

Lewisham Schools Forum			
REPORT TITLE	Catering		
KEY DECISION	No	Item No.	6
CLASS		Date	17 January 2018

### 1. Purpose of the Report

The purpose of this report is to review the catering charge for schools.

### 2. Recommendation

#### Schools Forum is asked to;

- i. Agree a 5% increase in the Catering Charge for Non-Secondary Schools from April 2018.
- ii. Note the current contract review taking place intended for completion before the end of the summer term 2018.
- iii. Note that arising from the review it may be necessary to increase the charge from September 2018.

### 3. Background

- 3.1 In May 2015, Lewisham Council entered into a school meals contract with Chartwells on behalf of schools for five years with the option to extend for two further years subject to the necessary approvals.
- 3.2 The contract was awarded inclusive of payment of the London Living Wage on a phased implementation. There are 72 schools who have bought into the school meals centralised service with contract value of circa £50m, the exact figure will vary due to the number of meals supplied and inflationary pressures. In addition the Estates Management Unit through the school meals contract arrangements manage the civic catering services (Wearside Canteen and the Catford Complex trolley service) with these being funded as a re-charge corporately.

#### 4. Charging

- 4.1 Due to uncertainties around the impact of the new contract pricing on schools it was agreed at Schools Forum that the charge in the first year of the new contract would continue on the basis of the old contract, on the understanding that this would lead to an over-collection of funds. This led to a surplus in the trading account which is now being used to subsidise the remaining years of the contract.
- 4.2 The second and third years of the contract have been charged at a lower than cost rate, leading to significant savings for every non-secondary school and still retaining a surplus on the trading account. However this must now be increased in order to meet the increased costs associated with the increase in London Living Wage and other inflationary pressures, including rising food costs.
- 4.3 Since the commencement of the contract, the minimum hourly rate (London Living Wage) for staff has risen to £9.75. Under the contract there is an obligation to increase LLW payment each year and therefore to £10.20 in May 2018, a rise of 4.6%. With food inflation also around this level the schools forum are asked to agree an uplift to the schools charge in April 2018 to reflect the increase in LLW and any other inflation measures of 5%. The table below contains an exemplification of the increase.

Example Of Increase In Contract Charge	
Small School (Up To 250 Pupils)	£ 2,700
Medium School (Up To 500 Pupils)	£ 5,800
Large School (Over 500 Pupils)	£ 9,600

- 4.4 Due to the phased implementation of the London Living Wage in the first two years of the contract it was anticipated that staffing costs would increase by circa 20% with the potential of further above inflationary increases anticipated. To avoid non-secondary schools experiencing a steep rise in costs towards the end of the current contract, we propose allowing the increase in cost of the school meals provision to be evened out over the remaining life of the contract (two years + two year extension).
- 4.5 Chartwells have requested a contract review which has been agreed. The council intends to complete this review by the end of the summer term. It is unknown at this stage as to the impact on the costs. A report will be brought to the Forum in the summer on the outcome and the likely impact on costs.