allocated from the budget to subsidise the meals.

- 3.15 In another LEA, governors and head teachers of a group of voluntary-aided secondary schools (two of which had been dissatisfied with DSO provision) decided to leave central services at delegation, to form their own consortium, with meals supplied by an outside caterer. Post-contract, the schools negotiated with the caterer to split the consortium, and operate at individual school level. However, one school was dissatisfied with the service being provided, and was also in dispute with the caterer regarding issues of profits and loss. The school withdrew, amicably, from the contract, with the support of the LA Catering Manager, and returned to the DSO on a yearly contract basis.

- 3.16 Another positive experience was provided by a city secondary school which was contracted with the LEA central service for the main school cafeteria. A governor

3. Changes in provision with delegated budgets

described opening a separate sixth form cafeteria after a private contractor approached the school with the offer to install the provision for free.

The two systems run because the sixth form were complaining that they couldn't get into the main eatery. They were going outside. The caterers are very good, they keep the sixth form area clean and tidy, pick up the dirty coffee cups and we have lots of new furniture. The school was approached by the caterer. They do baguettes and salads and fruit salads. It's healthier options than they get in the main cafeteria – chips and pizza. The contractor paid for the kitchen to be revamped and for new furniture and redecoration – it was a very good deal.

- 3.17 One case study secondary school offered an example of a successful venture with an outside caterer. In this school, the school had provided new kitchen equipment while the caterer had upgraded the dining rooms to make them more attractive. The meal service had expanded under the present contract to include a Sixth Form servery and a breakfast bar, serving at breakfast, first break and main break, with an emphasis on healthier eating. Initially, the caterer had retained all the profit. However, the service proved so successful that profit sharing will be introduced from the new academic year, with the school taking a third of the profits, the caterer a third, with the remaining third going to meals staff, in recognition of their role.

Going it alone

- 3.18 The other option for schools dissatisfied with the existing meals service was to use the delegated budget to set up school managed in-house catering. The head teacher and governors of one middle school were dissatisfied with the cost and indifferent quality of the hot meal provided by a private contractor through the central LEA contract. Despite raising their problems with the LEA, there had been no improvements in quality or portion size. After consulting with parents, the school had decided to use the delegated funding to offer its own healthy option lunch menu. Fortunately the chair of the governing body had a degree in food science and worked part-time as a home economics teacher. She was able to use her expertise and give considerable time to researching and coordinating the project. Using a grant from the diocese, the school was able to re-equip the kitchen to its own design. A new chef and kitchen staff were employed. The governors allocated a fixed sum from the school budget to back the enterprise but the service was commercially self-funding from the start. The head teacher acknowledged the help that a determined and knowledgeable governor had given the project, but stressed the need for supportive parents too. At the same time, he fully understood why others might choose a less demanding solution.

You need the commitment of the parents. You need the commitment of the governing body. A lot of heads shudder at the thought of it and they are delighted that they have dropped the whole thing and have packed lunches and don't have to worry about it. They are under enough pressure worrying about everything else.

An additional benefit to the school had been that the new kitchen occupied only a third of the original kitchen, freeing space for a new drama suite.

- 3.19 In another area, a group of four small rural primary schools banded together to form a consortium, with one school acting as a mother kitchen to serve the others, because, *to have stayed with the DSO – the cost would have been too expensive for all of us. We looked at firms that do a catering service and what they'd do for us, and realised that if we had the right sort of person to manage the kitchen, it would be the better road to go down. So we made a consortium.*

3. Changes in provision with delegated budgets

The consortium was set up in consultation with parents, who were very supportive of the venture, including paying half termly in advance for meals to improve cash flow. The kitchen used local suppliers, insisted on good quality fresh fruit and vegetables, and provided a set hot meal, sandwich choice, and salad bar. An indication of its success was that another school asked to join the consortium.

- 3.20 One primary school decided not to enter its LEA's PFI contract with an outside caterer. It undertook a feasibility study on providing the meals itself, using frozen foods and regeneration ovens, a system previously trialled under the LEA. The Governing Body had decided to take this option when the study indicated that this would be commercially profitable and earn revenue for the school, for further improvements in the service.

Closing down

- 3.21 Several LEAs reported that some schools in their areas had closed down their kitchens when funds were delegated. The Contract Manager in an LEA where six schools had closed their kitchens described this as a direct result of delegation:

Without the introduction of Fair Funding, that wouldn't have happened because the bigger schools prop them up. The bigger schools now reap the benefit because they have good individual contracts, which actually address issues of capital equipment.....

- 3.22 The bursar at one school reported not wanting to take the delegated budget because the school was aware that the meal service, provided from a private contractor via the central contract was not financially viable without subsidy. With only 7% of pupils entitled to free school meal, the school estimated that it would have to subsidise the provision by at least £7000 from the annual budget to maintain a hot meal service. After consulting with parents and despite some objections from a minority, the governors decided that they would prefer not to keep the service. Packed lunches for free school meals were provided via the central contract. The governors had considered installing sandwich and drinks machines or having a sandwich service brought in, but a survey of parents had produced only a 10% response. The school offered no paid food or drink provision on the premises. One advantage of the decision was that the school had acquired more space, the kitchen areas had been decommissioned and the school now had a dedicated space for the library (previously accommodated in a corridor), new SEN and ICT suites.

It was successful. At the end of the day, our delegation was going to be £1300 from the LEA and we would have had to contribute another £7000 towards that to maintain the kitchen.... Now when parents see what we have put into the school, they are applauding the decision. There were a few losers but the majority, and the school as a whole, has benefited from what we did.

Limited options

- 3.23 Despite the freedom schools were given under delegation to choose the supplier of their meals, several respondents mentioned that, in reality, that choice was often limited. Small schools might be expected to experience difficulties in finding a supplier, because they were not commercially attractive to a major contractor and because no smaller supplier was available in the locality. However several large secondary schools described similar difficulties in locating a suitable supplier. The head teacher of one school acknowledged the advantages that delegation in principle offers in terms of giving schools choice, but her school had found little choice in the marketplace.

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I don't think locally we've got the range of choice, because locally there are so very few providers. And perhaps that's an issue that hadn't been practically thought through when delegation occurred. As a head, if we can get better value for the children, it's about choice and diversity but in fact you have a very limited pool. It might actually mitigate against that.

- 3.24 At least two LEAs reported similar concerns in relation to their central contracts. Both had fears that the lack of competition would limit the field when their catering contracts came up for re-tendering. One officer commented that the LEA was *'worried that with the limited market, we could end up with a worse deal than we now have'*. The other had delayed re-tendering in the hope that the situation would improve.

Summary

- 3.25 The study found a very diverse response from schools in the extent to which they had seen delegation as an opportunity to change their meal provision. Many schools were obviously satisfied with what they were already providing to their pupils, hence in those authorities that had not delegated across the board to all primary schools, the take up of funding was relatively rare. If governors had the opportunity to stay with a central contract that supplied meals at a cost the school could afford, then there would be little reason to have made changes.
- 3.26 However, schools may well have been discouraged from change not because they were totally happy with the current service, but through fear of what might happen if they did. For some head teachers and governing bodies, Pandora's box was waiting on the other side of the kitchen door with staffing and legislation issues to resolve and more financial worry. It is not, therefore, surprising that for schools for which the service was going to become a financial drain, the temptation to close the door permanently was overwhelming.
- 3.27 Despite the 'no change' situation in many schools, there is substantial evidence of other schools being entrepreneurial in their use of the delegated budgets, renegotiating their contracts or seeking out totally new sources of supply. Schools with profitable cafeterias were able to make advantageous individual contracts with suppliers, gaining a share of the profits or refurbishment of the kitchens and dining areas. Whilst this gain for individual schools might have been at a cost to other less profitable schools previously subsidised via a central contract, this was perhaps the best value that delegation was intended to achieve.
- 3.28 Two key factors identified schools that successfully undertook their own in-house provision and those who found new sources of supply. Firstly, head teachers and the governing bodies were determined to maintain a meals service as part of the school day and if necessary, to subsidise the service with additional funds beyond that delegated for meals by the LEA. Secondly, being able to bring projects to fruition relied to some extent on the serendipity of practical details, e.g., being able to find a cook in areas of high employment and high wages (or alternatively in isolated locations), identifying sources of funding to upgrade kitchens and equipment, having a conveniently placed local supplier. Even with the most determined of governors, it may not be possible to overcome all the practical obstacles in every school location.

4. Looking after the kitchen

4.1 Throughout the interviews at LEA and at school case study level, issues of kitchen replacement and maintenance were frequently raised. This section looks specifically at the impact of delegation and the shift of responsibility to schools on kitchen equipment and maintenance.

4.2 Pre-delegation, most kitchens and kitchen equipment were maintained by the local authority. Most LEAs had some monies for this work, although the budget, and the sources of the budget, varied from LEA to LEA. Some had sums identified specifically for repairs and maintenance (R&M) but others relied solely on monies not spent elsewhere, particularly those saved from the non-take up of free school meals. In one LEA, the R&M budget came totally from the profit generated from paid meals.

4.3 Despite the limitations of their budgets, many LEAs had been able to pursue a rolling programme of refurbishment along with routine maintenance. As one Education Finance Policy Officer explained

It's one of those budgets that when it is managed centrally you can actually make it go further because it's a small amount of money per school.

4.4 Thus, at delegation some schools were in the fortunate situation of having kitchens which had been recently updated whilst others were still awaiting modernisation. Head teachers and Governors were not happy about these inequalities and perceived this to be a flaw in the delegation process:

We had to update our own equipment, which I find impossible to believe, when county were supposedly running it, but then after delegation, we have to update it. It was the same with the building, when we took that over, they didn't do a recce around that first, so we had to do that.

4.5 One case study primary school had heard in the spring of 2002 that they were to receive 100% funding to upgrade everything to 'A1' quality, under a scheme for all voluntary aided (VA) schools⁴. The school was disappointed to discover when the surveyors arrived that the scheme was unlikely to be as generous as they had first hoped.

Unfortunately things which are very close to the end of their life are not going to be replaced. Their remit was to look at what is working on the day of the visit.

A year later, the school was still awaiting any confirmation of funding, having heard no more from the surveyors or the LEA. Another case study school was preparing to have its kitchen upgraded shortly under this same scheme.

4.6 A non-VA middle school head teacher believed that all schools should be assessed and given the opportunity for funding to upgrade facilities.

It is frustrating to hear that VA schools are getting funds when other schools are not. If it's good for one, then it's good for all of us.

4.7 Changes in supplier at the time of delegation led to some necessary division of spoils in the kitchens. One LEA removed servery equipment from schools that had opted out of the central contract. This had caused some ill feeling between the central catering service and the schools, but the catering officer explained that the equipment belonged

⁴ Grants are payable under a scheme to bring VA school kitchens to an agreed standard as part of a package to readjust the balance of responsibility.

4. Looking after the kitchen

to the service and that it could be re-commissioned for use in schools that had remained within the contract.

- 4.8 A primary school that converted from hot meal to sandwich service found itself with a large kitchen requiring conversion (including the expense of removing asbestos structures) and a great deal of obsolete kitchen equipment. The central catering service had removed any items that could be recycled for use in other schools and paid the school the resale value.

Taking responsibility

Some of the things the schools find difficult is that they are responsible. Once it's delegated, then the governing body are responsible. They do find the maintenance and replacement of equipment difficult because if they have a couple of items of equipment that need replacing or if they've got an old kitchen they ask where they can find the money to actually do this.

- 4.9 It was within the field of repairs, maintenance and upgrading of kitchens that many LEAs felt that delegated budgets had created the most problems.

A spin-off from the new situation is that at the moment I am involved in selling equipment from one school to another which is a total nightmare. You hope that schools will give their equipment to somebody else but some are so short, they need all the money they can get. Previously you just moved the equipment from school to school as it was required. If a school closed down, you took the best equipment out and moved it somewhere which didn't have quite such good equipment. If you thought it needed to be scrapped you would do that. But now.... The time that I have to spend, persuading head teachers they need an oven, they need a serving counter, they need to do this, they need to do that. It's a phenomenal amount of my time is taken up trying to talk through with head teachers. In fact it's not even school heads, it's governors half the time that you've got to deal with as well. I've had one school where the governor reckoned she could get equipment from somewhere really cheap so I had to go and inspect that and sometimes it is a wild goose chase. You do get the odd piece of equipment on that basis but it is very time consuming doing that.

- 4.10 For some school head teachers, the kitchen equipment issue was one they had not anticipated. A head teacher who bought back into the existing county service found that he had not read the small print. He assumed that the contracting company would continue to maintain the equipment in the kitchen as this had always been the case before. He had not realised that under delegation the contractors became the food provider and the school provided the equipment.

This didn't become apparent until after delegation. Something went wrong and the contractor said 'No that's your responsibility', and that's when I realised and the LEA confirmed this. And I think this was why some schools decided not to take on the service, because of the equipment issues.

Finding the funds

- 4.11 Whilst the case study schools had generally coped with minor repairs and replacing some equipment, many were concerned that they would need to find additional funds to cover more expensive repairs or replacements in the near future. LEAs encouraged schools to pursue any opportunities for funding refurbishments and to be innovative in finding capital.

We do tell schools that they have other sources. They have devolved capital. If it is a priority then they can use that. If they can get sponsorship then they can use seed capital, you can get

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matched funding. But this is a poor area and they often struggle in this area because there are no large businesses to provide sponsorship.

- 4.12 A recent trend has been for LEAs to enter into PFI contracts with developers in schools that needed substantial new building investment. Here, the developer takes over the running of the school, apart from its teaching functions, with catering services being sub-contracted out. In one such school, this had resulted in much improved kitchen and dining facilities that were greatly welcomed both by the head teacher and the cook, who had been retained by the catering sub-contractor.
- 4.13 Delegation also affected the way capital repairs to kitchens were prioritised and undertaken, with one LEA commenting that schools outside the LEA catering contract were able to bid for capital as any other. While the LEA would do this for schools within their contract, those with their own budgets would have to do this themselves. But, as the officer pointed out, *'classrooms take priority'*.
- 4.14 It is not surprising that schools were enthusiastic in taking up offers of financial assistance to improve kitchens and that this became a bargaining tool when negotiating or renegotiating contracts. The governor of a large secondary school admitted that they were currently seeking help for a new kitchen floor and the future contract might well hang on that alone.
The bursar is looking around now at the possibility of changing [supplier] because the kitchen is a mess and needs a lot of money spent on it, especially the floor. There is current discussion with the central provider around what needs doing, and the school has a different view from the authority.
- 4.15 Several LEAs believed that the issue of maintaining the kitchen had swayed the decision to retain the meal service or not, in some schools. One LEA Education Finance Manager foresaw schools opting out of retaining kitchens in the future, simply because of concerns about costs for repair and maintenance.
The funding formula for schools made no difference between schools that have kitchens and those that do not. One school was therefore concerned that they were having more costs because of their on-site kitchen than a school that has no kitchen, and they were looking to say 'We don't want a kitchen'.

Summary

- 4.16 The study found that issues of kitchen maintenance and replacement were among those that had been least understood in the delegation process. Repair and maintenance budgets previously held by LEAs, even if fairly limited, allowed for upkeep and refurbishment of kitchens in schools, on a rolling basis. Divided between all schools in an authority, the budgets were small, with implications for when repairs and maintenance could be undertaken. Many schools and governors appeared unprepared for their responsibilities in this, and unsure what equipment they might retain at delegation. Resolving these thorny issues had been time-consuming and difficult for LEAs. Likewise, the division of ownership and responsibility between school and contractor in relation to kitchen equipment had often not been appreciated prior to delegation.

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- 4.17 Once these responsibilities had become clearer, however, schools displayed initiative in securing funding for refurbishments. Schools had also needed to prioritise kitchen repair programmes in relation to other areas of school life in bidding for capital.
- 4.18 For some schools, the issue of kitchen maintenance and the repair and replacement of equipment may have swayed the decision not to retain a meals service. With only minimal sums delegated specifically to cover those costs, some schools found the budgetary implications unacceptable.

5. Support for schools at delegation

- 5.1 The delegation process was seen by some interest groups as having been a *'baptism of fire'* for head teachers and governors as they assumed responsibility for meal provision. Governing bodies were required to understand about tendering and contracts, best use of kitchens and kitchen staff, as well as acquiring the knowledge to understand and implement nutritional standards. This section looks at the level of support provided to schools at delegation, in order to help them take up their new responsibilities.

Initial support

- 5.2 The study found a substantial variation in the degree of support LEAs provided to schools as they entered this new area of responsibility. For the most part, support at delegation was limited to the provision of guidance notes on major issues such as TUPE (Transfer of Undertakings (Protection of Employment)), health and safety, food hygiene, all responsibilities that transferred to the governing body. Governors reported receiving very little or nothing in the way of formal guidance and support, although several LEAs had sent information packs to head teachers and governors, outlining the issues which they were likely to encounter and offered a service to support schools through the tendering process at delegation.
- 5.3 Some LEAs provided support to schools during tendering processes at an agreed fee, described by one LEA as, *'to hold schools' hands'* through the process of tendering. One school that had used this service spoke warmly about the value of the support it had received from the LEA. An officer from another LEA, by contrast, commented that once schools took responsibility for their meals budget, they could not expect the LEA to assist them with choosing a supplier or managing their contract. If they did want this service, the LEA would provide it on a consultancy fee basis. The LEA had charged one secondary school around £2,000 for support throughout the tendering process, and consequently the school had secured £18,000 investment in its kitchens and dining rooms. As the officer noted, *'so it paid for itself'*.
- 5.4 One LEA that otherwise provided minimal support at delegation, bought into a brokerage service which provided schools with information on a range of service providers. A number of schools had utilised the service in making their decisions about meal provision.
- 5.5 However some schools, particularly larger secondary schools, had sufficient resources and expertise to enter the tendering process alone, negotiate new contracts or establish their own services with no additional support from the LEA. Indeed, LEAs mentioned schools within their authority that had taken the delegated budget enthusiastically, severed all links with the LEA with regard to school meals and were believed to be providing a successful service. The approach taken by a governor of one small school was to obtain a copy of a previous contract and, with suitable amendments and deletions, to use that for their existing supplier.
- 5.6 The business manager of a secondary school admitted relying heavily on personal contacts within the LEA to provide unofficial advice during the first year negotiations with a private contractor.

5. Support for schools at delegation

For one year there was no support whatsoever. For the first year 2001-2002 the first year the school went off on its own. We're not experts, we don't pretend to be experts...I did approach the LEA to say 'Is there anything you can help us out with? You are the experts because you used to run this'. When it came to looking at the contract, the legal people helped by looking at that. That's a statutory right we buy into. But when it comes to things like recipe books and what kind of foods you can use, we didn't know about all these do's and don'ts. Meat should be a certain size, vegetables should be a certain size and the caterer could have just done their own merry thing. They could have got away with things. [The LEA] helped with no charge, just using old friends. Without that, I think we would have been in a bother. Because I had to provide the specification for the caterer.

- 5.7 Not all schools were prepared for the task and some found themselves faced with unforeseen problems. Several LEAs cited schools that had selected suppliers who had failed to deliver. On the whole, whilst these experiences had been regrettable, they had not been too serious and the LEAs had been able to assist schools, often by offering provision from the central contract in the short term. However one example provided a cautionary tale.

One school went for what looked like a good contract, promising redevelopment of the cafeteria. Three months in, the company said they couldn't supply as the contract was written, because they were not making enough money and pulled out the contract. Which wouldn't have been a desperate thing. Three months on the contract failed and they come back to the authority. But the contract was written in such a way that the school still had to pay the money, it was a nasty contract and the small print was very negative for the school. They lost about £15,000 which if they had used the legal service at the LEA (which would have cost £500) that would not have happened.

- 5.8 Another LEA described a similar contract problem, related to contractors' anticipation of profit in individual schools. A school was in dispute with its contractor over low take-up of meals and the issue of profits and loss with related penalty charging. The LEA finance officer explained that the contractor had taken on the service on the basis that it would be profitable, but when the reverse happened, the contractor had expected the school to share in any loss. The school has since returned to the DSO on a yearly contractual basis.

- 5.9 One LEA, which had delegated budgets to all secondary and primary schools, felt that it had not been sufficiently prepared itself to provide assistance to the one secondary school which had left the central contract. Fortunately, a district audit had helped the LEA identify some of the areas where the school needed support.

As it happened we were having a district audit survey of procurement within the authority and the school that wasn't buying in was part of that survey. So we got some recommendations on how we should be looking to support anybody who wants to look to alternative providers and we have been working on developing that. I think it was perhaps a challenge for the first school going out because you don't know what you don't know until you're out there and trying to work your way through. So I think we all learnt a lot through that exercise, both the school and us.

- 5.10 Through its experience with this vanguard school, the LEA had identified the need for a designated officer within the authority to provide co-ordinated support for schools and to ensure that any difficulties were identified early on so as to limit any further problems.

5. Support for schools at delegation

They did seek advice where they could get it, but one of the issues for us was about where they could seek that advice and how much advice they needed. And I think we learnt the lesson that we needed to give them more advice in the early stages. So we had a few meetings with them about that and reviewing that and how we can improve that for other people in the future. They tried to keep us involved at some stages. They didn't keep us involved at the right stage so there were misunderstandings sometimes.... It's about them getting coordinated support that they might be looking to different officers for different types of support and that needs to be coordinated by one person so they are not needing to ring one for one thing and another for something else.

- 5.11 The difficulties schools faced, particularly around the transfer of staff from the central service to a private catering firm, created a rapid learning process for LEAs as well as for schools. The LEA described previously gave a resume of the support it believed schools needed to navigate through the transferring of staff.

They need support on personnel because there are issues around notice, proper consultation with staff, being clear with staff about what the position was and the school were not familiar with working with these issues. It's how people who had originally worked for the service would be transferred over and that was an area of awkwardness and the school were not used to it dealing with people who were being transferred from a service they had been with for some years to another one. And in terms of overall procurement guidance, it's about telling people how to get professional advice, how and where to get legal advice. We've now put together a procurement document with a checklist of things that a school needs to look at. We've learnt from this that we need to keep communicating all along the line. We've got to be very careful about notices. We've got to be very careful about staff and making sure that staff are kept informed particularly those staff who are directly affected and that staff trade unions are informed right along the process.

Summary

- 5.12 In terms of preparation for delegation, LEAs and schools were generally reactive in providing and seeking support. Although some LEAs had offered guidance documents, some had offered support on a consultancy basis, and most had legal departments to review contract documents, support tended to be *ad hoc* and not offered as a corporate package.
- 5.13 For some schools, the additional responsibility of engaging new suppliers and negotiating new contracts was one with which they would have welcomed support and advice. Having resort to designated LEA officers with responsibility to advise and guide schools through the minefield of contract and staffing issues would have reassured schools and governors and helped prevent costly mistakes.
- 5.14 Many schools and governors had been reluctant to take on more responsibilities for their meal service for fear of becoming embroiled in a quagmire of health and safety and environmental legislation, as well as delicate staffing issues. With more support, those fears might have been more adequately addressed.

6. Monitoring school meals

- 6.1 This section examines the monitoring of the school meals service, and in particular, what part the LEA can or does play there. Monitoring of meal provision in schools was seen by interest groups interviewed in Strand 1 to be of key importance, particularly with the proliferation of individual contracts and in-house provision. There was a strong view that schools should be monitored at a more local level. Although governing bodies had legal responsibility for the meals service in their schools, there was no statutory monitoring by either the LEA or the DfES. Several interest groups stressed the need for formal support from DfES for this, and that school meals should be valued in the same way as academic education objectives.
- 6.2 The extent to which LEAs were involved in monitoring was believed to differ between authorities that had retained a client role post-delegation and those that had not. Indeed, with full delegation of the meals service, one LEA's client group had been disbanded. An officer commented, *'client monitoring is now done by the real client, which is the school'*. Some LEAs were thought to be continuing to monitor providers in their area, but with schools now having to buy into that monitoring process, this was less likely to be taken up. Concerns were raised regarding the consistency of monitoring within an LEA, with private and ex-DSO operations being monitored equally.

The LEA role in monitoring

- 6.3 There appeared to be a lack of clarity in the role of the LEA in monitoring school meal provision. Consequently, the extent to which monitoring was undertaken varied. Whilst monitoring of any central contract (including those with private contractors) was standard practice, LEAs held differing views on their role in respect of non-participant schools. Some saw monitoring of schools outside the contract as part of the LEA responsibility, whilst others perceived the role of the LEA to be purely advisory. One LEA pointed out that whilst they could monitor the meals service for a school with an outside contractor - monitoring on behalf of the client, the school - it was unclear how this would work when monitoring schools that managed their own in-house provision. He commented, *'government guidance is so vague on this – it doesn't give the LEA authority to do this'*.
- 6.4 At least one LEA officer believed monitoring to be a core function, and held a separate small budget centrally, specifically for monitoring nutritional standards and health and safety for all schools in the authority. Take-up of free school meals were monitored through weekly returns from all schools. The officer pointed out that the LEA has statutory responsibility for free school meals, health and safety, and food hygiene, responsibilities that they *'would never want to abdicate'*. Several LEAs reported visiting all schools to ensure that free school meal provision was adequate. One principal catering adviser described his monitoring of meals and his aim to ensure that children get a 'decent' free school meal with their token.
- I go in and check the meal for content and take up, and tally that with the number of pupils who are entitled. And I do eat the meal with the Head.*
- 6.5 In at least three of the LEAs, the issue of monitoring was expected to figure in forthcoming Ofsted inspections, and officers interviewed had already begun to

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formulate how they were going to respond to this aspect of inspection. Only one mentioned that they believed that this was a statutory duty.

I understand from the Ofsted inspection of the authority, we are about to be Ofsted in the near future, I understand that it should be monitored by the local authority.

- 6.6 Another officer perceived monitoring as an issue that had not been thought through sufficiently. Within her LEA, there was on going discussion about responsibility for this and what part the LEA would play in the future.

LEA monitoring with Service Level Agreements

- 6.7 A number of LEAs had established monitoring procedures, developed as part of Service Level Agreements (SLAs) with schools and available to all schools within the authority. LEAs that offered SLAs to schools outside the main contract reported take up of agreements of between 60-80%. One LEA reported take-up by all but one school in its area.

- 6.8 These agreements were offered to schools at a fixed annual fee and provided support for schools over a range of services. One LEA, which provided agreements to nine of the 15 schools outside the main contract, offered a package which covered food safety policies, risk assessments for food safety and health and safety, environmental health liaison, quality audits, menu development and pricing. It audited nutritional guidelines and provided training and refresher training in food hygiene. All schools, whether in the agreement or not, were offered training opportunities, information on price rises and on any statutory or legal obligations.

- 6.9 One Client Services Officer described the main value to schools of the SLA (taken up by 14 out of 18 schools) was to ensure that contractors complied with the specification of their contract. Schools frequently rang to check if any changes their contractor was proposing or implementing were correct. The team were able to advise and, if necessary, to take up with the contractor any issues such as changes to the menu which might conflict with nutritional standards. The role as independent advisor and negotiator was felt to be especially valuable.

We come in and monitor the contractor, prepare the report, attend any meetings to raise issues with school and contractor, assess their equipment as all but one school has entered into a contract with the contractor that will purchase equipment for them. We prioritise what we think they should be buying. We give them advice and support in their negotiations.

- 6.10 Most case study schools that signed up to SLAs were very satisfied with the services offered. Schools were relieved of dealing with monitoring the nutritional standards or handling complaints about the provision.

We wouldn't know what to look for. There are lots of experts out there in the authority and we do tend to buy in most of the services because it leaves us time to deal with the things we know and that we're good at. And it gives you another view in school and that's very important

The school valued the monitoring service because it not only checked on issues like the quality of the cooking oil and changes to recipes, it also gave advice on introducing new ranges of foods and improving the healthiness of the meals. It also provided the school with marketing ideas based on the successful experiences of other schools.

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LEAs with no monitoring service

- 6.11 However not all LEAs were able to offer a monitoring service. A catering officer in one authority sent guidance leaflets and fact sheets about nutritional standards to all the schools in the authority and was always available in an advisory role. As catering officer, he received all environmental health school kitchen inspection reports and these he copied to head teachers outside the central contract, highlighting any important issues raised. How much schools decided to take up his advice was not his decision and he felt that schools would not see his monitoring of their service as disinterested.

Because I am a provider and if I go to the school and say the contractor is not doing very well, they think that I'm not being.... I've got an interest. So all I can do is make them aware of the nutritional standards and the directives. The governing body should monitor that but I don't know if or how well they do that. I can only highlight it to them.at the end of the day, we don't have that power.

- 6.12 The issue of the impartiality of the catering officer or the client officer to monitor provision was mentioned in several LEAs offering no standard monitoring package to schools outside the main contract. Often, the only officers within the LEA with the expertise to conduct monitoring were employed within the catering sector in the DSO. LEAs were concerned that if DSO personnel were to monitor the meal service of both the DSO and private suppliers, this would involve a conflict of interests and such appointments would be seen as inappropriate.

They are concerned about lack of support to schools when they take up these contracts. But the LEA doesn't have expertise except through the catering service and as they are in direct competition, the catering service cannot have a role in that process. The Education Catering Client Officer who should have that role perhaps but again, the line manager for that post is within the catering service so that is causing a problem.

- 6.13 Similarly in another authority:

Now I would have been the person to have done [monitoring], when I was in Education but there is a bit of controversy over whether I should be doing it, or my manager should be doing it or who should. That needs to be sorted before the [Ofsted] inspector comes.... Now because I'm employed in the Regeneration and Neighbourhood Services, which is more the direct services, I'm part of the school meals service so I'm not so independent as I was. I am happy to go and do it, but it is a political issue.

- 6.14 Officers interviewed who were in the situation of not providing monitoring, while being perceived to be in posts which would conflict with the role, believed that they would be able to undertake the task of monitoring schools outside the contract objectively.

Other monitoring options

- 6.15 The annual cost of full SLA packages was sometimes substantial and, perhaps, not unsurprisingly, not all schools took up agreements. LEA officers reported little formal knowledge of the quality of meal provision in schools that were outside the main contract and without a SLA. Some schools were known to have opted to use private consultants to undertake monitoring and there were conflicting reports of how well these had worked. In other schools, governors were known to conduct monitoring.
- 6.16 One case study middle school had opted to use a web-based monitoring service. Although the LEA offered a SLA, the governors felt that the ethos of the private service was more in tune with the meal service they were aspiring to offer. They

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believed that the SLA available from the LEA would take a more traditional approach to meal provision.

We went to this system because we felt that SLA offered by [LEA] was still very much in the big canteen kitchen mode, so we wouldn't be on the same wavelength.

The service was substantially more expensive than the LEA SLA but offered additional services and support to the school while it was setting up its in house provision. It provided what the head teacher described as 'the safety net'. It offered discounts with local suppliers and considerable marketing advice to help the school improve the take up of meals to enable the service to remain viable. It provided menus to conform to the nutritional standards and made regular monitoring visits to check menus, meals and kitchen arrangements.

- 6.17 Four case study schools subscribed to no SLA or private consultancy for monitoring, relying on their own internal monitoring of meals. A small primary school used the DfES guidance on nutritional standards and discussed these with their supplier. The menus were devised on a three week cycle and the head teacher and governor believed that the meals they offered exceeded the statutory standards. As the head teacher explained:

We could take the county SLA but we decided to do it ourselves. The governors monitor the meals and come in specifically at lunchtime to look at what is happening.

Previously it was a service given by the county and we accepted the service. Before we finished we did have problems with the quality of the meals and we complained on several occasions. But now the governors keep an eye on the quality.

- 6.18 The meal was a set two-course lunch with a vegetarian option on the main protein item only, so devising menus to the correct nutritional standard was straightforward. The free school meal was the set lunch. As most food was sourced locally, there was sometimes a deviation from the menu depending on the availability of fresh supplies, but substitution was always on a 'like for like' basis. The supplier, the landlord of the local pub used the guidelines and the health aspects of the serving of the meal were also covered. When setting up the service, she had visited the school to conduct a risk assessment of the serving area and the governors had addressed the risk issues she had identified. The kitchen in which the meal was prepared and cooked, was regularly inspected by environmental health officers.

I checked on the local health inspector. All the food is probed when it goes out and it is served within about 15 minutes anyway. For the first week or two I kept going over to make sure they were doing things properly but they are very reliable. [Dinner Supervisor] did the course and we send over so many portions and she uses her discretion in serving it out, the smaller ones get two potatoes, the bigger ones three, things like that.

- 6.19 In another case study school, a large secondary with a busy cafeteria, the situation was more problematic. Whilst it was possible to select a meal that conformed to the nutritional standard, the choice was very limited, with no fresh fruit or vegetables on the menu. There was no monitoring of the free school meal take up, with pupils being free to select any food and therefore able to spend their daily allowance wholly on cake or canned drinks.

Summary

- 6.20 There is a lack of uniformity in the monitoring services provided by LEAs, and specifically in monitoring nutritional standards of meals provided. This in part results

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from a lack of clarity concerning the role of the LEA in monitoring schools outside any central contract. Some LEAs believed it to be their statutory duty, others that they had with delegation of the responsibility to schools and governors, no further role in monitoring meal services.

- 6.21 Some LEAs offered complete service packages to monitor meals provision. The content of these packages varied by LEA, but all covered basic food, health and safety issues as well as the monitoring of nutritional standards. Schools that took up these packages reported satisfaction with what was offered. Some schools preferred to use other monitoring services, provided by private consultants.
- 6.22 Some LEAs were unable to offer any monitoring service despite believing that this was an important role in which they should be involved. This was because there was no officer within the LEA, other than those employed within the DSO, with adequate expertise to undertake the role. There were concerns that conflicts of interest would arise if an officer within the DSO took on the monitoring role in schools in which private contractors or in-house provision operated.
- 6.23 Some schools were receiving no outside monitoring. In some, governors were diligent with their own internal monitoring, but in others the situation was less satisfactory. In those cases, external monitoring is probably essential for schools to maintain standards and to comply with legislation.

7. The impact of delegation on meals

- 7.1 Whilst schools which took up the challenge of providing in-house meals would of necessity find themselves more involved in the meals service, it was anticipated that the many schools buying straight back into an existing meals contract would also have more voice in how their contract was set and increased ownership of the service. With delegation, schools would find themselves more accountable to parents for the quality of the food provided in school. Overall, delegation would, in principle, provide the opportunity to improve the quality of the meals served.
- 7.2 However it is difficult to distinguish what delegation alone has contributed to improvement of the meals service. The delegation of school meal budgets coincided with the re-introduction of nutritional standards, the introduction of the National Healthy School Standard, Free Fruit Schemes and associated initiatives. With so many factors combining together, teasing out the impact of delegation alone on any improvements in the school meal is not straightforward.
- 7.3 This section examines what impact delegation has had on meals offered in schools, in terms of availability, price, nutritional standard and importantly the extent to which pupils choose to eat them. It looks at the extent to which parents and pupils have become more involved in consultations about what school menus offer or whether they continue to use only their buying power to influence provision.

Take up of meals

- 7.4 With many factors influencing take-up of meals, including both quality and price, it was difficult to gain a clear picture of the impact of delegation on take up of meals, except at individual case study level. One LEA officer believed that delegation had made data on paid meal take up more difficult to collect as schools were no longer within the central contract so no authority wide picture was available.
- 7.5 One authority had moved the central contract to a new provider at around the same time as delegation and completely changed the service, taking out the hot meal and replacing it with a sandwich and soup meal. At the same time, prices had risen from £1.00 to £1.30. There had been a sharp reduction in the take up of paid meals and free school meals.
- 7.6 A number of case study schools had increased their take up of paid and free meals. One school reported that during the year in which the kitchen was closed for refurbishment before the launch of its in-house provision, only three pupils had taken the provided free packed lunch. With the introduction of the in-house hot meal service, free school meal demand had risen to ten, which the school believed to be the total number of pupils entitled. The take up of paid hot meals had almost doubled, from around 100 meals each day with the previous hot meal service to an average of 200 per day at the present time.
- 7.7 Several authorities were, with a private contractor, introducing cash systems in primary schools to see if this might increase take-up of paid meals. One private contractor believed that schools which insisted that children pay for meals for the whole week, whole month or whole term were poor for business. Not all families could afford meals

7. The impact of delegation on meals

for the whole week or to pay for meals for half a term in advance. Of the case study primary schools, three offered a cash system with pupils paying on the day, albeit for a set meal. Whilst this did raise operational difficulties for the kitchen staff, the service offered families the flexibility of deciding on the day whether to take meals, and had increased take-up on certain weekdays.

- 7.8 Contractors and schools stressed the importance of making dining areas attractive to pupils to encourage take up. Several case study schools talked specifically of the upgrading of serving areas as part of their renegotiated contracts. Others had made improvements from their own resources.

Hot or cold

- 7.9 Some schools had moved from hot meals to a sandwich service. For many, this had been an emotive issue although not necessarily perceived as reducing the quality of the meals provided or reducing the nutritional standards. Indeed, there was strong feeling that this had in some cases improved provision. The contract manager in the LEA in which hot meals had been replaced by packed lunches in six middle schools commented that this had probably offered pupils a better balanced option.

Those schools which have closed hot meal service and converted to the packed lunch, the overall feeling is that those children who eat the packed lunch do get a better balanced meal than if they were using a cash cafeteria.

- 7.10 In another LEA, where the central contract had changed from a hot meals service to sandwich and soup provision provided by a private contractor, the contracts officer admitted that her initial reservations had proved ungrounded.

Personally I wasn't happy about going over to the sandwich plus option because of the area the schools serve, the hot meal was the only hot meal the children were getting. But since the introduction of this service there's less waste. The children do eat what is supplied.

- 7.11 One primary school which had opted for the central contract sandwich provision was pleased with the provision and believed that pupils received nutritious meals. However, withdrawing the hot meal had reduced the opportunity that type of provision had given the school to teach pupils the value of eating together. The hot meal had been arranged with 'family' service, with pupils of mixed ages sitting together, and with an emphasis on the social aspect of meals and on table manners.

We are in a social area where there are a great many problems and in some cases table manners are not high on the agenda and a hot meal with a knife and fork gave us the chance to do that. With the new service that has gone out the window, with sandwiches they are getting it in a [fast food paper carrier] bag, it doesn't lead to that. When we lost the family service we lost the opportunity to reinforce that. We still make them sit properly and all that, but they don't use a knife and fork so you can't do the very nuts and bolts of it.

- 7.12 Pupils too had enjoyed the ambience of the family service and regretted its passing.

We used to have, like on every table, we used to have Year 6s or Year 5s serving people, like the little ones with spoons and that and it was good because you were like helping them and you had time to ask them, to talk to different people and that.

[And what was the food like?]

It was big sausages and gravy and potato. And after that you got a pudding. You got hot custard or jam roll, things like that.

7. The impact of delegation on meals

- 7.13 A school in the same authority stressed similar social factors in its rationale for retaining the hot meal by employing a private contractor. The deputy head saw the role of the school not only in terms of academic development but also in terms of fulfilling a developmental function.

Because we are talking about children who do not usually eat around a table. They eat off their knees or they eat on the move. It's not just about academic attainment, it's about developing the whole child.

Price of meals

- 7.14 Interviewees from LEAs, private catering contractors, schools and kitchens were very aware that any rise in prices led to a decrease in the number of meals sold.
- 7.15 In almost all the case study schools, the price of meals had risen in the time since delegation. On the whole, these rises had been substantial, generally between 40p and 50p over the past two to three years. One of the most expensive meals had started at £1.30 but had risen to £1.80. The manager of one private county contract observed:
- Next term prices go up to £1.55, up 5p and the third rise in 18 months. With two or three children, that adds up.*
- 7.16 In pupil interviews, the price of meals was a common complaint and the cost was frequently cited as the main reason for not having a meal in the cafeteria everyday. For some, the size of portions relative to cost was an issue, rather than the cost itself, with the items on sale being seen as poor value for money, especially when compared with prices elsewhere.
- 7.17 In one LEA, around half of primary schools and the majority of secondary schools opted to negotiate individual contracts with the central catering service and pricing of meals had become a substantial issue. With the cross-subsidy no longer in operation, the price of meals varied by over a pound from school to school within the LEA.
- 7.18 The rising price of meals has particular significance for the value of the free school meal. Whilst this has not in the past been an issue in schools offering a set menu at a set price, it raises problems in cash cafeterias. At one case study secondary school, pupils, teachers and kitchen assistants all raised concern that the value of the free school meal had remained unchanged, whilst prices in the cafeteria had risen several times. Whilst it was possible to purchase a balanced meal such as a sandwich and fruit, this did not provide a substantial meal.
- 7.19 Whilst school staff remarked that prices of food on the menu should go up by realistic sums, i.e., 1p or 2p as necessary, pupils had other views. They commented that it was often difficult for them to cope with 'odd' prices and that rounded sums made the adding easier for them. Items were rarely individually priced in cafeterias with the menu either on the wall or chalked on a board. Working out what they were spending when items cost 48p and 33p was not always easy, especially when serving staff were urging them to make quick selections and not to hold up the queue. No one wanted the embarrassment of arriving at the till to find that they had overspent their dinner money or their free school meal allowance. A group of pupils at a large secondary school described the situation in their cafeteria.

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A. It takes them longer to add it all up because its 48p, 33p etc and then you've got to get your money out. And they are forever giving you 2ps and 1p change. They should round the prices.

B. Especially with younger pupils in the school, they have to ask the dinner ladies 'How much is this? How much is that? and that would speed everything up.

A. "C'mmon what are you going to have?"

C. And I think that's maybe to do with 'How much money have I got?' and 'What can I get for that' because the prices are.....

B. Strange, and I think it takes the dinner ladies, it takes them longer sometimes too.

A. And then the queue gets bigger because they are taking longer to work it out.

C. Because people are working out what it is going to be.

B. I don't think it clear how much everything is, you've got to sort of remember from what you had yesterday.

A. The price list is on the wall and it's dead small and you can't see it.

B. You can't queue up and glance at it.

Quality of meals

7.20 Case study schools that had used the opportunity of delegation to change their supplier mentioned the quality of the pre-delegation meals as one of the key reasons for their change. Several schools had been able to improve what was offered as a direct consequence of changing supplier.

7.21 One governor had looked at the meals, previously supplied by a private contractor via the central contract, with its main staples of chips, burgers and doughnuts, and decided that the quality of the food did not justify the prices being charged. Despite raising concerns about quality with the LEA, the school had not seen any improvement. Their only option had been to close down the kitchen and begin again with new facilities, new staff and new menus offering healthier meals at less cost.

7.22 Pupils at a rural primary school recalled the meal which was previously supplied, compared with what was offered now.

A. It wasn't like this. It wasn't nearly as nice as this.

B. It was all mixed in and squashed in the corners. Where it had had to travel.

C. The old school dinners, I found that they didn't give you a lot and the vegetables were really watery.

B. And sometimes the things were really dried up.

C. And when you had fish fingers and chips and baked beans and peas, there wasn't very much on your plate when you had that meal.

7.23 One case study school which had remained within the central contract with a private contractor believed that the meal post-delegation was not as good as before, despite dedicated kitchen staff working long hours to produce the best they could.

The food has probably got more expensive for slightly less. Quality-wise it's probably slightly poorer, for example the size of the fish portion has gone down and the mince is more reconstituted than fresh. So portion size has gone down, cost has gone up but cook does her best to put a service on.

Although the head teacher perceived the quality to have fallen, there had been a slight increase in the take-up of free school meals and an increase in the number of meals sold.

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- 7.24 One governor described the opportunities for greater delegation had provided. The school could now communicate directly with the supplier so any required changes were easy to implement.

We wanted more hot puddings so we asked for more hot puddings. It's not rocket science because you are talking person to person about a manageable amount of meals. So if we say 'We're having too many yoghurts, can we have more hot puddings?' That's exactly what happens. We have a better choice, we are more accountable. In the old system, we really didn't have much input into what we wanted and what we didn't want. We were at the end of a mass production process. Somebody centrally planned all the schools, whereas we are now just the beginning and the end of the production process. If we want no curries and more lasagnes, we can just walk over the road and say 'No curries and more lasagnes.'

Healthy eating

- 7.25 A number of LEAs had introduced policies to improve the healthiness of the meals offered by the central service, by banning or discouraging certain foods (particularly chips, crisps, and fizzy drinks) or specific additives, and promoting the introduction of more frequent offering of salads and fruit.
- 7.26 One LEA related how they had been 'ahead of the game', when it came to nutritional standards. Their contract with a private catering contractor had commenced prior to the reintroduction of government nutritional standards. They had consulted with a dietician in drawing up their contract, with the result that it exceeded, and was more specific about nutritional standards than current government requirements. There was emphasis on healthy eating in the authority, with some schools taking a holistic approach through School Nutrition Action Groups, that involved the curriculum as well as out of school activities. These initiatives were school-led, though the LEA and the contractor attended some group meetings. Additionally, the NHS-led Health Improvement programme was in operation in the LEA to promote healthy eating and nutrition as a focus in a county-wide Healthy Schools Programme.
- 7.27 Other LEAs reported initiatives to encourage healthier eating and many were piloting innovative ideas to assess their viability and their market value. These often required some capital backing. One LEA had introduced trial milk bars, using equipment on loan from the milk producers, and this service was now being requested by other schools in the area.
- 7.28 One central catering service was offering healthier options at lower prices than unhealthy foods.
- In October, we introduced salad bars in junior schools one day a week and that has gone down brilliantly to make them more adult and independent. It is just ways of making it more innovative and brighter. We are running for the next three weeks a filled jacket potato for 50p to try to get them off the chips. The problem with chips is that they are cheap and fills them up.*
- 7.29 A case study primary school had tested the salad bars. The school cook was able to offer the salad bar on two days each week and even reception year pupils successfully helped themselves from the salad bowls set out on a low table. The kitchen had also shifted from deep frying to oven cooking, and provided oven cooked chips on only one day each week instead of most days. The cook admitted that she had been aghast when

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the new policy was announced and was sure that the take of meals would plummet and the kitchen would be forced to close. However, she had been surprised at how well the alternatives, particularly jacket potatoes, had replaced the mainstay chips.

I thought we are never going to get this off the ground. The numbers are going to fall.....I never thought [School] would go without its chips. We had to have these chips. Don't break down chipper.....But now ...they[pupils] don't really bother.

- 7.30 However, LEA policies only covered schools within the central contract, so schools outside the contract did not need to comply.

I know that the schools outside the contract do not have a healthy eating policy..... the pricing policy should on a par with the authority. Why should a child at the private contracting school pay 30p for an apple where one within the local authority costs 20p? We have a policy within the authority that healthy food is cheaper and high fat food is a lot more expensive and they should be complying with the local education policy which unfortunately they are not.

- 7.31 Individual schools reported improving the healthiness of meals. Some had negotiated with their individual supplier to remove certain foods and additives from meals. Two case study schools stressed the freshness of the food used for meals, with basic foods used in menus so that additives were either completely eliminated or kept to a minimum. One school cook summed up the school policy when he described his routine for making pizza.

We start with a bag of flour and make all our own tomato sauces. We boil all our own ham so you have quality. And you keep the cost down as well.

- 7.32 A case study school, which had used delegation to completely restructure the kitchen and meal service, used the healthy eating option as its main selling point and felt that the meal enhanced the status of the school locally.

We consulted parents to ask if parents would be interested e.g., in the healthy eating option 'No chips, no burgers' and we gave sample menus to parents. There was a very strong commitment from parents.

Pupils comments about the healthiness of meals:

The meals are healthy because like in the Bolognaise, there are tiny bits of tomato and mushroom and people don't notice it and they think they are not having a very healthy meal but it is.

- 7.33 School cooks and pupils talked of the need to encourage experimentation. When serving out meals, cooks described giving pupils small portions 'to try' and pupils talked of the need to increase the range of foods on offer to give the opportunity for people to widen their experiences of foods.

We have apples and pears and bananas but they could have some different kinds of fruit, like grapefruit. Some children haven't had grapefruit and it would give them a chance to try new things.

- 7.34 Pupils discussing the sandwich service available in their school were critical that in allowing pupils to choose four items, it permitted pupils to take too many sweet items. Whilst some pupils were taking a sandwich, soup, cake and a drink, others were opting for a cheesy dunker, orange drink, cake and crisps. Pupils disagreed on how healthy this was, one feeling that there was too much freedom to choose cake and sweet things, the

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other believing that a healthy choice was possible and that sweet things were an important component of diet.

A. I don't think they are healthy because they have a lot of goodies in them.

B. But I think they are good because you can choose and if you choose you can have a proper balanced meal. The sandwiches are healthy. There's fruit, yoghurts. And sugary things because you need sugary things, you need those because they keep you steady.

- 7.35 A parent with children at the same primary school believed that the move from cooked lunch to sandwich service had made the task of getting her children to eat their five pieces of fruit and vegetables each day more difficult. The hot meal she believed had ensured that they had one or two portions of vegetables at lunch time.

My littlest one, it's ham sandwiches, soup, muffin. It's the same everyday. I'd rather he had the school cooked meal. It's hard to get five pieces of fruit and vegetables into them in one day. Like they have a piece of fruit before they go to school. Give them four vegetables, or even three on a night, and they go mad.

Market forces

The question is what would they like to eat and what are we prepared to give them. Because if you gave them the choice they would have chips. So we've got to compromise really and balance out what they would like to have and what we are prepared to give them, within the context of a healthy school meals service.

- 7.36 Both at the school and the LEA level, there was recognition that the ideal healthy lunch menu had to be balanced with the reality of the market. As one education policy officer admitted, a menu that looked good to adults did not necessarily appeal to young people and a catering client officer pointed out, 'one difficulty is that if you make it "too healthy", children won't buy it'.

- 7.37 One LEA had initially banned the central contractor from selling crisps but pupils bought them elsewhere so they had been reinstated in the contract.

On the last contract before this one we wouldn't allow the contractor to sell any crisps, but then the children either went out and bought elsewhere or bought from vending machines which the school had put in because that was good revenue for the schools. So, this time we have allowed those items back in.

- 7.38 On the front line in the school dining room, similar compromises were made, not always in response to commercial pressure but because dinner staff, particularly in primary schools, did not like to see children with little on their plates. One cook explained that her manager turned a 'blind eye' when she reported that she was offering baked beans more often than was permitted on the centrally devised menu.

You have to coax them but some of them have very little on their plates and I put beans on [the menu] and I said I'm awfully sorry but I put them on because I couldn't let a child go through with that.' If they don't take the veg, it's very hard to force them so I put beans on, I shouldn't do it.

- 7.39 One case study school head teacher believed that it was up to secondary school pupils to make their own decisions about healthy eating. The school cafeteria, run by an outside caterer, offered a wide range of fast food along with some salad items. There was no fresh fruit on the menu. The head teacher felt that catering was a commercial operation and needed to offer what was available in the real world outside school.

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A commercial concern is going to provide in a school what they provide commercially out there, what people eat. And whether you like it or not, that's what people eat out there. I believe in people having a choice, if they want to eat chips and beans etc, they can eat chips and beans. If they want to have a healthy salad, they can have that as well. I believe in people having responsibility for themselves, I don't believe in the nanny state. As long as people have the right information to make reasonable choices.

- 7.40 One contract manager foresaw future problems if healthy provision was given a higher priority without some subsidy. School contracts would not be attractive to private contractors if the specification for provision was too biased to healthy foods as they would be less profitable and lack commercial viability.

Consulting with the customers

- 7.41 A number of case study schools reported having formalised systems for consultation with pupils about meals such as the School Council or regular surveys. One school provided a suggestions box, although the head teacher admitted that currently most suggestions were requesting the reinstatement of crisps at mid-morning break after their removal for the school to gain the Healthy Tuck Award.
- 7.42 One head teacher summed up the types of responses to surveys which were echoed at other schools,
The School Council have some say in the meals but that is generally of the 'What we like' and 'What we don't like' type of input. Recently they wanted lasagne put back on the menu and we have spoken to the supplier and it's back on now.
- 7.43 Where systems were in place for their views to be heard, pupils described the value of these and how schools had responded to suggestions and requests.
*A. We did fill in a questionnaire about what we could do to improve it and what menus were our favourites.
B. They did change it.
A. Especially the puddings because we wanted more hot puddings and we were getting cold puddings in pots.
C. I know something we introduced a little while ago. We didn't used to have vinegar. Now we can have ketchup with our first course and vinegar is left on the tables.*
- 7.44 In one case study school, a sandwich option had been introduced at the suggestion of the School Council. In another, Sixth Form students had used the meals service to reflect wider concerns, requesting that the caterer use Fairtrade produce where possible, a suggestion which had been taken up.
- 7.45 However pupils at one school felt that the caterers did not take account of what pupils wanted to eat and the choices they wanted. None of the pupils interviewed knew if the School Council had ever asked about school meals.
*A. They should make more effort to find out what people want to eat and then cook more of that, rather than small amounts of everything. They run out of things. People want, like tuna sandwiches, and you have to buy cheese ones because they're the only ones left over and the tuna have run out. They don't seem to understand that.
B. It should be for people to decide, we should be able to say we want pizza, chips, canned drinks.*

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C. They make all the decisions. We are going to serve this, this and this. It's not like, see what we want.

- 7.46 Year 10 pupils in that school felt that the caterer had accepted the stereotype of what young people like to eat and did not provide enough choice. However, pupils acknowledged that caterers could not afford to offer food that failed to sell.
- A. You can get salad, pasta salad but seems to be more fast food than salad and sandwiches.*
B. I don't know of any fresh fruit or anything like that.
A. I think some people would have that, obviously not all of them. I think they have generalised, teenage food, all the fatty foods they offer. And I think with the choice, people would go for salads and fresh fruit and things like that.
C. If they put a lot of healthy food out and no one eats it then it's just a waste of money.
- 7.47 One case study middle school demonstrated how the curriculum could be used for consulting with the customer. This school, which had its own in-house provision, was planning to involve pupils in menu planning as part of a Food Technology course during the next academic year
- 7.48 Few schools surveyed parents formally for their views on meals, although most said that parents were interested to see the catering on offer when they visited school. One school used an audit questionnaire each year to find out what pupils and parents wanted. The head teacher always arranged to collect pupils views first as she believed parents views about meals could influence the responses of pupils.
- 7.49 Another head teacher lamented the lack of expectation on the part of parents.
- Feedback relies on price. There is a very impoverished local perception about health and long term health. Children are not fed particularly well and they have high carbohydrate meals. That gives you a very different palate of experience than you would get in more middle class areas where parents would be much more demanding of the school meals provision. I wish they were more demanding and challenging and I do try to make them so, but the main issue is always price rather than quality and I think the two should go hand in glove.*

Summary

- 7.50 Overall, the study found it difficult to identify the specific impact of delegation alone on meals provision as delegation of funding had coincided with initiatives to improve the healthiness of food in schools and the reintroduction of nutritional standards.
- 7.51 However, at individual school level, there was evidence of schools and catering staff taking the initiative to provide meals that conformed to nutritional standards whilst appealing to paying customers. The shift of responsibility for meals to schools and governing bodies had encouraged some schools, even those within central contracts, to negotiate at individual school level for the supply of healthier meals.
- 7.52 The case studies provided some examples of schools that had opted to provide meals that exceeded the nutritional standards required by law. These schools stressed the need for a whole school approach to meals and to healthy eating, with emphasis on gaining the support of pupils and parents to ensure a commercially sustainable meal service.
- 7.53 At the same time, delegation accentuated the need for the meals service in individual schools to be commercially viable. This had been achieved, in some schools, by

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offering popular, but not necessarily nutritionally well-balanced meals, or by raising prices. These responses have had serious implications for nutritional standards and also for the provision of free school meals. If the value of the free school meal remained unchanged while prices rose in the cafeteria, entitled pupils were unable to buy a meal without supplementing their free school meal allowance with additional cash.

- 7.53 Schools spoke of a need to ‘sell’ the Healthy Meal concept to pupils and parents, but not all schools offered pupils or parents the opportunity to give their views about the meals offered. At schools that did consult with its customers, pupils appreciated having a say in what was provided, particularly when their suggestions were followed up with changes to menus or dining conditions.

8. The impact of delegation on central services

- 8.1 Six of the 12 LEAs which contributed to Strand 2 of the study used LA in-house provision, and one had disbanded its schools catering service in 2000. The picture painted by most catering services, whether with a DSO or contracting to a private company, was that central contracts had reduced with the introduction of delegated budgets. This section looks at the changes to central services brought about by delegation, as described by LEA officers and catering managers.
- 8.2 Several DSO officers reported losing schools from the contract because they had decided to move to private contractors or to offer in-house provision. One had lost almost half its hundred primary schools and all secondary schools. At the other end of the scale, one central service had lost the contract for only one secondary school and no primary schools. Another, whilst losing a small number of schools from its own authority was now supplying two schools in a neighbouring LEA, having been approached for the contracts.
- 8.3 However, maintaining provision in some schools had been at a cost to the DSOs. Several reported re-negotiating contracts with schools, offering up-front capital investments and a cash percentage of the turnover. One catering officer described this trend as one towards the establishment of partnerships with schools, with each setting its own contractual agreement. In that LEA, several schools had formed small consortiums to negotiate more favourable contracts with the DSO.
- 8.4 Most DSO officers felt that some positive developments had come directly from the delegation of budgets. Most observed that they had had to work much harder to satisfy their customers, which meant considering customer care and taking a wider view of the service they offered. Under threat of more losses, providers had identified where the service needed revision and updating to make it more competitive.
- It's obviously, we've got to give the schools the service they want or they may choose not to remain with the next contract. It makes us more aware and it makes us more of a business, it is making sure that they are aware of all the choices they can make. If we hadn't had schools go out, we would be going on unaware with the main contract. It's given us a different perspective when looking at it. .*
- 8.5 One general catering manager believed that despite all the additional work that the individual contracts made for the service, the overall benefits made the extra effort worthwhile.
- Also not tied into a long contract makes more work for us, but we have built in the flexibility that is needed.*
- 8.6 A Central Catering Services Manager managing individual contracts with a large number of primary and secondary schools since delegation, described the successes and difficulties that delegation had brought her service. Her main successes, she felt, had been,
- to actually be able to manage each school individually, and in addition, under extremely difficult circumstances, to introduce new schemes in schools, such as 'Cool Cafe' and 'The Diner', without any budget to do so.*

8. The impact of delegation on central services

- 8.7 However, delegation had also led to more difficult situations for some DSOs. In the main, the schools which had either left the central service or had negotiated more favourable terms with the DSO were those which were the most profitable. One Finance Officer described a situation, echoed in other LEAs, of the DSO losing the benefits of economies of scale which existed pre-delegation.
- what [secondary schools] are finding, the ones who have gone to outside caterers is that they are saying they are making a profit. The counter to that is that the DSO is struggling to provide for the same price in the primary sector because it's lost the economies of scale.*
- 8.8 DSOs facing this situation expressed concern that they would not be able to sustain their services in less profitable schools. Without the cross subsidy, the marginal costs of staffing could make the cost of providing a meal prohibitive in smaller schools. Several suggested that they would not be able to sustain the service without some form of subsidy.
- 8.9 DSO officers raised the additional disadvantage that with the loss of more profitable schools or with the tightening of contracts, they no longer had scope to upgrade the service or to undertake more innovative projects. One DSO had in the past introduced swipe cards in all schools with cash cafeterias and electronic survey equipment for conducting pupil surveys, all funded from paid meals revenue. Officers believed that with tighter budgets, they would have less freedom to test new ideas which required capital funding.
- 8.10 There was a strong feeling expressed by several DSO officers that long-term planning of the catering provision in individual schools had become more problematic with delegation, particularly in those cases where annual contracts had become the norm.
- In every way delegation has reduced my ability to move the service forward. It's very frustrating, very worrying. You feel in a no-win situation - every new idea I come up with, there's something that works against it, because of delegated budgets. [And] ..if uptake increases in schools, I don't benefit, schools get the benefit.*
- 8.11 Kitchen repairs and maintenance have already been discussed in Section 4. The implications for DSOs in some LEAs had been that they no longer had access to funds for repairs and maintenance and for investment in new equipment. One catering officer described situations such as kitchens with extractor fans needing cleaning, and cooking equipment that was broken. In these circumstances, the onus was on her to find suitable alternatives.
- The capital equipment budget is delegated per capita; small schools do not have enough money to spend on capital, so some of them don't do it any longer.*
- In order to manage the situation better, she had tried to persuade head teachers to let her manage their meals budgets, but schools making a profit were not agreeable to this. She had also tried to introduce profit sharing, without success. She commented,
- As long as delegation is in place, I don't think that schools that are making money will ever give it up, and small schools will continue to struggle.*
- 8.12 One new role which several DSOs had taken was to offer 'safety net' provision to schools which had experienced problems with a private contractor. Some schools had

8. The impact of delegation on central services

had the misfortune to be using private catering companies, which had subsequently ceased trading, or with whom contracts had been terminated unexpectedly, or with whom other problems had arisen. The DSO had been able to step in at short notice to supply meals, or to allow a school to buy back into its services. DSOs mentioned that they generally offered schools the option to buy back into the central service or contract, even after they had opted to leave.

Future outlook

- 8.13 The overall view in many LEAs was that when current contracts terminate, more schools would be exploring changes in their provision. Some would establish individual contracts that would ensure that if meal provision was profitable, then that profit would stay with the school. One DSO was facing the loss of contracts in the forthcoming year.

Coming up to the end of our contract, with a year's option for extension, so a lot of consultation with schools over the next term. I think some of the secondary schools will go, because they have been watching what some of the others have been doing and the feedback we've been getting is that if they did, they would all come back to us for support. I think it will be a very mixed bag next time round.

- 8.14 The catering officer in a shire county who was expecting DSO contracts to continue to reduce, anticipated that without the cross subsidy she could currently apply, the cost of delivering services to rural schools would inevitably rise. The consequence of this would be that these schools would either need to leave the main contract and make local provision, or that elected councillors would decide that the meals service should be subsidised. Alternatively, the county would face differential meal prices in rural schools, which would have implications for the budgets delegated to cover free school meals. Another central catering service, in an urban situation, which had struggled to maintain only minimal price rises, saw its future options as either to raise prices substantially or lower the specification for its meals.

- 8.15 However, in an LEA in which a central contractor provided transported meals to smaller schools, there were indications that the LEA might need to develop some central services for them in the future. In that authority, there was a growing concern that delegation would lead to the loss of school kitchens which currently supplied the smaller schools. The LEA catering officer was considering the option that should that trend continue, then they might have to provide a central kitchen to supply those meals.

If more schools opt for delegation, it limits the LEA's flexibility to provide meals for schools with no kitchen of their own. It will become more difficult to guarantee hot cooked food to small rural schools with no kitchens. If that happens we will have to consider providing a kitchen that provides that.

- 8.16 One DSO remained hopeful, trusting that head teachers and governing bodies would continue to support the central service.

There is no downside at the moment but it will be if a number of schools do find alternative provision, it could mean the closure of the in house provision. That is the big downside. Currently we haven't got there and we hope we never do.....On the whole they feel that it is better to stay in house simply because of economies of scale and they are aware that if large numbers did go out that would mean the end of the school meals service. Some heads take more of a wider view than just their own particular school.

Summary

- 8.17 All six of the DSOs in the study had seen some reduction in the number of schools for which they were providing meals. The degree to which they had lost business was almost certainly a reflection of the level of satisfaction schools felt with the service provided or the prospective profitability to schools of opting for alternative provision.
- 8.18 Those DSOs that had experienced a substantial loss of schools from the central contract had seen a decline in their capacity to develop the services they offered, both in terms of the infrastructure of kitchens and serving areas but also in the provision of healthier meals. There was concern that with more profitable schools lost to the contract, DSOs would have difficulties providing smaller or less profitable schools with a meal service without introducing a differential pricing system. This would have implications for the delegation of future budgets for free school meals.
- 8.19 Despite the disadvantages, DSOs acknowledged that delegation had provided an impetus for them to review the service they provided. With more awareness of the costs of the service, schools had taken the opportunity of delegation to consult the DSOs to provide services tailored to local requirements

III Conclusions

9. Key Findings

- 9.1 This short but focused study aimed to explore the impact of the shift to delegated school meals funding on LEAs, schools, and nutritional standards. The study revealed a wide range of experiences for LEAs and schools in the delegation of school meals budgets and the consequences of that delegation. It found that the majority of LEAs delegated funding to all primary schools, with less than a fifth retaining budgets and delegating only by request on a school by school basis. Specific findings in relation to the project's objectives are as follows.

Difficulties for LEAs and schools in moving to delegated funding

- 9.2 Most LEAs experienced no difficulties with the delegation of school meals funding and believed that the process had been undertaken successfully. However some LEA catering services experienced a decline in their role as a direct consequence of delegation, with schools leaving the central contract and finding new sources of supply. Those DSOs which had lost contracts to supply schools believed that their role would continue to diminish as more schools took the opportunity to seek new suppliers.
- 9.3 The delegation process had been more complex in some LEAs. At least one LEA had experiencing on-going difficulties in finding a delegation formula acceptable to all schools and governing bodies.
- 9.4 At school level, many schools decided to remain with an existing central contract in the expectation of mitigating any problems that might arise as a consequence of delegation. However some schools had faced unforeseen expenses when they found themselves responsible for aging kitchens and equipment.
- 9.5 Delegation had provided the opportunity for some schools to renegotiate contracts with existing or new suppliers or to launch out with their own in-house meal provision. Whilst this had been a positive experience for schools, exploring new provision had required a substantial time commitment on the part of school staff and unpaid governors.
- 9.6 Some schools are known to have received delegated budgets when they had made clear to the LEA that they would have preferred the funding to have been retained centrally. Some schools had closed kitchens as a direct result of delegation, as the sums delegated were insufficient to maintain a meals service without subsidy from the school main budget.

Best practice in the administration and delivery of delegation of budgets

- 9.7 The study revealed an important issue around the delegation of funding for free school meals.
- 9.8 It would seem good practice that LEA delegation formulae should ensure that schools are reimbursed for the free school meals they provide so that they do not need to subsidise free school meals from their own budgets or find themselves with unspent

9. Key Findings

free school meal monies. At present there are two situations from which these funding discrepancies might arise.

- 9.9 Firstly, at present each LEA derives its own formula for assessing the sums delegated to schools, and anomalies of funding for free school meals arise with the use of some formulae. LEAs which delegate funding on the basis of the number of eligible pupils create a situation in which some schools find themselves with unspent funds when take-up of meals fails to match eligibility. At the same time, other schools may find themselves with a current take-up which is higher than the eligibility on which their budget has been assessed, requiring the school to make good the overspend using other funds.
- 9.10 Secondly, a further source of anomaly had arisen since delegation. Previously, central contracts in which most schools participated provided price conformity across schools. With delegation, schools outside the central contract have been setting their own pricing structures for meals, reflecting the commercial cost to the school of providing the meal. This has had important consequences for the provision of free school meals. Specifically, pupils entitled to free school meals in schools with set price menus would almost certainly continue to receive an adequate meal. However the cost of this meal may well be above the sum set at authority level for the value of the free school meal. Schools in this situation will receive delegated funding for meals, at the standard rate but will need to subsidise the difference for each free school meal from other sources. In schools with self-service cafeterias, increased prices may result in pupils on free school meal being unable to purchase an adequate meal without a supplement from their own money.
- 9.11 The delegated budget therefore needs to cover the cost of supplying a free school meal that conforms to the required nutritional standard, with delegation formulae acknowledging that the cost of supplying free school meals varies from school to school. Without that flexibility, schools are forced to subsidise free school meals from their own budgets or alternatively, pupils entitled to free school meals will not have access to a meal of the required standard without their personal subsidy.

Support for school staff and governors and the monitoring of meal provision

- 9.12 Support from LEAs for schools and governing bodies was limited in the early stages of delegation, though LEAs had put support and advice services in place to help guide schools through the processes of setting up new contracts or new kitchens. However, some schools had found the prospect daunting, and decided against taking the opportunities that delegation offered. With good support systems in place, schools and governors might have been less reluctant to take on the additional responsibilities of meal services, reassured that they could call upon expert advice.
- 9.13 A major concern highlighted by the study is with the current situation in respect of monitoring the meals service.. The lack of clarity at LEA level regarding statutory responsibility for monitoring was reflected in the range of monitoring procedures in operation.

9. Key Findings

- 9.14 While some LEAs and private consultancies offered comprehensive monitoring and support to schools, there is no statutory obligation for LEAs to offer this service nor for schools to take up external monitoring.
- 9.15 The study found evidence that some schools with no external monitoring in place were addressing all the issues that a monitoring service would cover, regularly checking that their service complied with all the legal requirements.
- 9.16 Other schools were less vigilant. Even schools which subscribed to LEA monitoring agreements were falling short in some aspects of the service they provided. Most importantly, schools were failing to ensure that the meals offered conformed to nutritional standards and that pupils were able to purchase an adequate meal for the price of the free school meal. In cash cafeterias, pupils entitled to free school meals were free to select meals which contained no protein item or any item of either fruit or vegetable origin.

Implications of delegation for nutritional standards and the quality of food provision in school

- 9.17 The delegation of budgets coincided in many LEAs with the introduction of nutritional standards, which together with a number of concurrent health initiatives, have all played a part in improving the quality of meals recently.
- 9.18 The study found evidence that some schools had used delegation to make substantial improvements in the quality of the meals they offered. By renegotiating with their existing supplier, by finding new suppliers or creating their own meal service, schools had worked to offer meals which exceeded the minimum nutritional standards and, equally importantly, which pupils were pleased to eat. At the same time, many central services were also pursuing policies to provide healthier meals and to encourage take-up.
- 9.19 However, the study also found evidence that delegation had led to a greater emphasis in some schools on commercial viability, to ensure that meal provision was self-financing. To encourage pupils to buy meals, cafeterias were offering popular, but not necessarily nutritionally well balanced, menus. Pupils, particularly those on free school meals who took a meal everyday, could be faced with a very limited choice of meals. With no statutory monitoring of nutritional standards, there is little incentive to conform to legislation or to improve the take up of quality meals, particularly for schools in which meal provision is a low priority.

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