

State of the Market Survey 2013

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 2013

APSE conducted an on-line survey during May and June 2013, sent out to over 1000 local authority catering contacts throughout the UK. 135 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.

Since the survey, the Westminster Government has decided to fund Universal Free School Meals for infants across the UK. This survey therefore provides probably the only UK wide baseline of opinion ahead of the proposed changes and it is anticipated that some questions next year will have radically different answers.

Catering managers have been very resilient over the last 5 years although opinion both optimistic and pessimistic tends to overshoot the real position when the time arrives.

Main highlights are:

- Continued upward pressure on meal prices, with an increased focus on efficiency and productivity
- A growing realism that conversion to an Academy does not automatically lead to loss of business and optimism that 'in-house' caterers can hold their own in a competitive market.
- 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

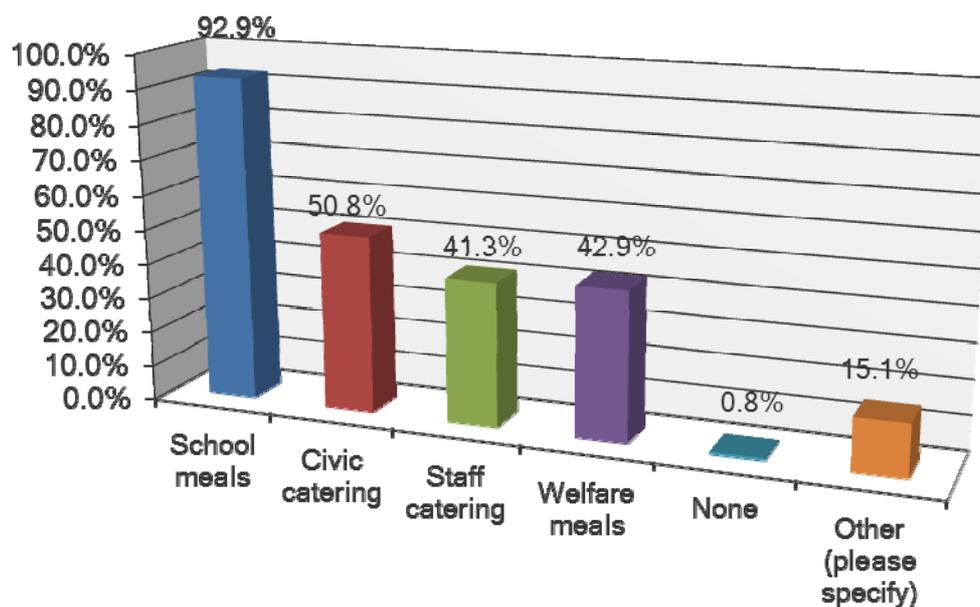
Respondents were UK wide with 61.5% from England, 21.5% from Scotland, 13.3% from Wales and 3.7% from Northern Ireland. The survey therefore reflects APSE's UK wide membership and provides a truly national reflection of opinion

Of those completing the survey, 86.9% were in-house service providers and 80.4% expected to remain within local authority control for the forthcoming year. 6.3% expected the service to move to another arrangement over the medium term, whilst 10.7% operated at arms-length.

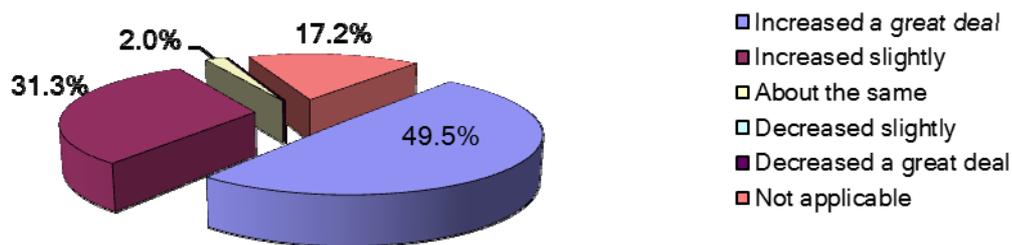
The increasing number of Academies has seen a large shift in those only supplying the local authority with a change from 66% in 2012 to 39% now. Supply to the private sector remains static at around 13%, whilst supply to other public sector bodies outside of education has seen growth to 27% from 21% last year and 31% supplying Academies or free schools.

Amongst the respondents, school catering remains the largest area with 92.9% of caterers delivering this service, 50.8% civic catering, 41.3% staff catering and 42.9% welfare meals.

Scope of the Catering Service



Wage costs following job evaluation



96% (87% 2012) have now completed job evaluation within their authority although 6.5% still have to implement the new grading system. Around half stated that wage costs had risen a great deal (compared to 92% anticipating they would rise substantially back in 2008). Overall 88.3% have recorded a rise in wages which they attribute to job evaluation. The average hourly wage for a catering assistant was given as £7.00 (median £7.05), but ranges from a minimum of £6.25 to a maximum of £8.87. This represents a 1.0% increase over 2012 and a 7.5% average increase over the last 5 years.

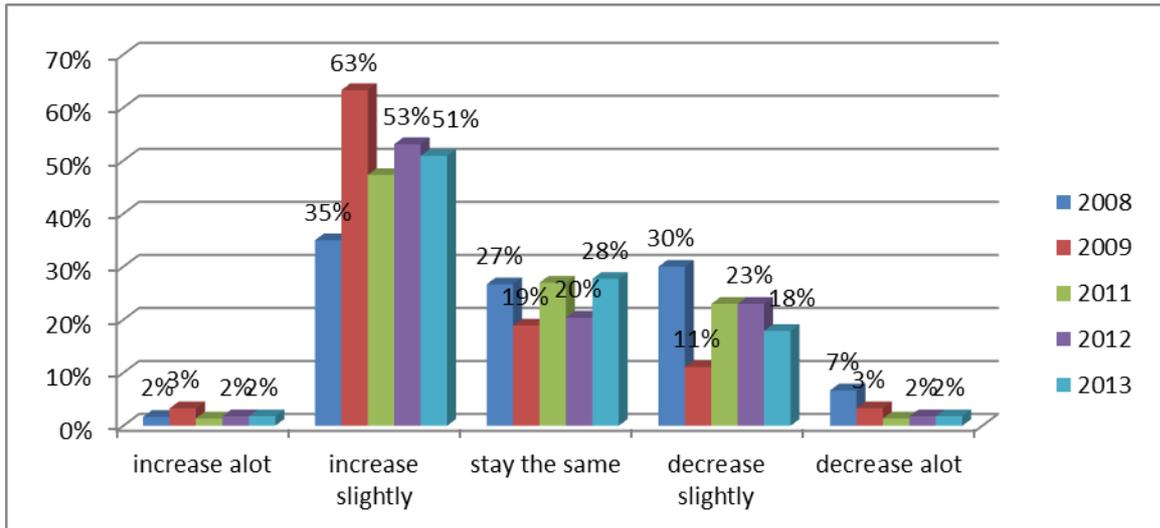
The Living wage is gaining currency across the UK and many councils are keen to be seen at the vanguard of tackling low pay. 42.7% of those who responded were subject to a living wage and 8.7% said it was imminent, however 48.5% had no plans to introduce it.

Facilities management appears to have stalled as the ideal organisational structure to be adopted by local authority caterers and cleaning departments. 36.9% (25.3%, 2012) regarded themselves as being in such a structure with 16.5% anticipated being so within 2 years. 42.7% (no change on 2012) saw themselves remaining as a defined unit. There appears to be little appetite for further change amongst those who currently exist as a single service.

This year we again looked at local authority structures and found 14.7% of caterers were operating at least some of the service through a wholly owned local authority company. 42.5% operate within a centralised FM service and in 38.7% 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 73.8% have SLAs in place across their client base, although worryingly a further 10.7% have no agreements at all.

Expectations for school meal uptake

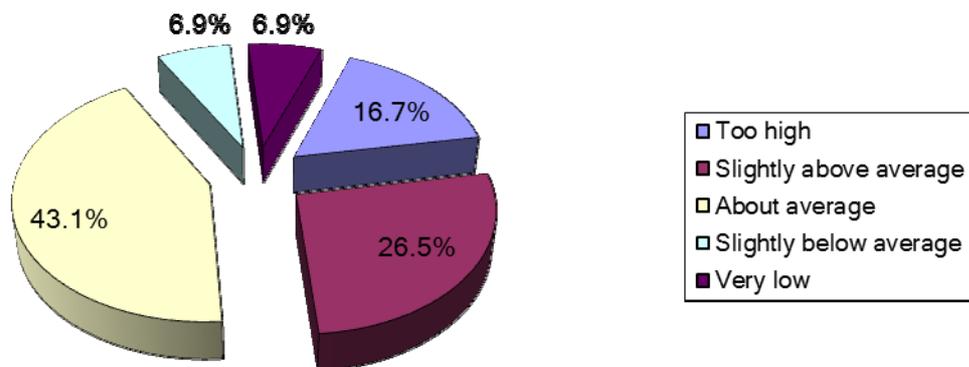


Expectation for future school meal uptake has been volatile in recent years although caterers have remained optimistic throughout. At the time of the survey and prior to the announcements of Universal Free School Meals, 53% expected some increase over the next year against 20% expecting a decrease.

The most frequently quoted sale price for a school meal is currently £1.95 (up 5p on last year again) although meals range from £1.15 to £2.30. The overall average remains at £1.92 although there are still a number of schools supplying discounted meals which creates a downward drag on the average.

APSE performance networks during the financial year 2012-13 period showed a price range from £1.21 to £2.21 for primary school meals with an average of £1.88. The survey reflects the position at the start of the 2012-13 financial year, indicating around 5 pence price rise.

Attitude to absence



Personally 82.9% (81.8% 2012) of catering managers anticipated an increase in their workload over the next 12 months, against a 61.9% (54.5% 2012) increase in that of the catering section as a whole. Attitudes to absence have marginally hardened with 43.2% regarding it as above average compared to 39.1% back in 2008. 97.1% hold regular staff training, 67.6% regular appraisals and 46.1% holding investors in people.(substantially down from 62% in 2011) 50.0% have a staff newsletter for catering staff.

Data collected by APSE performance networks for 2012/13 across more than 50 authorities shows an average absence rate of 4.66% in catering services, marginally up from 4.33% over the year. Absence has been on a gradual decline within catering and compares favourably with an average across all direct services.

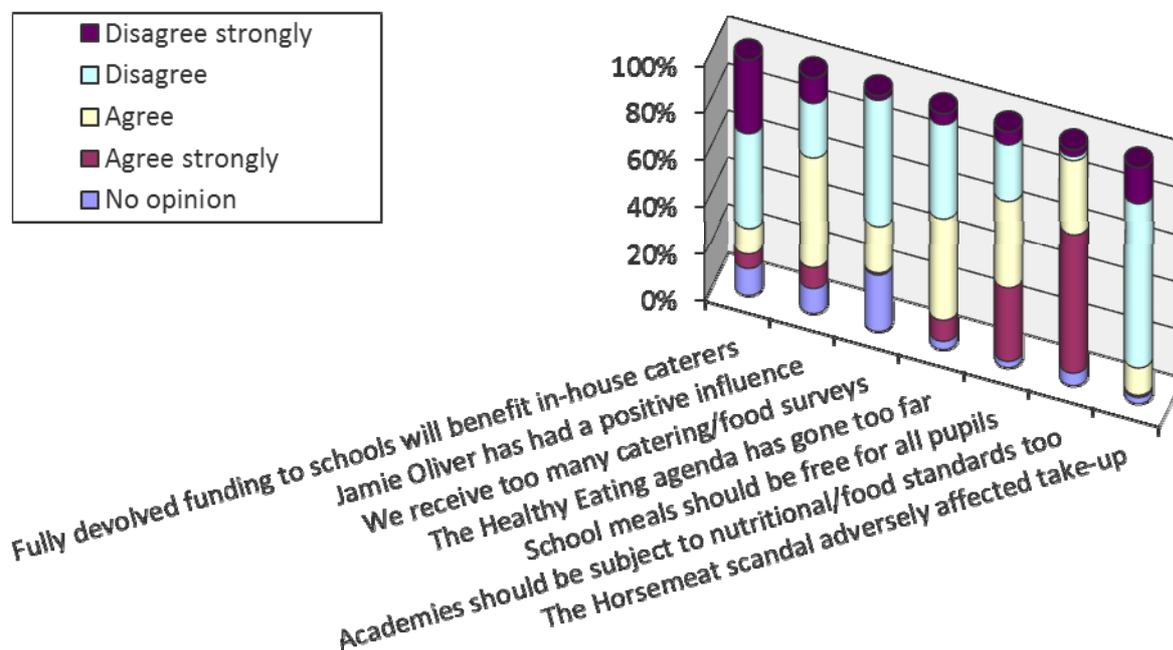
Efficiencies

This survey took place against a continuing pressure on local authority budgets although a level of certainty was returning to catering. 37.5% (down from 50.4% in 2012 and 58.9% in 2011) expected a decrease in budget over the next year of which 4.5% (6.4%, 2012) expected those cuts to be substantial. 8.9% (5.5%, 2012) expected an increase. Anticipating the drive for value for money and efficiency we gauged the anticipated actions to realise savings:

| | |
|--|--------|
| Reduced hours | 50.50% |
| Reductions in management | 39.60% |
| Reductions in catering staff | 32.70% |
| Reduction in Council subsidy | 28.70% |
| Renegotiation of meal charging methodology | 23.80% |
| Reduction of food on plate cost | 14.90% |
| Reduced use of agency labour | 12.90% |
| Taking over central support functions (e.g. payroll) | 5.00% |
| Increased use of agency labour | 1.00% |

Healthy eating agenda

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



A clear majority (62%) 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 an even

split 53% against 47% now agreeing that the healthy living agenda has gone too far. 95% however remain unhappy that nutritional standards didn't apply to academies and understandably wanted a level playing field.

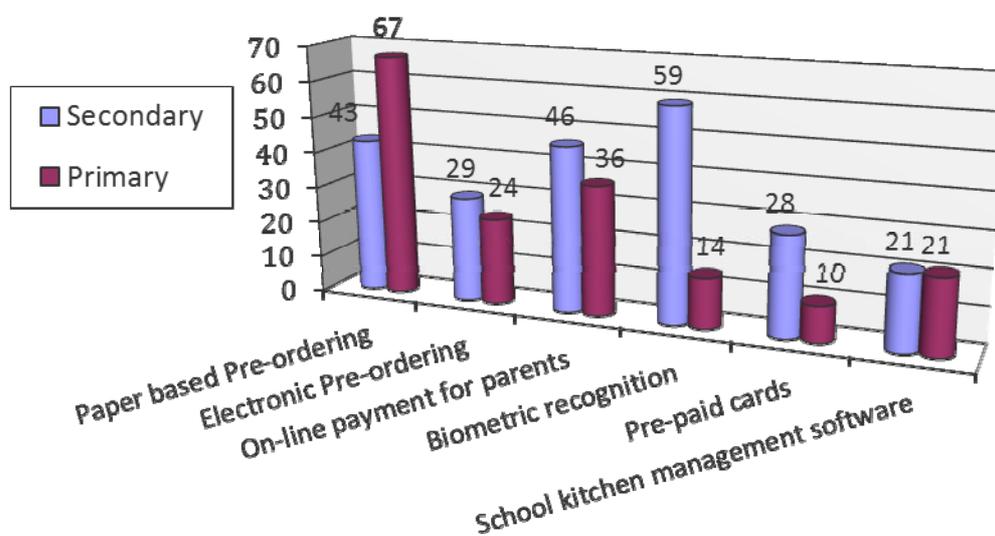
The survey coincided with fully devolved funding in England and this saw 80% disagree that such a move would benefit in-house caterers. The Horsemeat scandal was still fresh in people's minds although it appears to have had limited effect on meal uptake with 88% saying it had not affected them adversely.

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 for free school meals for all remained high at 69% remained high and it will be interesting to note the effect on future optimism amongst caterers of the more recent announcements for key stage 1 pupils.

Technology

Many councils had to invest in new software to comply with nutrition requirements. 52% of respondents bought Saffron, 9.9% Crisp, 9.9% used their own resources and 5.9% oracle.

Several systems exist to assist with productivity to reduce queuing, waste and the requirement to handle cash. The graph shows those confirming that they use the techniques in at least one school. Biometric recognition is the most popular along with online payment at secondary level. At primary level, perhaps reflecting lower meal numbers, paper based systems predominate, with on-line payment gaining acceptance.



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.

Responses reflect the prevailing economic circumstances at the point in time of the survey. May 2013 was therefore a tipping point as a degree of optimism returned.

The concern voiced most frequently remains the likely effect of schools changing to Academies and the expectation that many will cease to procure school meals from their local authority. Anecdotal evidence is that many Academies have retained the in-house catering service and although competition is increasing there has been no mass exodus. Many see further reductions in civic catering. Some anticipated falling pupil numbers, but given the increasing need for school places, this is likely to be a localised issue.

In regard to growth, the outlook is brightening with extension of the service to include breakfast clubs and more free school meals. A significant number now feel that collaborative working or shared services hold attractive benefits for future development of their service.

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 mailing list for your service area, please email enquiries@apse.org.uk.

Our national advisory groups include:

- Waste Management, Refuse Collection and Street Cleansing
- Vehicle Maintenance and Transport
- Catering (school meals)
- Highways and Street Lighting
- Sports & Leisure Management
- Renewables & Climate Change
- Parks, Horticulture & Grounds Maintenance
- Housing Construction & Building Maintenance
- Building Cleaning
- Service Delivery Models
- Service Improvement and Performance Management