

# Education Children and Families Committee

10.00am, Tuesday, 20 September 2022

## School Meals Report 2022

### 1. Recommendations

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- 1.1 It is recommended that the Education, Children and Families Committee:
  - 1.1.1 Notes the update on school meals in regard to Universal Free School Meal uptake;
  - 1.1.2 Notes the challenges that the service faces with rising costs and inflationary pressures;
  - 1.1.3 Notes the significant progress of capital upgrades across the city and the positive impact this has had on the school meal service; and
  - 1.1.4 Acknowledges the work of officers to develop a sustainable service for future growth.

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# Report

## 2. Executive Summary

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- 2.1 This report will provide an update on the progress made by the catering service since the last school meals report in 2019. The report aims to detail some of the successes of the service in improving the outcomes of pupils across Edinburgh and partnership working across the service.
- 2.2 The report will also outline the significant operational and financial challenges ahead for the catering service and detail the mitigations in place.

## 3. Background

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- 3.1 The main aim of the catering service is to provide a high quality, in-house, sustainable, cost-efficient catering service, which contributes to the overall health and wellbeing of pupils across Edinburgh.
- 3.2 The catering service provides on average 22,500 meals per day across the city. This is a combination of primary, special, secondary and early years meals, from both inhouse and PPP providers. This makes the catering service the largest provider of meals across the city. The catering service operates from 61 production kitchens serving 36 dining centres.
- 3.3 The catering service is made up of circa 600 council employees, all of whom are committed to delivering a high-quality menu offering and care passionately about delivering the best possible service to pupils.
- 3.4 From August 2021, the catering service implemented Universal Free School meals to P4 pupils and from January 2022 implemented P5 free school meals. P6 and P7 were due to be implemented in August 2022, however, due to the Scottish Government's spending review, this has been delayed until further notice.

## 4. Main report

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### Menu Design

- 4.1 Nutritional regulations for food in schools have been in place since the implementation of Hungry for Success in 2003. This was superseded by the Schools Health Promotion and Nutrition (Scotland) Act 2007.
- 4.2 In addition, the Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2008 were introduced in primary schools in August 2008 and in

secondary schools in August 2009. The regulations set strict nutritional standards for all food and drink being served in schools. In April 2021, the updated [school food regulations](#) (2020) came into legislation. This further strengthened the nutritional quality of school meals, setting the strictest school food standards of all UK nations.

- 4.3 The statutory nutrient standards are calculated to ensure that the school lunch provides a third of the daily nutritional requirements for primary and secondary school pupils. A portion size range is set under the Schools Health Promotion and Nutrition (Scotland) Act 2007 and catering providers ensure portions remain within this range. This is audited as part of the “self-assurance” framework and forms part of the HMI inspection of schools. The council continue to be fully compliant and are rated highly.
- 4.4 The menu design process is extremely complex and takes on average 6 months from menu design to menu launch. School lunch menus are designed for the majority of the school population to comply with the nutritional legislation above, creating a balanced menu across the week. The menu design process requires a significant amount of resource in considering:
  - 4.4.1 Recipe costing;
  - 4.4.2 Nutritional & allergen analysis;
  - 4.4.3 Effect of transport;
  - 4.4.4 Equipment available in kitchens; and
  - 4.4.5 Incorporation of seasonal/local produce.
- 4.5 The need to balance foods pupils will eat across the city considering the diverse population and feedback of pupils in Edinburgh.
- 4.6 The service currently employs one FTE Menu Development Officer, who undertakes all the nutritional and allergen analysis of menus. As the role becomes increasingly complex, the service will look to increase this to two FTE roles.
- 4.7 Natasha’s Law has further heightened the need to ensure strict compliance to allergen labelling in schools. The service has recently brought in an external auditor who has identified areas for improvement and actioned a strengthened training process for staff, including the creation of twelve “allergen champions” who will undertake training and audits across the estate.
- 4.8 School kitchens are seeing a significant increase in pupils with increasingly complex dietary needs and steps have been taken to ensure these requirements are factored into the meal service. The catering service are in dialogue with Education Scotland on the services appetite for risk when it comes to catering for such life threatening special diets. The catering service have recently partnered with Edinburgh Community Foods to deliver all staff additional Food Hygiene training with an emphasis on allergens.
- 4.9 **Local Sourcing/Supply Chain**

4.9 The catering service are committed to sourcing goods from Scotland and the UK where possible. Through the Scotland Excel contract, the service uses local suppliers for meat, vegetables and milk. Working with suppliers and Food for Life, all fish comes from sustainable sources, all meat is either QMS or Red Tractor, all eggs Free Range, which reduces the number of processed foods. Balancing cost quality, substantial volume and tight specification with the desire to purchase local goods. Over the last 3 years the service has worked with suppliers to increase the spend on Scottish produce. Such examples include - all frozen peas are grown in Scotland, the use of a Scottish tomato grower to source tomatoes from April-October and the featuring of Scotch Lamb on the menu once per month.

Supplier	Percentage Spend on Scottish Produce
<b>Scottish Butcher</b>	89%
<b>Scottish Fruit &amp; Vegetable Supplier</b>	59.6% (Increasing to 66.8% April/August)
<b>Dry &amp; Frozen Supplier</b>	30% UK Produce – 6% Scottish*
<b>Dairy Supplier</b>	99.3%

\*Only 6% claimed as wholly Scottish due to supplier labelling, i.e., produced in Scotland but packaged throughout the UK

### Good Food Nation Bill

4.10 The Good Food Nation Bill is a new piece of legislation, aiming to make positive change to our food system. The Bill requires the Scottish Ministers and certain public bodies (referred to in the Bill as ‘relevant authorities’) to create Good Food Nation Plans. The relevant authorities identified in the Bill are health boards and local authorities (or councils). Other public bodies may be required to produce plans in the future. The Scottish Ministers and relevant authorities need to have regard to these plans when carrying out certain functions. These functions will be set out by the Scottish Ministers in secondary legislation that will be considered by the Parliament. The Bill is currently at Stage two – changes to detail, where MSPS can proposed changes (“amendments”) to the Bill. The amendments are considered and decided on by a committee. The committee involved in this bill is Rural Affairs, Islands and Natural Environment Committee.

4.10 The Foodservice industry remains under constant and seemingly continuous pressures, from trying to build back as a result of the pandemic, recent increases in energy costs, continued staffing shortages, supply chain issues, food inflation and now even higher rate of inflation which has predicted for the future as Russia’s invasion of Ukraine adds to the challenges. Year-on-year inflation in the foodservice sector hit 10.2% in February 2022 as the latest edition of the Foodservice Price Index from CGA and Prestige Purchasing reveals. The double-digit increase was fuelled by challenges including a surge in demand, the lingering impacts of COVID, additional costs of trade after Brexit and surges in energy and packing prices. Inflation has been further heightened by the comparisons with February 2021, when Britain’s lockdown temporarily eased the pressure on prices.

- 4.11 Inflation in the Foodservice Price Index is now running at exactly twice the level of the comparable Consumer Price Index number. It underlines the structural differences between the retail and foodservice sectors, with security of volumes and tighter ranging, forward contracting and hedging which is used to protect pricing over a more extended period in the retail sector. Inflation will become even more acutely following Russia's invasion of Ukraine in late February. The war will add to the stress on energy markets and generate new challenges in key commodities like Wheat, Oils and Fats, Fish and Fertilisers. This is likely to drive up prices for months to come and further increases in inflation will be inevitable.
- 4.12 The latest Consumer Price Index (CPI) data shows that take-home retail prices for commonly purchased food and drink items have risen by 5.9% in the 12 months to March 2022, which is up from 5.1% in the 12 months to February 2022. Prices have risen across all food categories with the highest levels of inflation seen in oils and fat (18.2% higher than in March 2021) and milk, cheese and eggs (8.2% higher than in March 2021).
- 4.13 Within the oils and fat category, margarine and other vegetable fats have seen particularly steep inflation. These products are 34.7% more expensive in March 2022 compared to March 2021. This drastic rise in prices is driven by the Ukraine war. Russia and Ukraine exported 55% of the global supply of sunflower oil last year and the sudden need to look for alternatives has increased the demand for and costs of other vegetable oils. Within the milk, cheese and eggs category, low fat milk saw a particularly sharp rise of 14.2% with other milk products seeing a rise of 10% as farms struggle to break even with fertiliser, cattle feed and fuel prices rising. Industry experts predict that prices will continue to rise. CPI data shows that bread and cereal prices also rose by 5.2% in the last 12 months. Inflation is not as severe for this category as for oils because the UK produces around 85% of wheat domestically and is therefore, less affected by disrupted supply from Ukraine.
- 4.14 The invasion of Ukraine will continue to exacerbate global food prices as the FAO predicts prices to increase up further by 20%, putting those already vulnerable countries at increased risk of malnutrition. The Arab nations and African countries, who heavily depend on wheat imports from Ukraine are already suffering from food shortages. Kenya has seen a 33% increase in the cost of importing wheat, and prices of bread has risen by 70% in Lebanon. Egypt had seen an increase of 80% in prices of wheat even before the Ukraine war and is at risk of greater food insecurity, as a result, of the conflict. Wealthier and more robust economies such as the US have also seen their consumer price index rise by 8.5% in the past 12 months, with food prices increasing by 8.8%, again, a knock-on effect of the war. Ukrainian farmers are expected to drastically reduce crop planting. It is estimated that 20-30% of their crop area have been damaged from the war and are struggling to harvest winter grains.
- 4.15 As a result, the catering service had originally forecast a pressure on food and beverages of around 11%, this will be kept under monthly review as it is expected that in some lines, this threshold has already been exceeded. Based on catering annual spend it is expected this increase will be circa £300,000. Current Universal Free School meals funding at £3.33 are just containing this cost, however any further increases will see a deal of pressure within this commodity line.

## **Capital Upgrade Programme**

- 4.16 An average kitchen upgrade through the capital works programme, is estimated to cost £700,000. The catering service operates from an aged estate and has required significant capital investment to upgrade premises over the last five years. The capital sum noted above incorporates a full kitchen fit out, improving ventilation, electrical and gas supplies, as well as providing the required equipment.
- 4.17 Since 2018, seven kitchens have received significant capital works, increasing capacity and promoting a better working environment for employees and subsequently delivering a higher quality product to pupils. Six dining centres have been converted into production kitchens, three through new build schools with the remainder being previously closed kitchens, re-opened to provide additional capacity. The ongoing revenue cost for converting a dining centre into a production kitchen is circa £75k per kitchen – there is currently no additional funding for this type of conversion and the service is expected to contain these costs. This is due to the additional staff cooking and managing the service. A typical dining centre will contain 4/5 staff, whereas a similar sized production kitchen would employ between 7/8.
- 4.18 As part of the Universal Free School Meals expansion, nine dining centres were identified as part of a feasibility study as being suitable for conversion back into operable kitchens. An allocation was also detailed for a standalone production facility to aid capacity across the city. A further ten projects were identified as requiring minor capital investment to upgrade kitchen facilities.
- 4.19 Along with upgrades to kitchens, officers were also keen to identify that the lunch experience is also impacted by the variable dining provision in school. Seven schools were identified as having significant dining capacity issues which would impact learner's ability to enjoy lunch in a good quality environment.
- 4.20 Incorporating both dining and kitchen upgrades, the submission to the Scottish Government for Edinburgh equated to approximately £20m in capital funding. To date no settlement or commitment to funding has been agreed by ministers. This has caused significant pressure on the estate with a lack of commitment, leading to no projects being developed for feasibility this financial year.

## **Universal Free School Meals (USFM)**

- 4.21 USFM were announced in March 2021, with P4's to be delivered in August 2021, P5's to be delivered in January 2022 and P6/7 delivered by August 2022. Edinburgh Catering Services undertook a significant revenue investment programme to prepare for this scheme. This involved £550,000 attributed to new equipment such as ovens, dishwashers or ranges and an increase headcount by 70 members of the team. A further expected revenue spend of £200,000 is planned for delivery this budget year for special schools' expansion. The service also prepared for long term expansion, by recruiting £c.300,000 of labour which would be directly attributed to the P6/7 Free School Meal programme.
- 4.22 In December 21, expansion to P6 and P7 was postponed by the Scottish Government, with many Local Authorities already committed to spending plans for delivery. This left authorities in a difficult position and, in the case of Edinburgh, it

was decided to postpone any planned CPT projects attributed to expansion until further clarity is provided on timescales and funding provision.

As part of the Scottish Government Exercise, Edinburgh requested significant capital and revenue costs to deliver the UFSM expansion. This formed part of a £250m request by all Scottish Local Authorities to ensure a sustainable delivery of the scheme. To date, no capital allocation has been received by any Local Authority and no update on dates of delivery have been provided by the Scottish Government.

#### Excerpt of Scottish Government Return

Capital Investment – Dining Hall extensions, new kitchens	£19.2m
Ongoing Revenue – Additional Staffing, Dining hall supervision	£2.1m
Ongoing Revenue Direct Meal Costs £3.33 x 75% of P6/7	£3.6m
One Off Revenue – Investment in a greater management team structure	£0.4m

#### Current Meal Numbers

- 4.23 The catering service is currently managing the additional demands of P4/5 Free School Meals relatively well, however, capacity issues as a result of no capital allocation are showing in areas of high population growth such as Gilmerton, Queensferry and Currie. As covid levels decrease and meal volumes increase. Officers expect significant capacity issues in at least 6 school kitchens.

April	Forecast	Actual
Nursery	3500	4049
Primary	14488	12266
High	1600	2273
Special	295	305
Total	19883	18893

*\*Table excludes PPP school meal numbers*

Comparing meal numbers to 2019 (pre-covid), the service has noted a 21% increase in meal numbers across the city.

The service has expressed concern, that if an amended date for the implementation of FSM is provided with less than 12 months' notice, the chance of achieving delivery on capital projects is likely to be low given the need for planning and feasibility to be commenced.

## **Other initiatives**

- 4.24 In order to promote healthier choices and encourage pupils to increase their consumption of fruit, vegetables and salad items, freshly prepared fruit pots/ fruit platters are now on offer and many schools have a salad bar where pupils can help themselves. These have been very popular with pupils, showing a significant increase in the amount of salad and vegetables being consumed. The catering service have become the first authority in Scotland to partner with VegPower! an initiative to promote the consumption of more vegetables in primary school age pupils (15% increase in veg purchasing over this period). The service has also partnered with the fruit and veg supplier and milk supplier to bring in produce to pupils as an educational activity. Working with schools the service aims to make healthy choices for pupils the normal in Edinburgh Schools.
- 4.25 As part of the new menu (launched in April 2022) the catering service implemented several positive developments:
- Eight theme days across the year promoting cultural foods and an opportunity for pupils to try different foods
  - A decrease in processed meats.
  - An increase in plant based and vegetarian products.
  - A focus on scratch cooked recipes and sauces including sauces with hidden vegetables.
  - Increase in seasonal vegetable side dishes.
  - Removal of single use plastic across product lines.
  - A focus on high schools to aid uptake across this sector.
- 4.26 The catering service have also been heavily involved in the provision of meals for the cities “Discover!” holiday activity provision and more recently “Epic Days”. Providing high quality, nutritious lunches to those who may go without during school holiday periods.

Catering services have also worked with colleagues in Education to provide presentations to new S1's during transition. The presentation gives information on the catering service and what they can expect from the provision, in secondary school. It is hoped this will aid uptake and take some of the nervousness around lunch experience for new S1's.

## **Challenges**

- 4.27 The labour market in the hospitality industry has continued to prove extremely challenging, with the number of vacancies increasing by 700% in the last 3 months. The catering service have struggled to fill vacancies at Cook 3 (Gr2) level, where kitchen experience is essential. The council are currently paying 10-20% less than the market rate for these posts, which now is hampering the ability to fill these positions.

## **Growing Early Years Provision**

- 4.28 The expansion of the Scottish Government's 1140 hours for extended nursery places for children, will lead to continued additional demand on the catering service. The Scottish Government has published a blueprint for the expansion of 1140

places and subsequently the uptake in meals. Many of these settings will operate for 52 weeks per year, as opposed to the current school staffing model of 38 weeks. The catering service is currently providing c.4000 meals per day to EY settings. Currently these meals are produced at school production kitchens and transported to nursery settings. The catering department had also been in consultation with Learning Estates to identify kitchens within the large new build nurseries, this however was not included within the final design of these nurseries – due to funding. There is now a growing need for a central production hub for nursery feeding.

- 4.29 There has been a substantial and concerted effort over the last five years to improve kitchen facilities with several successful upgrades. From a total of 61 production kitchens 60% are over 20 years old. A typical production kitchen has a lifespan of anywhere between 15-30 years. Maintenance calls /jobs logged with the Customer Helpdesk continue to increase as equipment ages, becomes defective or fails completely demonstrating the increasing need to programme capital expenditure against equipment life expectancy. Analysis of the Helpdesk calls estimate an average of 127 calls per month relating to catering breakdowns, which impact upon service.

### **Transportation**

- 4.30 Around 25% of the energy used in catering is expended in the preparation, cooking and serving of food. By far the largest proportion of this energy is consumed by cooking apparatus and much of this is wasted through inefficient, ageing equipment. The council are working to eliminate gas from their estate by 2030, catering has over twenty properties which use gas as their main method of cooking, to remove gas from these kitchens will involve a substantial capital sum and will need to align with the Council's wider Carbon Emissions Reduction Plan
- 4.31 Catering is a relatively labour-intensive activity, much of the potential energy savings relate to working practise. The efficient use of equipment in the kitchen will not only save energy and money but will contribute to a better managed catering operation, a more pleasant environment in the kitchen and in some instances better standards of food.
- 4.32 As a result of the above, an audit/condition survey of all equipment, is proposed to be commissioned to highlight the investment need to meet current and future the meal numbers. It is expected this would cost between £7-10k and a budget for this will be required.

### **Single Use Plastics**

- 4.33 The new regulations from the Scottish Government, published in November 2021 and being enforced in June 2022, means that the single use plastic problematic items will be effectively banned by using "market restrictions". The ban means it is unlawful to make and supply commercially any of these single-use plastic items:
- Cutlery - forks, knives, spoons, chopsticks and other similar utensils.
  - Plates.

- Beverage stirrers.
  - Food containers and cups made of expanded polystyrene
- 4.34 The service is working with our supplier to update the product catalogue to prepare for the new legislation. The service is currently bringing in new compliant items. It is expected these will be between 40-50% more expensive than the single use alternative currently using, the service expects a revenue pressure of circa £100k this financial year.
- 4.35 In conjunction with the ban on single use plastics, the service will need to install reverse vending machines in all twelve high schools before the end of the financial year. The service expects the cost of these machines to be approximately £14,000 per school, equating to £168,000. Funding for this investment is yet to be identified.

## 5. Next Steps

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- 5.1 As the service continues to expand, the catering service will require to submit a proposal to restructure the management of the service to enhance its management structure.
- 5.2 To continue to obtain information relating to the increase in UFSM provision.
- 5.3 The continuation of the capital upgrade programme is expected to cost a rate of £700k per kitchen.
- 5.4 Costs outlined as part of the switch from single use plastics will be clarified and bids submitted for relevant funding.
- 5.5 At a point in the near future, a decision may be required as to whether to undertake early development of capital works which are required to deliver UFSM, prior to any clarity on financial settlements being provided by Scottish Government. A report on this issue will be presented to Finance and resources Committee if required.
- 5.6 Asset surveys of the catering estate will be undertaken as soon as a suitable budget is identified.

## 6. Financial impact

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- 6.1 The service expects to see uptake grow across UFSM, leading to additional meals being served as part of this initiative.
- 6.2 Inflation is estimated to have a 11% increase on our total food spend – estimated £300,000 increase.
- 6.3 Staffing levels are likely to rise to accommodate the rising roll and additional, UFSM and Early Years meals, the full impact of which has not yet been forecast.
- 6.4 Transport costs are estimated to rise by 10% based on fuel costs
- 6.5 Ongoing capital upgrades will continue across the estate (2/3 per annum).

## **7. Stakeholder/Community Impact**

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- 7.1 We provide regular updates to primary parents through our annual menu leaflet and through the food in schools web page on the CEC website.
- 7.2 Parents, pupils and schools can get in touch for additional information or provide feedback to our food in schools email ([foodinschools@edinburgh.gov.uk](mailto:foodinschools@edinburgh.gov.uk))
- 7.3 As part of a review of the service across our secondary schools we have consulted with pupils on the style of service, food offering and branding, as well as providing taster sessions, promotions and supporting schools' assemblies.
- 7.4 Catering staff sit on pupil food groups within several schools, and officers are keen to extend this where possible. Recent work within this new catering team has increased engagement with schools and parents.
- 7.5 The catering operations manager is the chair of ASSIST FM (the body that represents Local Authority Service Providers) and provides regular updates to the council.

## **8. Background reading/external references**

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- 8.1 Council Menus and Nutritional Information - [Council Menus](#)
- 8.2 [Update on Foodservice Inflation](#)
- 8.3 [Hospitality Vacancies Update](#)

## **9. Appendices**

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- 9.1 Appendix 1 Previously closed kitchens.

## Appendix 1

Hillwood	<u>Feasibility Study complete to re-open</u>
Holycross	<u>Feasibility Study complete to re-open</u>
Murrayburn	<u>Feasibility Study complete to re-open</u>
East Craigs	
Carricknowe	
Nether Currie	
St Marks	
Colinton	<u>Feasibility Study complete to re-open</u>
Longstone	
Pilrig Park SS	<u>Feasibility Study complete to re-open</u>
Leith Walk PS	<u>Feasibility Study complete to re-open</u>

\*\* Note also in exploration of a central production facility in Peffer area to supply inner city schools, which have no viability of having a kitchen on site.