



membership resources

# State of the Market Survey 2012

## 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 2012**

APSE conducted an on-line survey during May and June 2012, sent out to over 1000 local authority catering contacts throughout the UK. 121 responses were received representing a statistically significant response rate of approximately 12%.

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 yearly since 2008 and trends are now apparent.

Catering managers have been very resilient over the last 4 years although change is anticipated:

- An expectation that academies may look elsewhere to source school meals and dismay that they will be exempt from the existing nutritional regime
- A renewed focus on the fundamental business and reduced expectation on restructuring around a combined facilities management approach.
- Optimism that school meal numbers will continue to rise, reflected a positive 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.

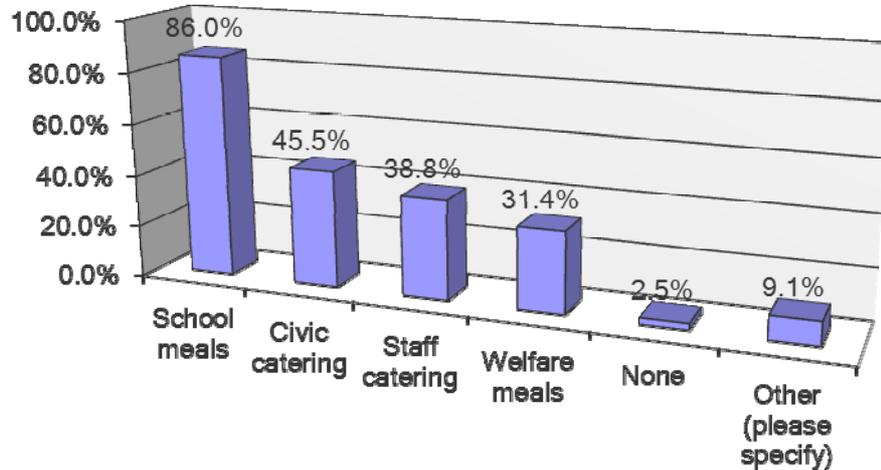
### **Results**

Of those completing the survey, 86% were in-house service providers and 75.2% expected to remain within local authority control for the forthcoming year. 11% expected the service to be outsourced over the medium term.

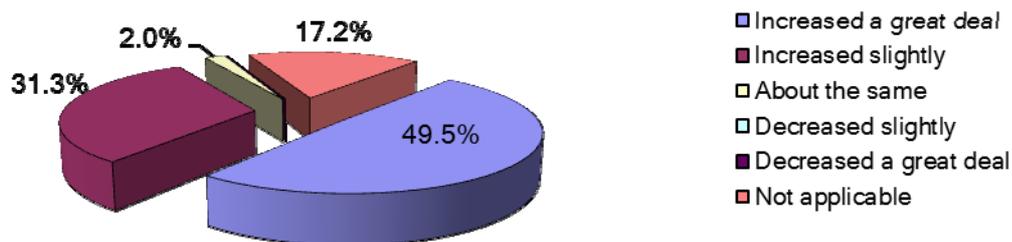
Whilst the majority (66%) only supply catering within their local authority, 16% (up from 12.4% in 2011) now supply services to the private sector and 21.3% to other public sector bodies

Amongst the respondents, school catering remains the largest area with 86.0% of caterers delivering this service, 45.5% civic catering and 31.4% welfare meals.

## Scope of the Catering Service



## Wage costs following job evaluation



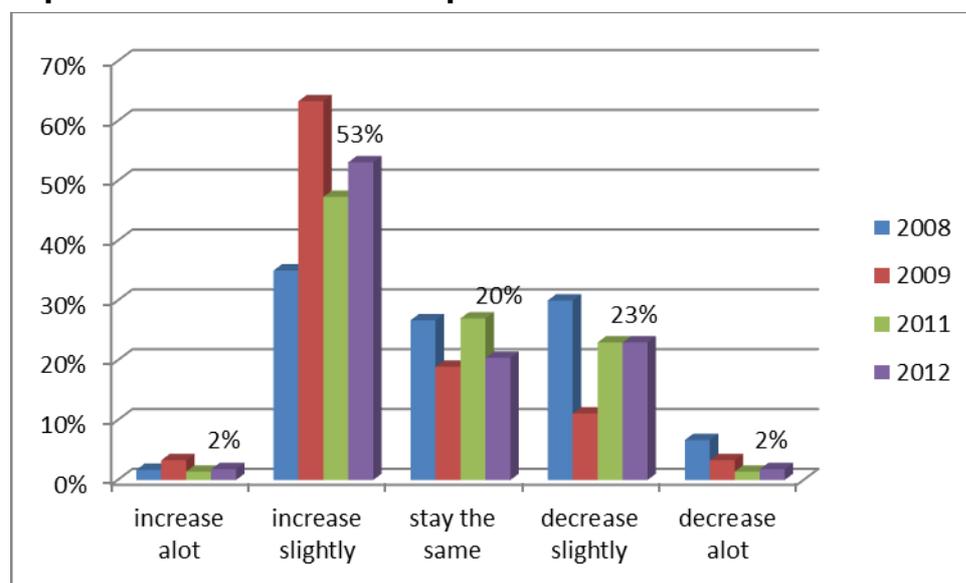
87% have now completed job evaluation within their authority although 13.6% still have to implement the new grading system. Around half stated that wage costs had risen a great deal (compared to 92% anticipating would rise substantially back in 2008). Overall 80.8% have recorded a rise in wages which they attribute to job evaluation. The average hourly wage for a catering assistant was given as £6.93 (median £6.65), but ranges from a minimum of £6.08 to a maximum of £9.36. This represents a 1.5% increase over 2011 and a 6.8% average increase over the last 4 years

Facilities management was once touted as the ideal organisational structure to be adopted by local authority caterers and cleaning departments. 25.3% regarded themselves as being in such a structure with a falling number, 23.3% anticipated being so within 2 years. 42.4% saw themselves remaining as a defined unit. The figures haven't changed significantly over the last 4 years, if anything attitudes have moved against an FM structure indicating limited enthusiasm and perhaps marginal economic benefits from such a change.

This year we again looked at local authority structures and found scant evidence for shared services within catering. 14.7% of caterers were operating at least some of the service through a wholly owned local authority company and 25.3% within a central soft FM service. The majority deliver catering as a defined business unit and in 45.3% 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 64.6% have SLAs in place across their client base, although a further 12.1% have no agreements at all.

### Expectations for school meal uptake

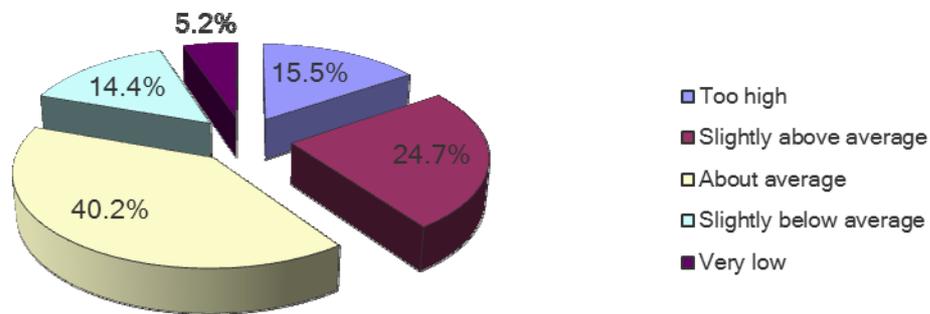


Expectation for future school meal uptake has been volatile although caterers have remained optimistic throughout. 55% now expect some increase over the next year against 24.8% expecting a decrease.

The most frequently quoted sale price for a school meal is currently £1.90 (up 5p on last year) although meals range from £1.50 to £2.20. The overall average is £1.92 although there are still a number of schools supplying free meals to some year groups which will substantially disappear in the future.

APSE performance networks during the financial year 2010-11 period showed a price range from £1.50 to £2.10 for primary school meals with an average of £1.79. The survey reflects the position at the start of the 2011-12 financial year, potentially indicating a significant price rise.

## Attitude to absence



Personally 81.8% (87.6% 2011) of catering managers anticipated an increase in their workload over the next 12 months, against a 54.5% (63.5% 2011) increase in that of the catering section as a whole. It would appear that caterers are feeling slightly more relaxed now the financial situation is clearer. Attitudes to absence remain remarkably stable with 40.2% regarding it as above average compared to 39.1% back in 2008. 95.9% hold regular staff training, 79.4% regular appraisals and 48.5% holding investors in people.(substantially down from 62% in 2011) 52.6% have a staff newsletter for catering staff.

Data collected by APSE performance networks for 2010/11 across more than 60 authorities shows an average absence rate of 4.38% in catering services, down from 4.88% over the year. Absence has been on a gradual decline within catering and compares favourably with an average across all direct services of 4.21%.

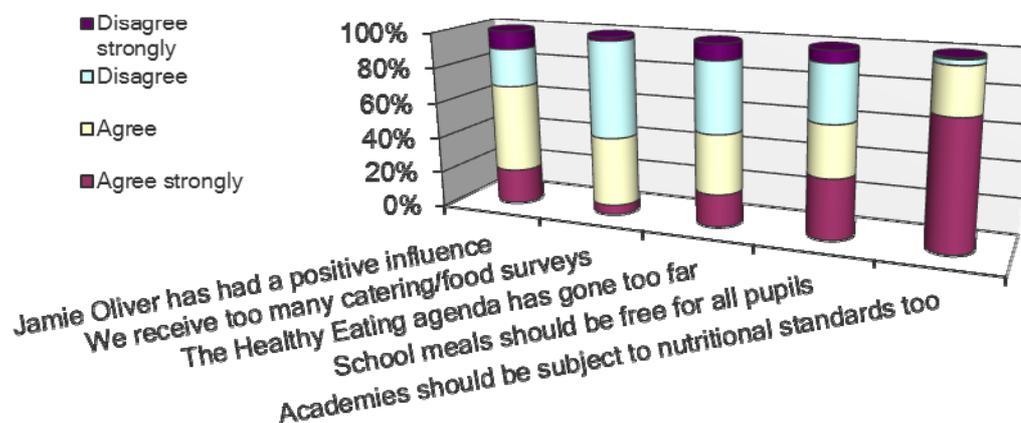
## Efficiencies

This survey took place at a time when most large budget reductions across local government had been announced and a level of certainty (however brief) returning to catering. 50.4% (down from 58.9%) expected a decrease in budget over the next year of which 6.4% expected those cuts to be substantial. Only 5.5% expected an increase. Anticipating the drive for value for money and efficiency we gauged the anticipated actions to realise savings:

Reductions in management	48.4%
Reduction in Council subsidy	45.2%
Reduced hours	44.1%
Reductions in catering staff	32.3%
Renegotiation of meal charging methodology	26.9%
Reduced use of agency labour	17.2%
Reduction of food on plate cost	12.9%
None of these	9.7%
Increased use of agency labour	6.5%
Taking over central support functions (e.g. payroll)	6.5%

## 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 with the healthy living agenda have stabilised since the first survey with 50.4% 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 59% still favouring a move to free school meals for all although this has been falling gradually.

### 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. Academies are exempt from the nutritional standards and not surprisingly 90% of caterers think there should be a level playing field and apply to all.

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. Last year significant numbers expected secondary schools to take the service in-house although this has now slipped lower. Many see further reductions in civic catering.

In regard to growth, the outlook is fairly pessimistic with most seeing limited opportunity for growth other than increasing the meal take-up rates. A few mention collaborative working or shared services.

Free school meals are expected to rise due to the current state of the economy providing a welcome top-up. Several also anticipate 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:

- Building cleaning
- Local authority, police and fire authority partnerships
- Housing management, construction and building maintenance
- Parks, horticultural and ground maintenance
- Renewables and Climate Change
- Roads, highways and street lighting
- Service improvement and performance management
- Service delivery models
- Sports and Leisure management
- Vehicle maintenance and transport operations
- Waste management, refuse collection and street cleansing
- Workforce strategy and employee relations