



Cabinet (Resources) Panel

15 October 2013

Report Title	School Milk Charges Update Report	
Internal decision designation	AMBER	
Cabinet Member with Lead Responsibility	Councillor Phil Page Schools, Skills & Learning	
Key Decision	Yes	
In Forward Plan	Yes	
Wards Affected	All	
Accountable Strategic Director	Tim Johnson, Education and Enterprise	
Originating service	Schools, Skills & Learning	
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Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to approve an increase in the maximum termly charge for school milk to £11.97 per term with effect from 1 January 2014, in line with the Rural Payments Agency (RPA) subsidy framework, subject to agreement by schools, via Schools' Forum, or equivalent appropriate body.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note that schools are not permitted to charge parents more than the amount recommended by the Local Authority, which is currently £10.00 per term. This price has not increased since September 2010.

1.0 Purpose

- 1.1 The purpose of this report is to seek approval for the maximum permitted charge to parents for school milk to be increased to £11.97 per term, with effect from January 2014, in line with the RPA subsidy framework. This will allow schools to agree an increase in charge to parents, if required, to reduce the predicted school milk budget deficit which will result should Cabinet (Resources) Panel approve the recommendation within a Procurement and Contracts report to increase the price of school milk, levied under the Black Country Purchasing Consortium contract for milk and bread, by 11.5%, with effect from January 2014.

2.0 Background

- 2.1 The school milk budget is funded, at no cost to the Local Authority, through the Dedicated Schools Grant (DSG) and topped up by a subsidy received from the RPA.
- 2.2 Wolverhampton City Council operates a Local Authority-managed school milk scheme (Appendices 1 and 2), whereby 200ml cartons of milk are available daily to children aged up to 11 years old at primary and special schools. Children under the age of five years and those registered to receive free school meals are eligible to receive free milk.
- 2.3 There is no statutory obligation for a Local Authority to provide milk but, where a scheme is offered and centrally administered, schools may not charge more than the amount recommended by the Local Authority. School milk charges have previously been determined on an annual basis by Cabinet (Resources) Panel in April, with any increase in charge to parents being introduced in September each year. The charge is, currently, £10.00 per term. This price has not increased since September 2010. However, it should be noted that during this time the cost of milk to schools has increased by more than 31%.
- 2.4 On 15 October 2013, Cabinet (Resources) Panel will consider the recommendation within a Procurement and Contracts report to increase the price of school milk levied under the Black Country Purchasing Consortium contract for milk and bread by 11.5%, with effect from January 2014.
- 2.5 If there is no corresponding approval for an increase in school milk charges, the result of on the school milk budget, which, as noted above, is borne by schools, would be to increase the deficit by a further £27,000 (-£77,500) to the original deficit forecast for the financial year 2013/14 (Table 4.2). This is the first time there has been such a significant price increase in-year.
- 2.6 From April 2014, in accordance with Department for Education guidance, the budget share for school milk will be pooled and, as a result, future decisions relating to the provision, administration and charging for school milk will rest with schools, rather than the Local Authority. It is expected that a consistent city-wide offer will be agreed by schools and it is intended that advice will continue to be provided to support schools in making appropriate decisions.

3.0 Proposal

3.1 In light of the predicted increase in unit price of milk, it is proposed that the maximum permitted charge for school milk be increased as per paragraph 1.1.

4.0 Financial implications

4.1 The unit cost of school milk will increase in January 2014 by 11.5% to 15.5p per 200ml carton (subject to agreement by Cabinet (Resources) Panel on 15 October 2013).

4.1.1 To qualify for the RPA subsidy towards the cost of milk, an administration charge not exceeding 7p higher than the subsidised unit cost of the milk may be levied.

4.1.2 A charge higher than the maximum permitted under this RPA subsidy framework would result in the loss of the RPA subsidy (worth around £80,000 per annum).

4.1.3 The actual RPA subsidy varies on a monthly basis (across the academic year 2012/13 by up to 0.2956p) from a minimum 3.7282p to a maximum 4.0238p, an average of 3.8902p.

4.2 If the unit price of milk increases in January 2014, and there is no increase to the termly charge to parents, the revised predicted school milk budget deficit for 2013-14 will be -£78,000. This comprises the following elements:

	Revised budget £'000	Original budget £'000
Cost of milk (primary)	-(382)	-(355)
Cost of milk (special)	-(8)	-(8)
Admin fee (catering services – primary)	-(28)	-(28)
Admin fee (catering services – special)	-(1)	-(1)
Milk grant (NMRU)	150	150
Milk subsidy grant (RPA)	80	80
Income from parental contribution	111	111
<i>Sub-total (net cost)</i>	<i>-(78)</i>	<i>-(51)</i>

4.2.1 The predicted income from parental contribution assumes a £10.00 termly charge.

4.2.2 The predicted school milk budget deficit to be charged to the DSG could be reduced by around £11,000 (to a predicted deficit of around £66,000) if an increase in termly charge to a minimum of £11.00 per term was introduced with effect from January 2014.

4.3 A number of neighbouring authorities (Coventry, Sandwell, Solihull, Staffordshire and Walsall) have outsourced provision of school milk to a third party provider (Cool Milk).

4.3.1 Uptake across these authorities is considerably lower than in Wolverhampton; not all schools in these authorities offer milk every day. Where milk is provided, Cool Milk determine the daily charge – around £15 per term; equivalent to 22p per day, for provision of 189ml ($\frac{1}{3}$ pint) cartons.

4.3.2 Alternative models of provision of school milk (e.g. outsourcing, individual school management) have been evaluated for cost effectiveness. The current operational model is considered to offer the best value for money while supporting high levels of uptake across the city.

4.4 Arrangements and charges in the remaining neighbouring local authorities are summarised below (information correct as at September 2013):

Authority	Daily charge	Termly charge	Notes
Birmingham	14p	£8.86	Carton size less than 200ml
Dudley	13p	£8.23	Not available in all schools
Shropshire	No City-wide scheme		
Telford	Free milk provided twice weekly		
Wolverhampton	15.8p	£10.00	200ml cartons

4.4.1 To enable a like-for-like comparison, termly charges have been multiplied by 3 and divided by 190 (average trading days) and vice versa for daily charges (figures in bold indicate the frequency of charge levied by each Local Authority).

4.4.2 The uptake of school milk is reported to be lower in all neighbouring authorities than in Wolverhampton, despite slightly lower prices in Birmingham and Dudley.

4.4.3 A termly charge of £11.00 is equivalent to a daily charge of 17.4p per 200ml.

4.4.4 A termly charge of £11.97 would be equivalent to a daily charge of 18.9p per 200ml.

4.5 Councillors are asked to approve an initial increase in the termly charge to a maximum of £11.97 per term, with effect from January 2014. This is the maximum charge permitted (assuming a price increase in the unit cost of milk to 15.5p) to avoid loss of the RPA subsidy (worth around £80,000 per annum). The actual charge is to be agreed by schools, via Schools' Forum or equivalent appropriate body.

4.5.1 Agreeing an increase to the maximum charge permissible under the RPA subsidy framework will provide schools with the flexibility to increase the charge if necessary in the event of further in-year price increases.

4.5.2 An increase in charge above the maximum permissible charge (without any further increase in the unit cost of milk) would result in loss of the RPA subsidy (valued at around £80,000 per annum).

4.6 From April 2014, decisions relating to the provision, administration and charging for school milk will rest with schools, rather than the Local Authority.

[CF/01102013/V]

5.0 Legal implications

5.1 Under section 512 of the Education Act 1996, and section 35 of the Education Act 2011, a Local Authority may provide registered pupils at their schools with milk, meals and other refreshments. A charge may be made and if so, the price they charge for an item must not exceed the cost of providing that item, except that lunches and milk are to be free of charge for pupils or their parents who are on specified benefits.

[FD/30092013/B]

6.0 Equalities implications

6.1 An equality analysis screening has been carried out and a full analysis is not required. There are no direct implications arising from this report.

7.0 Environmental implications

7.1 There are no direct implications arising from this report.

8.0 Schedule of background papers

8.1	Procurement and Contracts Paper	15.10.2013
8.2	Fees & Charges Report 2013-14	03.04.2013
8.3	School Meals and Milk Charges Report 2012-13	03.03.2012
8.4	School Meals and Milk Charges Report 2011-12	01.03.2011

School Meals Strategy

- 1 Wolverhampton City Council is committed to making every provision to enable children and young people to be healthy, to stay safe, to enjoy and achieve, to make a positive contribution and to have economic wellbeing.
 - *“All our children and young people: successful, healthy, safe and contributing to the communities in which they live, learn, work and play” (Children & Young People’s Plan – CYPP)*
- 2 The Council supports schools in their endeavours to provide the best possible environment in which children and young people can learn and adopt healthy lifestyles and behaviours.
 - *“We want all children and young people to be given real and relevant opportunities to learn, achieve and build successful lives” (CYPP)*
- 3 The Council seeks to communicate with and inform children, young people and their families, aiming to improve access to, knowledge about and intake of healthy food.
 - *“... children [and young people] at the heart of what we do ...” (CYPP)*
- 4 The Council is committed to ensuring that all children and young people and their families are supported in using this knowledge and improved access to make healthy lifestyle choices, and that they are encouraged and feel able to make such choices.
 - *“By increasing our support to families and carers, we will further enable all children [and young people] to meet their full potential” (CYPP)*
- 5 The Council endeavours to ensure that all children and young people entitled to receive a free school meal are registered. Council is committed to removing the perceived stigma associated with taking a free school meal and maximising the uptake of free school meals.
 - *“... to address the inequalities present in communities and reduce the gap in achievement between the most, and least, advantaged in the city” (CYPP)*
- 6 The Council acknowledges the importance of a healthy balanced diet in fostering good health, achievement and wellbeing.
- 7 The Council is committed to ensuring that all children and young people at school are able to access at least one hot, balanced meal per day, and that schools can provide additional healthy catering as required by the community.
 - *“... to safeguard the welfare of children and young people. Their safety and wellbeing are paramount to us” (CYPP)*
- 8 The Council is committed to maximising the uptake of all school meals.
- 9 The Council is also committed to seeking and responding to feedback, particularly from children and young people, and their families, with regard to the provision of food in schools.
- 10 The Council is keen that the quality and appeal of food in school is maximised, ensuring value for money that is widely communicated and understood. As part of its commitment to high standards, the Council will assure the quality of school food through regular monitoring procedures.
 - *“We will work together to build on the excellent foundation and often ground breaking activity that we have in Wolverhampton” (CYPP)*

Wolverhampton Local Authority Managed School Milk Scheme

Wolverhampton City Council operates a Local Authority-managed school milk scheme, whereby 200ml cartons of milk are available daily to children aged up to 11 years old at primary and special schools. Children under the age of five years and those registered to receive free school meals are eligible to receive free milk.

The current charge to parents for school milk is £10.00 per term for 200ml cartons of whole / semi-skimmed milk daily. This charge has not been increased since 1 September 2010.

Children under five years old are entitled to receive 189 ml ($\frac{1}{3}$ pint) of milk, free of charge, for each day they attend approved day care facilities for two hours or more, wholly funded via the Nursery Milk Reimbursement Unit (NMRU) Scheme.

The vast majority of milk provided to the over fives is free of charge. Only around 30% of those currently receiving milk are required to pay. As a result of this (and the terms of the Rural Payments Agency subsidy), the school milk scheme operates at a deficit, since the income generated through charges to parents does not cover the full cost of providing milk.

The majority of schools (85%) introduce the charge for milk to those required to pay in the term following the child's fifth birthday.

The Local Authority scheme currently provides around 2.7m units (200ml cartons) per year to eligible children.

The school milk budget is funded through the Dedicated Schools Grant (DSG) and topped up by a subsidy received from the Rural Payments Agency (RPA).

The school milk budget is managed centrally by Schools, Skills and Learning. The Council's Catering Services administer the scheme on behalf of schools, for a fee equivalent to around £465 per school. Any savings generated through school milk are reinvested into the schools' budget.

Catering staff currently collect school milk money on behalf of schools and place orders for the milk. Schools are responsible for writing to parents to notify them of the availability and cost of milk, overseeing milk deliveries, storage and distribution and banking money, unless other local arrangements are in place between the school and Catering Services. Schools must also display a poster, provided by the RPA, indicating they are participating in the scheme.

In accordance with the statutory standards for food and drink provision across the whole school day, which came into effect in September 2006, whole milk may only be provided to children until the end of the academic year in which they reach five years of age. Thereafter, skimmed or semi-skimmed milk may be provided (skimmed milk is not currently provided in Wolverhampton schools).

There is a growing body of scientific evidence, alongside existing anecdotal evidence, that a healthy diet contributes to optimum academic achievement and improved behaviour and as well as promoting wellbeing and physical health.

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