



membership resources

# State of the Market Survey 2011

## Report

# Local Authority Catering Services





The state of the market survey was conducted by Rob Bailey, APSE Principal Advisor for Catering Services

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## **Local Authority Catering State of the Market 2011**

APSE conducted an on-line survey during May and June 2011, sent out to over 1000 local authority catering contacts throughout the UK. 156 responses were received representing a statistically significant response rate of just over 15%.

A series of questions were asked covering attitudes to the issues currently facing catering, the operation of the catering organisation and challenges for the future. The same questions were surveyed twice since 2008 and trends are now apparent.

Catering managers have been very resilient over the last 3 years although change is anticipated:

- An expectation that the increase in academies will see fewer schools using the local authority to provide school meals
- Increases in base labour costs as the results of job evaluation and single status have been around 6% and not as detrimental as originally feared.
- Secondary school meal numbers are anticipated to rise, reflected a more optimistic attitude in the ability of in-house caterers to innovate and market their offering.

The data collected through this survey is intended to provide a snap shot of the perception of local authority caterers. For detailed and verifiable comparison of both financial and performance data authorities should consider joining APSE performance networks which covers education, civic and welfare catering.

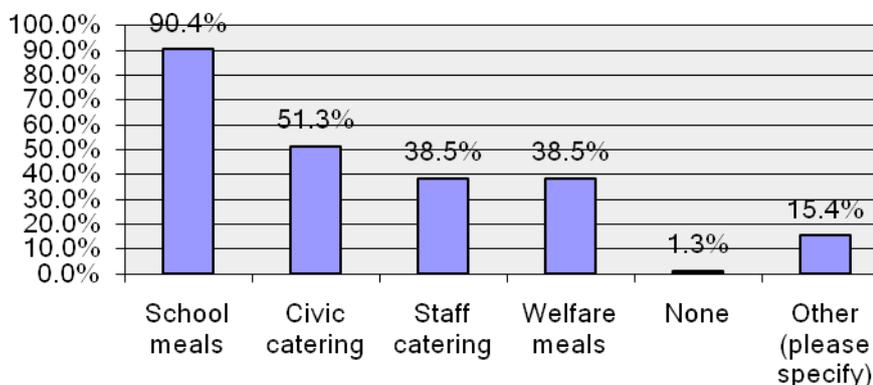
### **Results**

Of those completing the survey, 81.5% were in-house service providers and 68.5% expected to remain within local authority control for the forthcoming year. 13% expected the service to be outsourced over the same period.

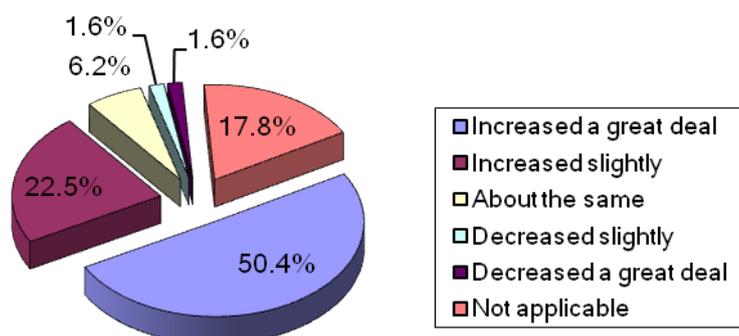
Whilst the majority (61.2%) only supply catering within their local authority, 12.4% now supply services to the private sector and 25.6% to other public sector bodies

Amongst the respondents, school catering remains the largest area with 90.4% of caterers delivering this service and 38.5% delivering staff catering and welfare meals.

### Catering Services delivered



### **Wage costs following job evaluation**



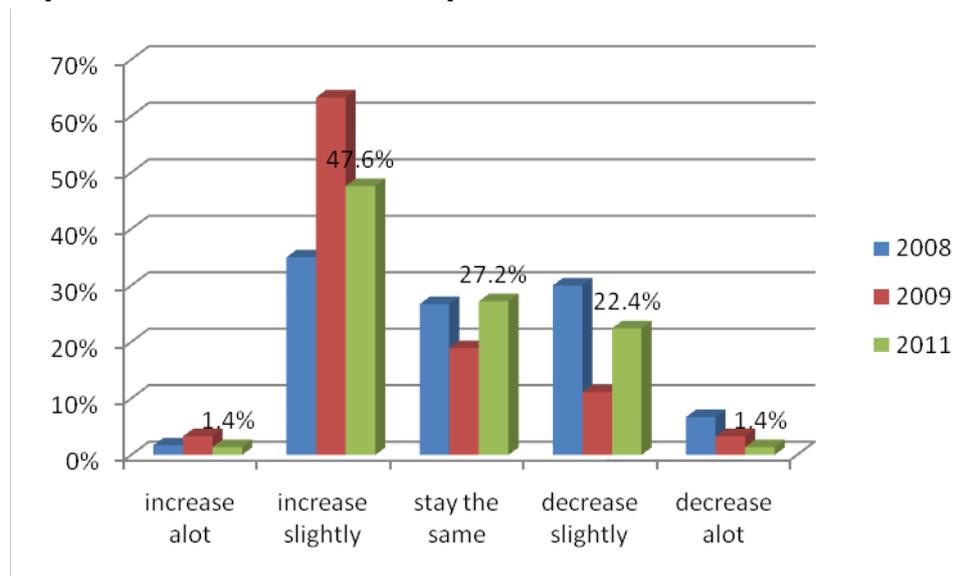
83.6% have now completed job evaluation within their authority although only 81% of those have implemented the new grading system. Just over 50% stated that wage costs had risen a great deal (compared to 92% anticipating would rise substantially back in 2008). Overall 74% have recorded a rise in wages. The average hourly wage for a catering assistant was given as £6.83, but ranges from a minimum of £5.70 to a maximum of £9.23. This represents a 6.1% average increase over the last 3 years

Facilities management is increasingly touted as the organisational structure to be adopted by local authority caterers and cleaning departments. 23.6% regarded themselves as being in such a structure and a further 29.1% anticipated being so within 2 years. 37.8% saw themselves remaining as a defined unit. Interestingly the figures haven't changed significantly over the last 3 years indicating little enthusiasm and perhaps limited economic benefit from such a change.

This year we also looked further at the local authority structures and surprisingly found no evidence for shared services within catering. 18.5% of caterers were operating at least some of the service through a wholly owned local authority company and 25.9% within a central soft FM service. The majority deliver catering as a defined business unit and in 41.5% of cases school, civic and welfare catering are similarly run as separate services.

In-house providers have no separate legal status to the rest of the authority so typically use service level agreements as a substitute to contracts with the schools they supply. The majority 69.3% have SLAs in place across their client base, although a further 12.6% have no agreements at all.

### Expectations for school meal uptake

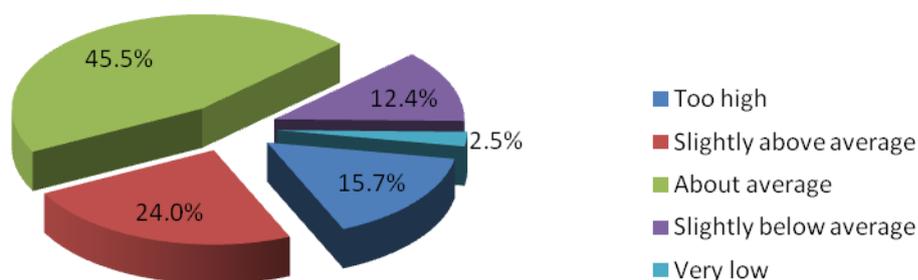


Expectation for future school meal uptake has been volatile although caterers have remained optimistic throughout. 49% now expect some increase over the next year against 23.8 expecting a decrease.

The most frequently quoted sale price for a school meal is currently £1.85 although meals range from £1.50 to £2.20. The overall average is £1.84 although some schools are still giving free meals to all which will substantially disappear in the future.

APSE performance networks during the financial year 2009-10 period showed a price range from £1.20 to £1.98 for primary school meals with an average of £1.70. If the survey results are a reflection of the 2010-11 performance networks information then it would appear that prices are increasing significantly as budget gaps appear.

## Attitude to absence



Personally 87.8% of catering managers anticipated an increase in their workload over the next 12 months, reflecting a 63.5% increase in that of the catering section as a whole. Attitudes to absence remain remarkably stable with 39.7% regarding it as above average compared to 39.1% in 2008. 95% hold regular staff training, 76.9% regular appraisals and 62% holding investors in people. 57% have a staff newsletter for catering staff.

Data collected by APSE performance networks for 2009/10 across more than 60 authorities shows an average absence rate of 4.88% in catering services. Absence has been on a gradual decline within catering and compares favourably with an average across all direct services of 5%.

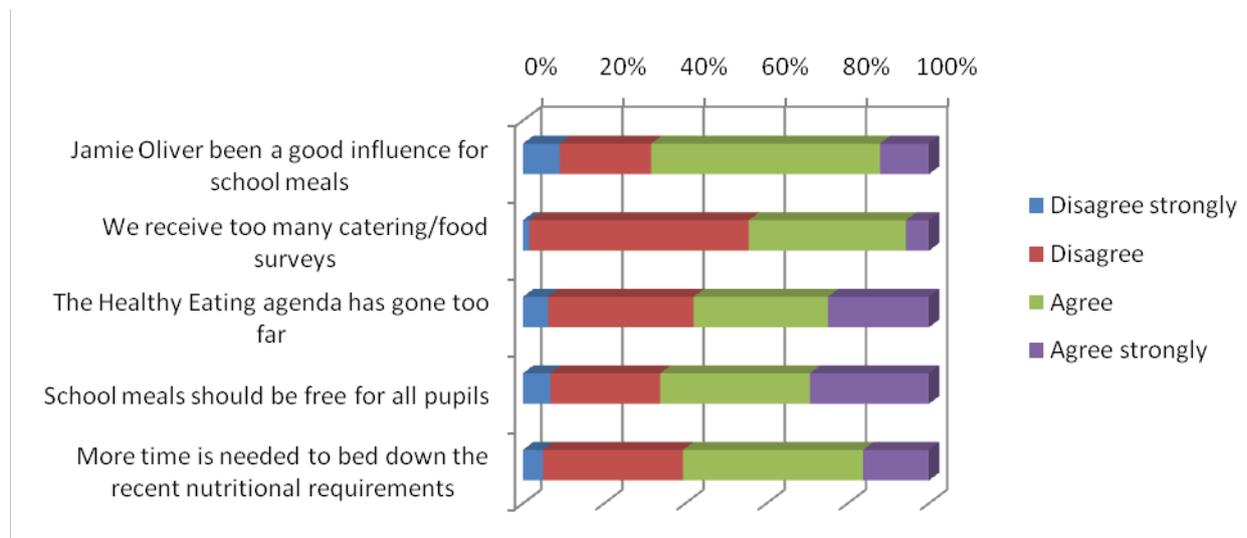
## Efficiencies

This survey took place at a time when budgets across local government are experiencing unprecedented reduction requiring caterers to find even more efficiencies within their service. 58.9% expected a decrease in budget over the next year of which 11% expected those cuts to be substantial. Only 8.9% expected an increase. Anticipating the drive for value for money and efficiency we gauged the anticipated actions to realise savings:

Reduced hours	58.8%
Reductions in management	56.3%
Reductions in catering staff	52.1%
Reduction in Council subsidy	45.4%
Reduction of food on plate cost	37.8%
Renegotiation of meal charging methodology	31.9%
Reduced use of agency labour	17.6%
Taking over central support functions (e.g. payroll)	10.1%
None of these	8.4%
Increased use of agency labour	5.0%

## Healthy eating agenda

Caterers were asked to provide their opinion on a range of statements shown below:



A clear majority (65%) agreed that Jamie had been a good influence on school meals and caterers supported the influence he has had in highlighting the healthy eating agenda. Concerns have subsided since the first survey with 58% now agreeing that the healthy living agenda has gone too far down from 70% and with 60% against 97% in 2008 calling for a period of stability to allow caterers to bed down the recent changes.

In 2008, free school meals were being piloted in some authorities and 74% of caterers were supportive of such a move being rolled out nationally. Support remains high with 66% still favouring a move to free school meals for all.

### Comments on the future

Respondents were asked to provide their thoughts on potential factors that would either increase or decrease take up in the short to medium term.

In 2008 a substantial number of caterers are worried about the impact of the new nutritional standards on take up, especially at secondary level. Whilst their fears were not unjustified, the effect of nutritional standards has now dropped from caterers immediate concerns in regard to take up.

The concern voiced most frequently is the likely effect of schools changing to Academies and the expectation that many will cease to procure school meals from their local authority. Significant numbers expect secondary schools to take the service in-house although evidence of this is slim and is not the case for primaries.

Civic catering is expected to decline as a direct result of the general squeeze on council budgets. This also extends to element of welfare catering although the picture is likely to be more complicated with the move to individual budgets and reductions in day centre provision.

In regard to growth, there is a renewed interest on 'shared working' with neighbouring authorities although this has yet to translate into any meaningful reality. There is an expectation that meal sales in secondary schools can be increased, perhaps reflecting a growing optimism in caterer's ability to market and promote their offering.

Free school meals are expected to rise due to the current state of the economy providing a welcome top-up. Several also anticipated the economic deterioration may also see the return of some contracts back in-house as private providers struggle to retain profitability.

## APSE

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area please email [enquiries@apse.org.uk](mailto:enquiries@apse.org.uk).

Our national advisory groups include:-

- Efficiencies, procurement and service transformation
- Building cleaning
- Citizen engagement
- Local authority, police and fire authority partnerships
- Community safety and security
- Housing management, construction and building maintenance
- Parks, horticultural and ground maintenance
- Roads, highways and street lighting
- Social care
- Sports and Leisure management
- Vehicle maintenance and transport operations
- Waste management, refuse collection and street cleansing
- Workforce strategy and employee relations