

Integrated Impact Assessment

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IIA review checklist

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Review or approval required	Officer	Date
Lead officer	Tracey Cuthbert	01/11/2024
Business Management Partner review of IIA overall	Katherine Preston	28/11/2024
Finance Partner review of revenue and capital information	Michelle Harris	01/11/2024
Operational HR – Lead Specialist review of workforce implications		01/11/2024
DLT	CONRS	
Director	Christine Herriot	01/11/2024
Cabinet Portfolio Holder	Lesley Storey	

IIA quality assurance checklist

Quality assurance required	Officer	Date
Louise Crosby: Equality and Wellbeing	Louise Crosby	01/11/2024
Geraldine Cunningham: Economic Development	Geraldine Cunningham	05/11/2024
Joan Flood: Community Safety	Joan Flood	29/11/2024
Adrian McLoughlin: Climate Change	A.McLoughlin	29/11/2024
Louise Reeve: Consultation	Louise Reeve	06/11/2024
David Forster: Carers	David Forster	02/12/2024
Rawiyah Ahmad: Public Health	<i>R. Ahmad</i>	04/11/2024

Informing our approach to fairness

Proposal name

Increase in School meals prices

Date of assessment

October 2024

Lead officer

Tracey Cuthbert, Head of Facility Services and Civic Management

Assessment team

Karen Brown, Michelle Harris, Anne-Marie Jordon

Portfolio area

Children and Families

Version number

1

Planned review date

January 25

Section A: Current service

1 What does the service, policy or function do?

The school catering teams serve on average 21,473 school meals per day to 85 schools across the city including primaries, secondary and specialist schools. They provide hot, healthy and nutritious meals in line with the School Food Standards. The School Food Standards are intended to help children develop healthy eating habits and ensure they get the energy and nutrition they need across the whole school day.

60% of meals are prepared from scratch in school kitchens. Environmentally sustainable and ethical food produce are used, making eating healthy and wherever possible using seasonal produce and produce from local suppliers.

2 Who do we deliver this service, policy or function for?

Newcastle City Council's (NCC) school catering service provides meals in 84 schools of the 98 schools across the city as well as one school in North Tyneside. This includes:

- 1 Nursery School
- 65 Primary Schools
- 3 Middle School
- 12 Secondary Schools
- 4 Special / Alternative Provision Schools (across 6 sites)

They serve on average 21,473 school meals per day to those entitled to Universal Infant Free School Meals, Free School Meals, paid pupil meals and adult meals.

35% of the meals served are to paid pupils.

3 Why do we deliver this service, function or policy?

The Education Act 1996 requires maintained schools and academies (including free schools) to provide free school meals to disadvantaged pupils who are aged between 5 and 16 years old. Since September 2014, state funded schools in England have been required by law to provide free lunches to pupils in reception, year 1 and year 2, who are not otherwise entitled to benefits-related free school meals (Universal Infant Free School Meals). There is no longer a requirement on local authorities to provide school meals.

We continue to provide a school meal service to help ensure schools can meet their responsibility around provision of meals that meet the school food Standards to help ensure children have healthy, balanced diets.

4 How much do we spend on the service, function or policy?

Gross expenditure: £11,423,140

Gross income: £10,791,440

Net budget: £631,700

Comments: This is the current base budget for 2025/26 and does not include any uplift for pay awards for 2024/25 and 2025/26 estimated at around £415,000, or inflation on food costs estimated at £132,000. The net cost of the service is estimated to be £1.2 million in 2025/26 (before any increase to meal prices).

5 How many people do we employ to deliver the service, function or policy?

Number of posts: 505

Number of full-time equivalent officers: 245

Comments: The 505 posts above include Catering Assistants, Assistant Chefs and Chefs. In addition to the 505, we employ five Catering Operations Managers and one Senior Operations Manager.

Section B: Proposals for the future service

6 How we are proposing to change the service, function or policy

School Meals used to be a traded service, which means the income received covered the cost of providing the service. The increased staffing costs due to the uplift for the living wage and pay awards has meant that the service is now a subsidised trading service. The biggest costs associated with the service are staffing and food costs, both of which have increased significantly in recent years.

The net cost to Newcastle City Council (council subsidy) of providing the School Meals Service in 2023/24 was £1.8m.

Following the implementation of the increase to meal prices charged for free meals in April 2024, the council subsidy is expected to reduce in 2024/25 to around £0.9m.

If we do not implement any further increases, the school meals services will cost NCC:

£1.2m in 2025/26

£1.5m in 2026/27

£1.8m in 2027/28

There will also be an overspend against budget due to the cumulative increase in food costs if this is not corporately funded as a cost pressure.

The estimated average unit cost of producing a school meal is expected to increase to **£3.03** for 2024/25, rising to **£3.10** in 2025/26.

Proposal – Move to a Standard Pricing Model

We currently charge a fixed price per meal as shown in the table below:

Meal Type	Current Price per meal
Nursery Paid	£2.10
Primary Paid	£2.20
Secondary / Special Paid	£2.30
Nursery / Primary Free	£3.00
Secondary / Special Free	£3.25

We propose to move to a standard pricing model, where one fixed price per meal is charged for all meals.

Schools would pay for each meal taken, as they do now, but would be free to decide what charge per meal is passed onto paying parents, where pupils are not eligible for free meals.

There would be an uplift each year to reflect inflationary increases in employee and food costs, and to reduce the cost to Newcastle City Council of subsidising the service.

Proposed meal prices:

2025/26 £3.00

2026/27 £3.10

2027/28 £3.20

7 What evidence did you use to inform this proposal?

We have carried out analysis of several contributing factors to inform this proposal:

Financial Analysis with Finance Partner.

Financial analysis has shown that:

- Whilst School Meals used to be a traded service, increases to staffing costs due to uplifts for the living wage and higher pay awards in recent years has meant

that the service is now a subsidised trading service. Staffing costs have increased by over 25% since 2019/20.

- Food costs have increased by 40% between 2019/20 and 2023/24, with a further increase of 4% forecast for 2024/25. Estimated inflation on food costs for 2025/26 is 2.5%.
- Previous price increase proposals were not all implemented in recent years, due to the cost-of-living crisis, meaning Newcastle City Council is now subsidising the school meals service.
- Take-up levels of free meals have not increased significantly as a result of the cost-of-living crisis, nor have paid meals reduced.

If we do not implement any further increases, the school meals services will cost Newcastle City Council:

£1.2m in 2025/26

£1.5m in 2026/27

£1.8m in 2027/28

The service has implemented several actions to mitigate the increase in cost:

- Reviewed the menu offer to remove some of the very high-cost items that are no longer affordable.
- Continue to work closely with North East Procurement Organisation (NEPO) in managing the costs with suppliers.
- No longer offering for bespoke menus to individual schools to maintain a consistent offer and manage costs, with an estimated saving of c£100k per annum.
- Implementing food portion controls.
- Outsourcing the school milk provision to a third-party saving c£60k p.a. and at no detriment or additional cost to schools.

Detailed analysis of meal numbers and school meal take-up levels have also informed the required pricing point to allow a staged cost recovery over the next three-year period.

Benchmarking

Following a recent benchmarking exercise with LA7 and Core Cities, we have received the following information regarding the school meals service provided by the following authorities:

Sunderland - Direct delivery to schools via a full cost recovery model where schools are charged a fixed price for an assumed number of meals, which is inflated each year by November CPI. Current prices are Primary Schools £2.20-£2.78, Secondary Schools £2.40 for a meal deal.

Durham - Delivered via third-party (Chartwells) to Primary schools only, where schools are charged for number of meals taken at £2.81 per meal (fixed until March 2025).

North Tyneside - Provided in-house directly to schools until March 2024 when service provision ceased. Schools now commission their own contracts.

Gateshead - Direct delivery to schools where schools are charged a fixed cost per meal served. Current prices were set at £3 per meal for primary and secondary schools and £2.35 for nurseries. Prices charged to parents are set by schools.

From the responses received so far, in all instances, either the schools or the third-party contractor are responsible for setting meal prices charged to parents.

In all cases, except for Gateshead, there is no cost to the council of providing a school meals service.

North Tyneside Council have recently decided to come out of the school meals service due to financial pressures. Schools in North Tyneside therefore have to commission a private contractor to deliver the service, or the individual schools delivers in-house.

8 What are the financial impacts of the proposal?

The estimated additional income from implementing a fixed price, regardless of school or funding type, is shown in the following table (based on 2023/24 meal numbers):

Year	Proposed fixed price per meal	Additional income generated	Less Cost pressure on food costs	Estimated Net Budget Saving	Remaining NCC subsidy
2025/26	£3.00	£0.753m	£0.132m	£0.621m	£0.427m
2026/27	£3.10	£0.408m	£0.135m	£0.273m	£0.322m
2027/28	£3.20	£0.408m	£0.138m	£0.270m	£0.225m
3 Year Total		£1.569m	£0.405m	£1.164m	

Schools would pay for each meal taken, as they do now but would have autonomy to decide what charge per meal is passed onto paying parents, where pupils are not eligible for free meals.

There would be an uplift each year to reflect inflationary increases in employee and food costs.

School meal take-up levels will also be reviewed and used to inform the required pricing levels in future years.

9 What will be the impact of the proposal on employees?

Number of FTE: 0 FTE

% of workforce: 0%

Comments: There is no impact on employees because of this proposal.

Section C: Consultation

10 Engagement to help develop the proposal

Who we have engaged with to develop this proposal

We have engaged with other local authorities to carry out benchmarking; finance colleagues to model the impact and options and sound evidence as detailed in section B7. We have not carried out any specific engagement to date. Schools, however, were made aware of the increased cost pressures on the service when the menus for this academic year were circulated.

When and how we engaged

This has been ongoing over the last 6 months through email, research and meetings.

Main issues raised

None

11 Who will we engage with during the consultation?

Who will we engage with during the consultation?

Schools – Headteachers and Business Managers.

When and how we will engage

We will ask schools if they require an additional Schools Forum Contract Subgroup meeting to be held. If not, schools can take part by way of Let's Talk Newcastle Online or email.

12 Feedback from the consultation process

To be completed post consultation.

Who provided feedback during the consultation

To be completed post consultation.

When and how did we engage

To be completed post consultation.

Main issues raised

To be completed post consultation.

Section D: Impact assessment

Age

Type of impact

Potential disadvantage

Detail of impact

The proposal includes an increase to school meals which could then be passed onto parents. Parents in households with low income, but who are not eligible for free school meals, may incur additional costs for school meals disproportionately to their income levels compared to those parents from higher income families.

This will impact on families with children in KS2 (primary) and KS3 (secondary). All children in KS1 are entitled to a free school meal under the Universal Infant Free School Meal programme.

How will this be addressed or mitigated?

Schools work with parents to ensure that pupils are given the option of free school meals where they are eligible. The service continues to offer a range of options to secondary school children.

Disability

Type of impact

Potential disadvantage

Detail of impact

There may be a disproportionate impact upon households with disabled people. Generally, disabled people are significantly more likely to be in poverty than households where there are no disabled people.

How will this be addressed or mitigated?

Schools work with parents to ensure that pupils are given the option of free school meals where they are eligible. The service continues to offer a range of options to secondary school children.

Gender reassignment

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable

Marriage and civil partnerships

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable

Pregnancy and maternity

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable

Race and ethnicity

Type of impact

Potential Disadvantage

Detail of impact:

There may be a disproportionate impact on people from ethnic minority backgrounds due to higher unemployment rates amongst the community

How will this be addressed or mitigated?:

Schools work with parents to ensure that pupils are given the option of free school meals where they are eligible. The service continues to offer a range of options to secondary school children.

Religion or belief

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable

Sex

Type of impact

Potential disadvantage

Detail of impact

The proposal includes an increase to school meals which could then be passed onto parents. Parents in households with low income, but who are not eligible for free school meals, including single parent households, may incur additional costs for school meals disproportionately to their income levels compared to those parents from higher income families. This will impact on families with children in KS2 (primary) and KS3 (secondary). All children in KS1 are entitled to a free school meal under the Universal Infant Free School Meal programme. Single parent households are more likely to be headed by women so females and could be disproportionately impacted by this

How will this be addressed or mitigated?

Schools work with parents to ensure that pupils are given the option of free school meals where they are eligible. The service continues to offer a range of options to secondary school children.

Sexual orientation

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable

Other potential impacts

We believe that it is important to consider whether changes to our policies, services or functions could have other impacts on people that are not covered by the Equality Act.

A part of our assessments we also consider whether proposed changes could have actual or potential impacts relating to socio-economic issues, businesses, geography, community cohesion, community safety, the environment and health and wellbeing.

Carers

Type of impact

Potential disadvantage

Detail of impact

The proposal includes an increase to school meals which could then be passed onto parents. Parents in households with low income, but who are not eligible for free school meals, may incur additional costs for school meals disproportionately to their income levels compared to those parents from higher income families. This will impact on families with children in KS2 (primary) and KS3 (secondary). All children in KS1 are entitled to a free school meal under the Universal Infant Free School Meal programme.

Carers are more likely to be female, so this group will be disproportionately affected by this proposal, especially if they are single parent households.

Children living in households who cannot afford the increased cost may bring a packed lunch of poor nutritional value or bring no lunch at all.

How will this be addressed or mitigated?

Schools work with parents to ensure that pupils are given the option of free school meals where they are eligible. The service continues to offer a range of options to secondary school children.

Newcastle City Council has invested in Newcastle Carers to provide information, advice, and support to carers of all ages. This can include advice on finances and benefits.

Socio-economic impacts

Type of impact

Potential disadvantage

Detail of impact

The proposal includes an increase to school meals which could then be passed onto parents. Parents in households with low income, but who are not eligible for free school meals, may incur additional costs for school meals disproportionately to their income levels compared to those parents from higher income families. This will impact on families with children in KS2 (primary) and KS3 (secondary). All children in KS1 are entitled to a free school meal under the Universal Infant Free School Meal programme.

How will this be addressed or mitigated?

Schools work with parents to ensure that pupils are given the option of free school meals where they are eligible. The service continues to offer a range of options to secondary school children. Other potential mitigations include:

We are working with the North East Combined Authority Child Poverty Unit to provide additional support to families with low income but who do not receive free school meals.

We are also promoting the support available from the Council's Welfare Rights service and partners to maximise benefits for working families.

In addition, we are promoting the support available through Work and Thrive for people in work but on a low income to consider and secure other employment options or additional hours to increase their income.

Businesses

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable

Geography

Type of impact

Potential disadvantage

Detail of impact

Parents may pay different prices at different schools.

How will this be addressed or mitigated?

We will continue to work with schools to ensure that pupils are given the option of free school meals where they are eligible.

Community cohesion

Type of impact

Potential disadvantage

Detail of impact

Food insecurity is a major challenge in addressing deprivation in our communities, leading to health inequalities, impacting on life expectancy and social well-being and widening inequalities between well-off and less well-off communities in our city. The people most often impacted are the working poor as well as disabled people. This could impact on cohesion in communities due to conflicts over access to resources and views about those who are deserving and undeserving.

How will this be addressed or mitigated?

Schools work with parents to ensure that all eligible pupils are given the option of free school meals and parents encouraged to apply. Families to also be provided with information about food banks and other resources for free or low cost food within the community.

Community safety

Type of impact

Potential disadvantage

Detail of impact

Escalating hunger amongst families in poverty but who are not eligible for free school meals could lead to children and parents shoplifting and stealing food, risking a criminal record

In addition, children living in households who cannot afford the increased cost may bring a packed lunch of poor nutritional value or bring no lunch at all impacting on their ability to engage and pay attention at school, which may impact behaviour.

How will this be addressed or mitigated?

Schools work with parents to ensure that all eligible pupils are given the option of free school meals and parents encouraged to apply. Families are also provided with information about food banks and other resources for free or low-cost food within the community.

Public health

Type of impact

Potential disadvantage

Detail of impact

Some parents in low-income families may choose for their children to not have a school meal due to affordability, and so some children may not have access to a hot meal at lunchtime. Evidence suggests that packed lunches are less likely to conform to school food standards, which in turn could have an impact on a child's ability to maintain a healthy weight and ability to concentrate.

How will this be addressed or mitigated?

We will continue to work with schools to ensure that pupils are given the option of free school meals where they are eligible.

Climate change and environment

Type of impact

None

Detail of impact

Not applicable

How will this be addressed or mitigated?

Not applicable