COST OF A SCHOOL MEAL

Calculating the cost of a healthy and sustainable school lunch

SCHOOL FOOD MATTERS

Supported by Impact on Urban Health

CONTENTS

EXECUTIVE SUMMARY

School Food Matters, with funding from Impact on Urban Health, commissioned Bremner & Co and Cohesion Consulting to complete this research project to determine what it costs to produce delicious, nutritious and sustainable lunches in England's schools.

- This research will be used by School Food Matters to underpin the Healthy Zones programme. It will also support wider School Food Review campaigning and advocacy work in support of a fair, healthy and sustainable school food system.
- The project was guided by a Project Advisory Group (PAG) with representatives from across the school food system.
- The scope of the project was to:
  - Review data on current school meal costs, within different settings, phases and governance types – including primary and secondary, SEND schools and alternative provision settings;
  - Compare the relative cost of optimally nutritious and sustainable vs. standard meals and explain any difference in costs;
  - Determine a future recommended cost of a school meal.
- The research draws on more than 40 semi-structured interviews and focus groups with organisations from across the school food sector, and more than 70 sets of quantitative data provided by schools, caterers and other organisations working across the school food system.

DEVELOPING A COSTING FRAMEWORK

Operating context

Semi-structured interviews and focus groups were conducted to help to determine which cost lines should be factored into the school meal costing framework – and identify the factors that drive costs upwards or downwards.

Participants were asked which costs they included in their budget calculations for the cost of a school meal. They were asked to specify the barriers and enablers for their organisation to providing tasty, healthy and sustainable school meals within the current cost envelope. They were also asked if – and how – costs were affected when aiming to meet higher health and sustainability standards.

Ten themes were identified. These can be loosely be categorised into: A. Operational issues (the day-to-day issues faced by catering teams); and B. Diversity of the sector (the structural factors that have created a fragmented sector). These are summarised below.

A. Operational challenges	B. Diversity of the sector
A gap between real costs and the funding rate per meal	An increase in the range of costs and prices charged
Staff shortages, pay and conditions	Significant variations in quality assurance processes
Requirements to meet diverse dietary patterns and allergens	Catering arrangements (and contracts) are diverse and complicated
Meeting health and sustainability aspirations	Secondary school economics divorced from primary
Less value being placed on quality accreditation schemes	Provision in SEND settings is a totally different operation

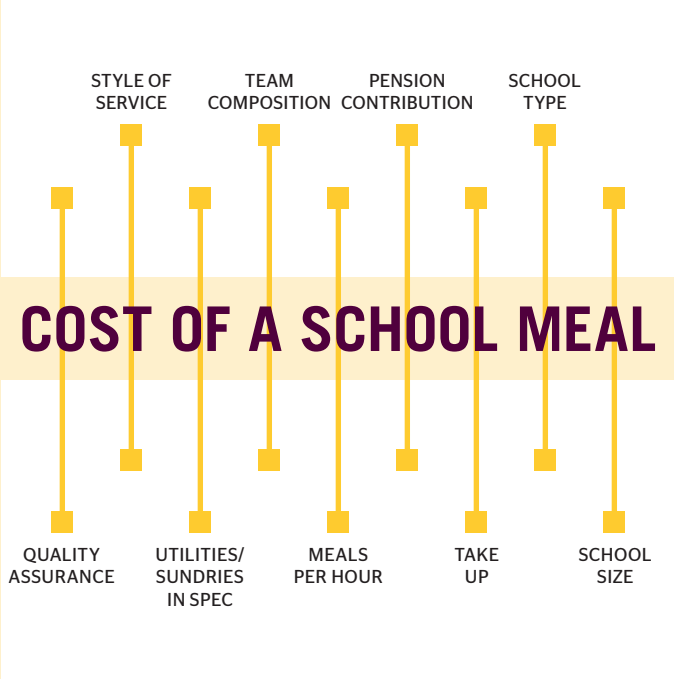
Factors influencing the cost of a school meal

The initial research design aimed to create a cost model which would be able to reflect the extent to which each factor affected meal costs.

The main factors identified are articulated in this diagram. They were designed to work as levers, where pulling or pushing one would impact on costs in other areas.

Following interviews, focus groups and a review of the quantitative data, it became clear that the interaction of factors – and the variability and complexity of the current school food system – rendered a model that could accurately take account of all these factors unachievable.

As a result, we returned to the simple model developed for the School Food Plan in 2014 and sought to update it with 2024 data.



CALCULATING THE CURRENT COST OF A SCHOOL MEAL

Reported costs

To enable us to calculate the costs of a school meal in 2024, certain assumptions, inclusions and exclusions were made. Due to the differing operations of SEND and alternative provision settings, costings from these settings were excluded.

Food: Participants were asked to provide data on the relative proportion of different food items (meat, fruit and vegetables, drinks etc.) However, most provided a total cost across all categories. There was a view from many stakeholders that a higher spend on food does not necessarily translate into a higher quality of ingredient or meals, due to the critical role staffing – plus kitchen/dining equipment – plays when converting ingredients into a meal.

Staffing: Costings presented cover net wages only. We received limited data on training, agency staffing and recruitment costs. Pension contributions were found to be highly variable, with a range of 3-5% within NEST (National Employment Savings Trust) pension schemes and 16-22% within local government pension schemes. **These are not included in this initial calculation due to variability**.

Overheads: Participants noted that there is a lot of variation in how specific overhead costs are managed by the caterer or school and how these costs can be separated from school expenses. Sundry costs include disposables, cleaning, management fees, uniforms and software. Utilities (water, electric, gas etc) prove hard to calculate. We therefore used the 2014 School Food Plan overhead figure and adjusted it using CPI inflation.

	Primary		Secondary	
Cost Centre	Mean	Median	Mean	Median
Food	£1.06	£1.05	£1.17	£1.10
Wages	£1.67	£1.49	£1.25	£1.20
Overheads	£0.23	£0.22	£0.26	£0.27

This table shows the mean and median costs identified in primary and secondary settings. As can be seen here, these vary across cost lines, reflecting variations in staffing requirements and economies of scale.

THE CURRENT COST OF A SCHOOL MEAL

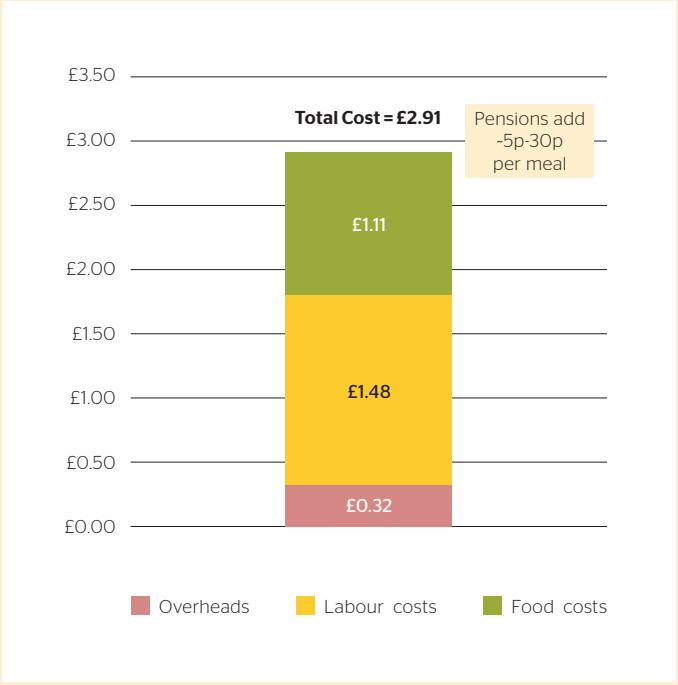
A funding gap laid bare

This calculation shows the total cost of a school meal as reported in 2024. It includes:

- Mean costs for food and net wages for primary and secondary settings combined (but not pensions);
- CPI adjusted figure for overheads based on the 2014 school food plan model (32p).

It shows that costs are currently tethered to the 2023/24 FSM/UIFSM rate of £2.53, but are still at least 38p above this, indicating a major funding gap. This gap is contributing to reported cases of:

- Schools running deficit school meal budgets;
- Inhibiting staff recruitment, retention and development, with impacts on staff wellbeing and service delivery;
- A lack of investment in kitchen equipment;
- The use of lower quality ingredients to minimise costs;
- A risk of the higher use of pre-prepared (and ultra-processed) foods;
- Overall risks to the quality of school meals served.



CREATING A NEW COST MODEL

A meal rate for St. Typical

To calculate the true costs of a school meal in 2024 – one that is not tethered to the current funding rate and meets health and sustainability quality standards – the 2014 School Food Plan model has been revised.

This model for St. Typical school:

- Is a primary setting – where there are more regulated service styles;
- Has a one-form entry (210 pupils) and has a 70% meal take-up rate across the school, with a higher take up for UIFSM in Key Stage 1. This equates to 150 meals a day, which is the minimum number of meals now required to break even;
- Has three members of catering staff, one at senior level – and two chef assistants;
- Uses a 'meals per hour' rate of 9.8 (this is APSE average);
- Includes overheads of 32p per meal – calculated by adjusting 2014 costs for CPI inflation.

This model is imperfect, given economies of scale where:

- Small schools (below 150 take-up) will require a subsidy to break even;
- Large schools and group contracts will benefit from increased meals per hour, shared fixed costs and better buying power.

For secondary and SEND schools:

- A cost model for secondary schools needs adaptation to take account of the sales mix across the school day;
- Costs of provision in SEND and alternative provision settings requires further research to fully map the costs of provision (see Appendix for an essay write-up of a workshop featuring SEND schools and caterers).

CREATING A NEW COST MODEL

Budget parameters

To ensure that that the proposed cost of a school meal can enable the provision of delicious, nutritious and sustainable meals, some additional parameters were set:

- **Nutrition and sustainability**: The Food for Life standard has been used as a benchmark, as this was the quality accreditation scheme most frequently cited by participants. Participants reported that achieving FFL Bronze adds c.5p per meal to existing food costs.
- **Labour costs**: To build a more accurate account of what the labour costs might be (which would also support recruitment and retention – and reflect the skills mix required to produce high quality school meals) the following parameters were set for the staff team:
  - Employing a head chef/cook at £16 an hour;
  - Paying assistants the Living Wage at £12 an hour;
  - Using the Living Wage Foundation pension rate of 12%;
  - Including a training budget of 1%;
  - Including employer national insurance contributions.
- **A '2p per meal' quality assurance commitment**: In response to concerns about the low levels of quality assurance within the current system, it is suggested that a '2p per meal' quality assurance cost should be included in the new model. Appropriate conditions of grants attached to school meal funding should be introduced, based on previous commitments made on schools publishing and reporting on plans – plus an audit function, similar to the Food Standards Agency pilots. The '2p per meal' rate was calculated by drawing on the work that Southwark Council has undertaken to deliver a "continual cycle of school food improvement".

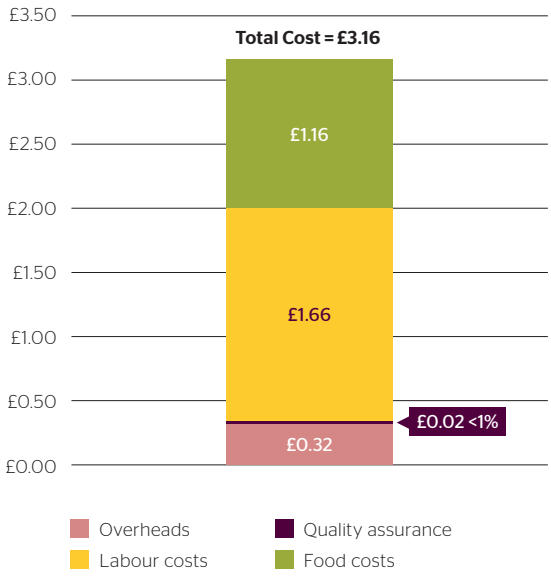
CREATING A NEW COST MODEL

The recommended funding rate

The recommended 'per meal' funding rate includes:

- £1.16 food ingredients at current level +5p to meet higher sustainability accreditation standards, such as Bronze Food for Life Served Here
- £1.66 to employ an appropriately skilled staff team, with 12% pension and employer NICs
- 2p for a reporting and monitoring/quality assurance framework
- Overheads of 32p

This brings the total cost of a school meal to: £3.16



INTRODUCTION & PROJECT SCOPE

School Food Matters, with support from Impact on Urban Health, commissioned Bremner and Co and Cohesion Consulting to complete this research project to determine what it costs to produce delicious, nutritious and sustainable meals in primary, secondary, SEND schools and alternative provision settings in England.

This research will be used by School Food Matters to underpin the Healthy Zones programme and campaigning and advocacy work, while also contributing to wider sector campaigning in support of a fair, healthy and sustainable school food system.

The scope of the project was to:

- Identify, develop and review data on current school meal costs within different settings, phases and governance types – including SEND schools and alternative provision settings;
- Identify the relative proportion of different costs including ingredients, staffing, equipment, capital infrastructure and overheads;
- Review costings through the lens of healthy, sustainable food quality assurance and policy frameworks;
- Compare the relative cost of optimally nutritious and sustainable vs. standard meals – and explain any difference in cost;
- Use this information and analysis to develop a recommended per-meal rate.

METHODOLOGY

A collaborative project

School Food Matters assembled a Project Advisory Group (PAG) from the school food and education sectors to guide the project. Members informed the development of research questions and methodology and facilitated access to data and participants. They also advised on policy and practice recommendations. Having the advisory group in place helped to secure a collaborative approach and build confidence in findings and recommendations. The PAG was chaired by Brad Pearce, ex Chair of LACA (see Appendix).

METHODOLOGY

Research methods

Data collection and analysis was divided into five phases:

1. Literature review
    - A rapid literature review looked at both peer reviewed journals and grey literature.
    - Based on this, a top-line cost of a school meal was calculated.
2. Qualitative data collection

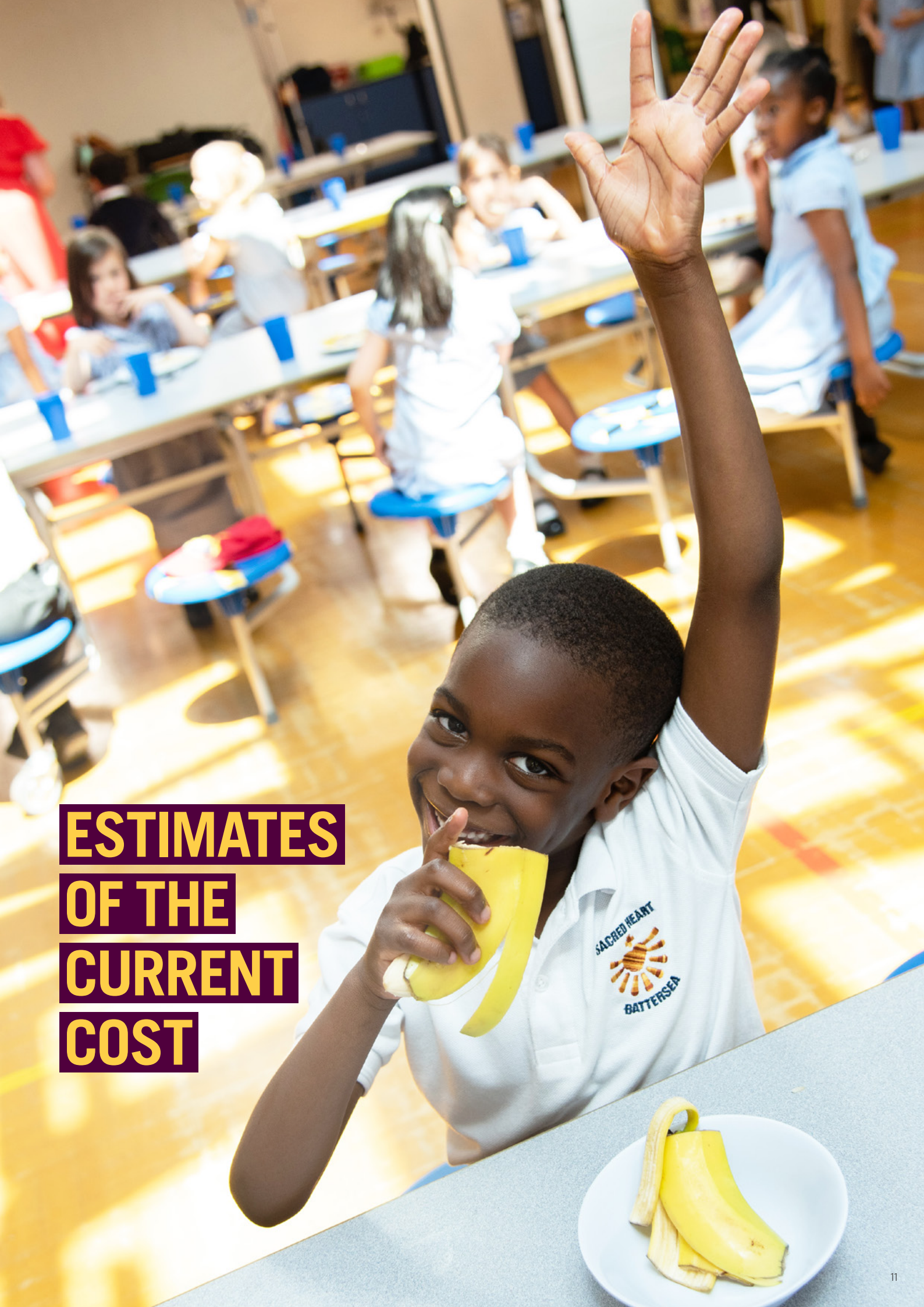
    To understand the current operating context and influencing factors shaping school meal costs, interviews and focus groups were conducted. These comprised:

    - Semi-structured interviews with more than 40 stakeholders, encompassing a cross-section of catering contract types, school types/sizes and experts in the school food system.
    - Three focus groups were conducted with:
        - School business managers from a cross-section of school types and catering arrangements;
        - Chefs and school leaders with in-house catering models;
        - Representatives from SEND and alternative provision settings – and education leadership organisations with an interest in these settings.
    - Inductive and deductive thematic analysis was conducted to identify themes, convergence and divergence within the data and by stakeholder type.
3. Cost model development
    - Drawing on the literature and data from interviews and focus groups, an outline cost model was developed and then refined by the PAG. This was used to frame quantitative cost data collection from stakeholders.
4. Current meal costing calculation
    - Research participants were invited to complete a spreadsheet to provide data on costs across food, labour and overheads, plus any additional costs;
    - Analysis of provided costs enabled the calculation of costs per meal in 2024.
5. Recommended meal cost calculation
    - Drawing on the quantitative and qualitative analysis and advice from the PAG, a set of parameters was developed to define and then calculate a recommended 'per meal' rate.

METHODOLOGY

Research limitations

- **Variation in the school food system**: This research has confirmed that the English school food system is complex and fragmented. Whilst data was collected for a diversity of settings, there will inevitably be settings for which the model is not a perfect representation or fit. However, the qualitative discussions and ongoing engagement with stakeholders indicates that the calculations and recommendations are broadly representative and appropriate across the sector.
- **Data gaps**: Data collected from schools and caterers was not always complete, consistent or sufficiently disaggregated in its reporting. Whilst many schools were sampled (more than 70 data sets were received), this presented difficulties for generalising certain types of data to create a reliable model (e.g. definition of overheads, employer pension contributions). Where these challenges occurred, the expertise of the Project Advisory Group (PAG) helped test findings and inform the development of parameters.
- **Differentiation between types of provision**: The scope had included an analysis of different types of school food provision and school settings. It quickly emerged from the qualitative interviews that the model in SEND settings was so different, that this data was disaggregated from the main data set. A separate focus group for SEND settings was conducted to elucidate the unique requirements in school food provision in these settings and make appropriate recommendations on a costing model (see Appendix 1).
- **Determining economies of scale**: The research did not explore fully the effect of economies of scale, as the definitions and interpretations were wide and varied and we did not have resources to explore further. We therefore followed the assumptions laid out in the 2014 School Food Plan.



ESTIMATES OF THE CURRENT COST

This section of the report lays out initial calculations of the impact of inflation over the last ten years on the cost of a school meal. We start with a high-level analysis (using CPI data). We then present more detailed analysis (using published statistics on wage, food and utilities inflation). This gave the Project Advisory Group (PAG) a starting point to develop a cost model.

COST MODELLING

Initial calculations

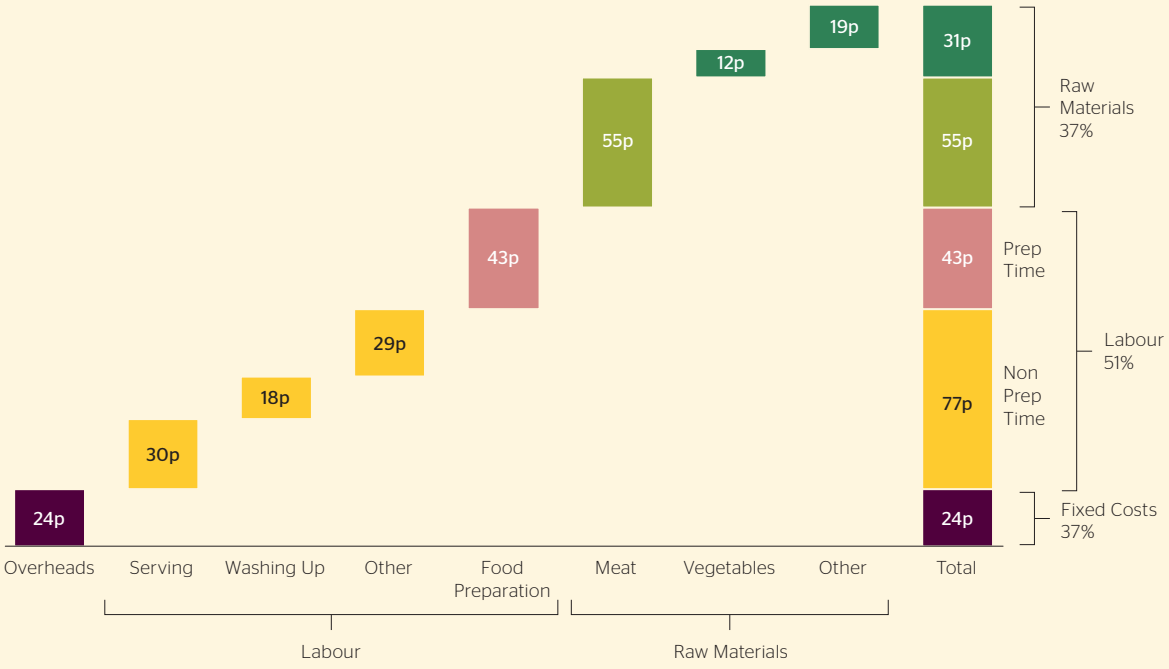
The starting point for the development of the cost model was the School Food Plan evidence pack, published in July 2013. The calculations within this report underpinned the setting of the 'per meal' rate for universal infant free school meals when they were introduced in 2014. This model and proposed cost had wide support from across the sector.

The model identified three primary cost centres:

- Fixed costs (utilities and overheads);
- Labour (across meal preparation, service and clearing up);
- Raw materials (food ingredients).

These centres formed the basis of our preliminary cost calculations and (later) detailed cost modelling.

Average cost of a school dinner: main course and pudding



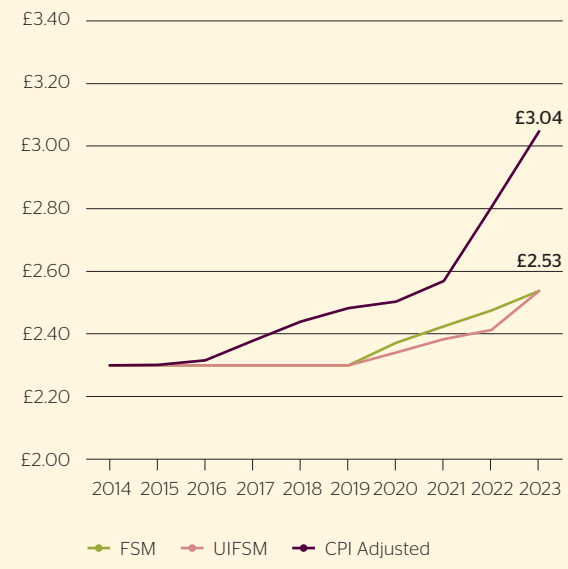
Reproduced from: OC&C, 2013, The School Food Plan Appendix

COST MODELLING

Preliminary analysis

To help frame stakeholder interviews and inform cost assumptions, the government price per meal for universal infant free school meals (UIFSM) and benefit-related free school meals (FSM) were plotted against what the price per meal would have been if adjusted for consumer price index (CPI) inflation for the period 2014-2023.

Funding rate per meal for FSM & UIFSM in England



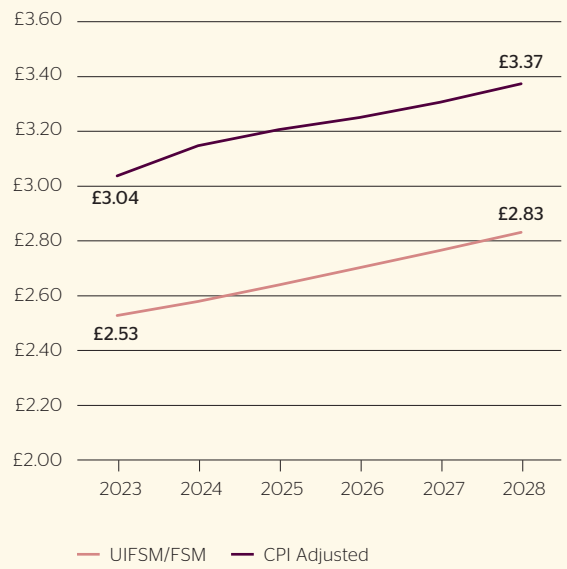
Source: DfE & author's calculations

A gap of 51p between the government funding rate for 2023/24 and the adjusted actual cost of a school meal was identified. This equates to a 17% shortfall per meal.

Meal cost forecast

To build a sense of what the school meal budget implications would be if government 'per meal' funding increases continued at the five-year average rate of 2.3%, this forecast compares to the Office for Budget Responsibility (OBR) forecast for CPI for 2023-2028.

Funding rate per meal – estimated government rate vs CPI forecast 2024-2028



Source: OBR & author's calculations

If government 'per meal' funding increases continue at this rate, compared to the OBR forecast, the differential between the cost of a school meal and the funding allocation is estimated to grow to 54p per meal.

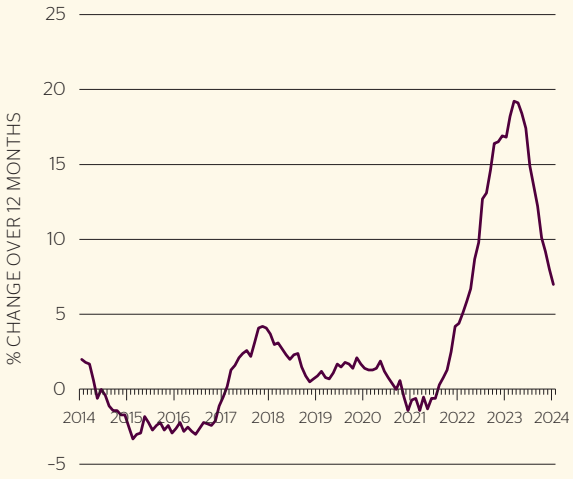
Raw materials (food) inflation

Food costs have risen significantly – and although there is some sign of a reduction in inflation rates, overall costs remain high. The 19.2% inflation in food prices experienced in the year to March 2023 was the highest rate for 45 years. Inflation was still high at 7% in the year to January 2024 (ONS, 2024). School caterers report higher rates of c. 20% across all food categories and as much 50% for some categories (LACA,2023).

Caterers report a varying strength of position to renegotiate supplier contracts, including volume discounts, which limits cost control.

94% of caterers had experienced supply chain disruption in 2023. Such disruption restricts caterers' ability to deliver planned menus to planned costs.

Food and non-alcoholic beverage inflation in the UK



Source: ONS, 2024

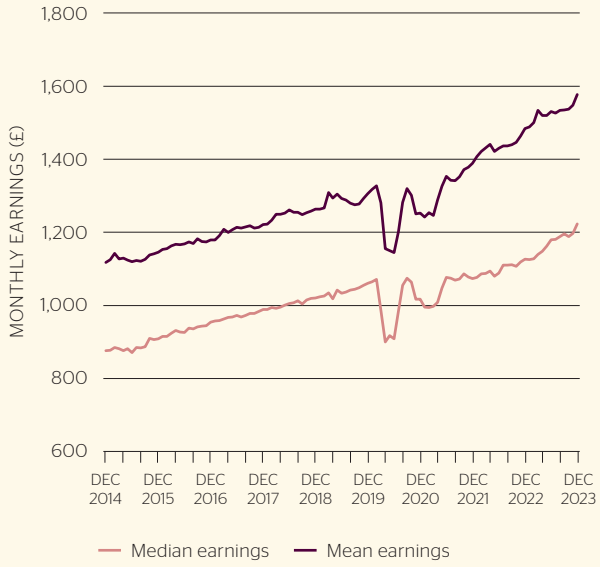
Labour inflation

Wages in the accommodation and food services sector have also increased by 39% in the period 2014 -2023. This is significant, as school catering teams are competing with other catering employers.

Wage inflation has in part been driven by increases in the Living Wage. 96% of local authority caterers report paying their staff the Living Wage (APSE, 2023).

Challenges in recruitment and retention in the sector have also driven up wages (APSE 2023; LACA, 2023).

Earnings and employment from Pay As You Earn

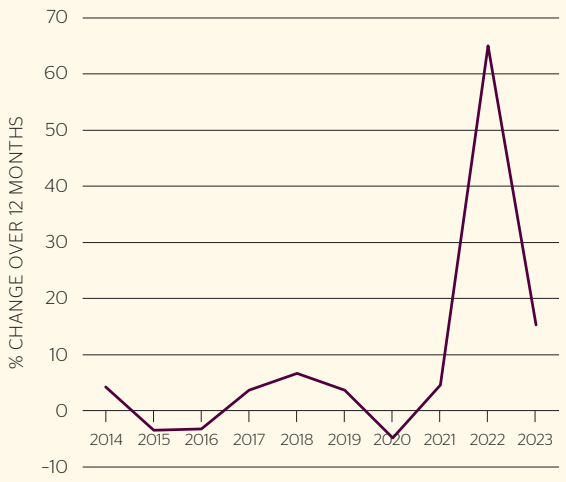


Source: ONS, 2024

Fixed costs inflation

Contractual arrangements for fixed costs (utilities equipment, crockery etc.) vary significantly across schools and caterers. For this calculation, energy costs were used as a proxy for fixed costs – but may overestimate inflation in this category, given particular price shocks arising from the Russian invasion of Ukraine. Energy costs have also been exposed to significant inflationary pressures, although they are now on a downward inflationary trend.

Energy Inflation UK

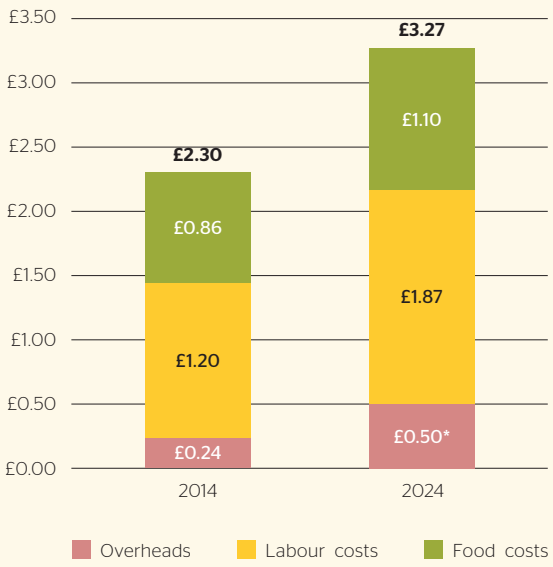


Source: ONS, 2024

2024 meal cost estimates

An estimated cost per meal was calculated based on the three cost categories, adjusting for inflation in these areas over the period 2014-2024. The cost per meal in 2024 was estimated to be £3.27. This is 23p per meal higher than the £3.04 CPI adjusted rate and 74p per meal higher than the 2023/24 FSM/UIFSM rate in England. Price per meal allocations in Scotland (£3.33) and Wales (£3.20) are closer to the estimated costs.

School Meal Costs – Adjusted for Inflation



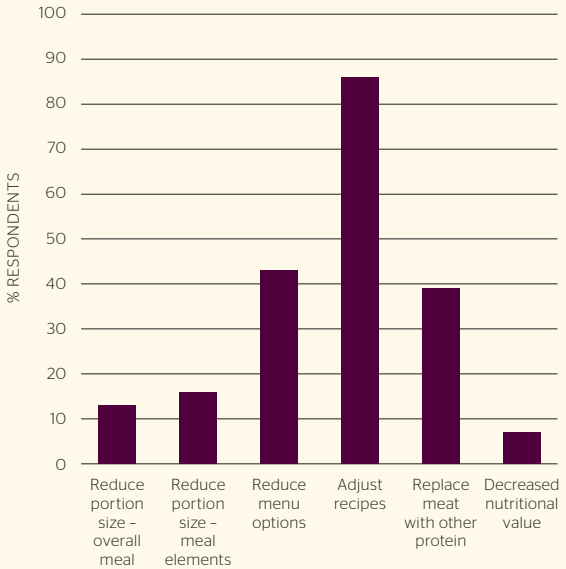
*Note of caution – the fixed costs are likely overstated, as we used utility inflation as the main proxy – we therefore adjusted this downwards in ongoing calculations.

Implications of meal price stagnation

Previously published evidence from caterers suggests the combination of cost increases and government funding stagnation risks affecting school meal provision, including the healthiness and sustainability of meals. A survey conducted by LACA (2023) found that 27% of caterers reported increasing their use of processed foods. Some 19% reported that rising costs had affected their ability to meet all of the school food standards.

The cost-funding mismatch creates risks to the viability of catering operations. Analysis of the financial pressures on schools has also shown that schools are increasingly subsidising school meal operations and that this is contributing to school budget deficits (NFER, 2023). Additionally, parents have reported they already believe meal prices to be too high (LACA, 2023), so there is little room to increase prices there to make up for the funding shortfall. Stakeholders also questioned whether families already experiencing cost of living pressures should be asked to subsidise the shortfall.

Changes made by caterers in 2023 in response to rising food prices



Source: LACA 2023

OPERATIONAL CHALLENGES & SECTOR DIVERSITY

This section of the report lays out the large number of factors that affect the cost of a school meal. It shows the complexity of the school food system, especially in terms of its diversity and wide spectrum of governance types, operational levers and financial performance. It sets the scene in explaining that one number does not fit all.

DEVELOPING A COSTING FRAMEWORK

Operating context

Semi-structured interviews and focus groups were conducted to help determine which cost lines should be factored into the school meal costing framework – and identify the factors that drive costs upwards or downwards.

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Ten themes were identified. These can be loosely be categorised into: A. Operational issues (the day-to-day issues faced by catering teams); and B. Diversity of the sector (the structural factors that have created a fragmented sector). These are summarised below.

A. Operational Challenges	B. Diversity of the sector
A gap between real costs and the funding rate per meal	An increase in the range of costs and prices charged
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Requirements to meet diverse dietary patterns and allergens	Catering arrangements (and contracts) are diverse and complicated
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Less value being placed on quality accreditation schemes	Provision in SEND settings is a totally different operation

A. OPERATIONAL CHALLENGES

A gap between real costs and the funding rate per meal

Across stakeholder types, participants reported that the cost of providing a school meal is now well above the funding rate. This was true even within larger group contracts – where, historically, economies of scale had enabled cost savings sufficient to balance income and outgoings. This funding gap was identified as a significant concern within the context of financial stress within the education system – particularly for schools running with budget deficits.

As such, the current funding model was described as putting economic and operational stress on caterers, with some withdrawing from the market and others questioning the long-term viability of school meal catering. Many participants described how schools and/or local authorities are currently subsidising the school meal service to make up for the shortfall in funding, exacerbating budget concerns.

"The cost of catering has increased dramatically; the formula and system of school needs-budgeting tends to lack dynamism – and is not able to keep a pace with the realities of the cost of food and the cost of labour."
(Procurement consultant)

"They [headteachers] will find the budget that we need to feed the kids, but it has to come from somewhere – so a failure in this area will look like old sports equipment; it will look like crumbling buildings and infrastructure; it will actually run out into the system of the wider school."
(In-house caterer)

A. OPERATIONAL CHALLENGES

A gap between real costs and the funding rate per meal – the case of small schools

Small schools face specific challenges. Primary schools below 150 covers and secondary schools below 750 covers struggle to break even, as they cannot benefit from the economies of scale available in larger schools.

Leaders in small primary schools reported challenges arising from the funding shortfall, namely:

- Private contractors unwilling to bid for contracts as they are not seen as profitable;
- A reduced offer from LA providers due to scaling back of service;
- Paying above contracted rate (to both commercial and LA providers) to close the financial gap between the cost of provision and funding available;
- Increased school subsidisation of the school meals service (both for 'paid for' and funded meals);
- Difficulties making required capital investment in kitchen and dining infrastructure;
- Introduction of a 'packed lunch only' offer;
- Introduction to meals being cooked off site and delivered to site, but concerns over the quality of this provision;
- A reduction in meal quality by catering providers to ensure viability of the service.

There is a need to revisit the 'small schools' subsidy to ensure equal access to high quality meals across schools.

"Currently, we're on £2.60 [per meal rate]. But this is now for a packed lunch, rather than a traditional hot meal – as those were quoted at £4.26 and we decided to stop subsidising this from the main budget due to other cost pressures. We have been unable to find an alternative supplier due to the low numbers of meals we serve."

"In September, cost to us is going up to £3.42 – so we are thinking we will increase prices to £3. This would reduce the deficit to our school per meal from 51p to 42p – not massive, but a reduction nonetheless! The biggest problem we have is on budget for subsidising. We have great meals and a lovely cook who goes above and beyond so we are happy in that respect – but the costs are just crippling."

"The latest company started off strong with local produce and a 'farm to fork' approach (which links with our curriculum); however, in the last year, they have reduced their staffing and have started buying more processed food in bulk, presumably to reduce their overheads. This has had a knock-on effect on the quality of the meals and the ingredients supplied. It certainly no longer has the 'home- cooked' feel of the meals we had previously."

A. OPERATIONAL CHALLENGES

Staff shortages, pay and conditions

Staff shortages were described by many participants. They reported that staff had left the sector during the Covid-19 pandemic and had not returned to the workforce or been replaced by new staff. This shortage has led to a number of issues: including wage inflation to attract new staff, higher costs of recruitment and a reliance on more expensive agency staff. Additionally, finding staff with the right mix of culinary skills is a challenge.

Wage increases through uplifts in the National Living Wage and NJC had been welcomed for staff. However, the fact that this has not been matched in the funding for school meals has put pressure on catering budgets.

Limited budgets and staffing shortages has also led to fewer opportunities for staff training, as it is harder to release staff from kitchen duties to attend training.

Some participants described how these factors were exacerbating a trend away from scratch cooking to pre-prepared items; to compensate for fewer hours, with less skilled staff.

"Recruitment is a problem because since the pandemic, people don't want to work in the industry."
(Caterer)

"We want to see a better paid workforce. It's a skilled job. It's a difficult job. It's a very busy job. And they are very, very low paid."
(NGO)

"We are governed by the NJC pay scale. They've had two substantial increases, with a third due to the cost of living. So that has obviously had a massive impact on the school meal."
(Caterer)

"They're using a lot of bought-in food, but it's processed food – which means the ingredients are actually more expensive. Staff cost is less, because they're using fewer hours."
(Supplier)

A. OPERATIONAL CHALLENGES

Dietary patterns and allergens

An increasing diversity of dietary requirements – arising from both individual dietary preferences and allergies – is creating challenges for menu planning and delivery.

Caterers described the issue of extra staffing required to deliver an increasing number of meal offers.

Additional food costs were also identified.

Some participants described how additional staffing requirements, combined with the desire to mitigate any allergen risks, was leading to an increase in the proportion of processed food served. This is because such food requires less preparation time – and the allergen risk lies mainly with the manufacturer.

"One thing that does put a strain on our costs is that there are far more people with dietary requirements than ever in schools. We must cater for special dietary requirements and allergens – and, obviously, we have to look at menus and adapt them for those people. The produce we have to buy in is not always the cheapest."
(Local authority caterer)

"We're finding that we're not getting cooks that are willing to work for 10 pence more to face greater responsibility, given the changes in the allergen laws."
(Local authority caterer)

A. OPERATIONAL CHALLENGES

Meeting health and sustainability aspirations

Many participants stated that although they would like to ensure meals are served that are both healthy and meet high environmental sustainability standards, this is hard to achieve within the current financial envelope.

Although some caterers have made environmental sustainability a priority, they report that this is not often stipulated by schools as a priority in tendering; or if it is, it isn't actively monitored through contract management.

Caterers identified opportunities for increased sustainability and cost savings through menu design, particularly replacing meat and reducing food waste (notably, plate waste).

"Sustainable meals are an aspiration, rather than something that I can deliver, to be honest. It's completely unsustainable."
(In-house chef)

"We don't tend to see much sustainability being pushed towards us in terms of menu development and meat content."
(Large caterer)

"We talk about sustainability quality during a tender process, but it's seldom managed as you go through the contract."
(Large caterer)

"One of the biggest costs, which is a fairly hidden cost across the public sector, is food waste. The amount of food waste in the public sector – including in schools – is huge. I would argue the first sustainability drive would be to reduce that level of wastage."
(NGO)

A. OPERATIONAL CHALLENGES

Less perceived value in quality accreditation schemes

Caterers and procurement consultants reported that there was a diversity of food quality and accreditation schemes. The Soil Association Food for Life award was most frequently cited.

Some participants reported that achieving accreditation incurred additional costs, but that low awareness of the schemes – particularly amongst parents – meant that this was not translated into higher take-up.

Some reported that they had either stopped accreditation altogether or had dropped a grade to manage costs.

"The majority of tenders require Food For Life silver, some bronze. I would say we have very few (if any) Food For Life gold, now. Those that we did have moved down to Food For Life silver in order to save cost."
(Large caterer)

B. SECTOR DIVERSITY

An increase in the range of costs and prices charged

In interviews, many participants identified that the meal price (charged to schools or families) is rooted in the £2.53 government-funded rate. However, there was wide variation across the sector from £2.30 to £3.30.

From the analysis of school meal costs (food, wages – excluding pensions and sundries – e.g. disposables, management fee, cleaning etc) cost variations were even greater. The differentiation between costs and prices charged between setting types was noted. Of particular concern is how far the costs within SEND settings far outstrip the FSM funding rate. This will be returned to in the section on SEND and alternative provision settings.

Reported costs charged by schools

Setting Type	Mean	Median	Minimum	Maximum
Primary	£2.96	£2.80	£2.27	£4.09
Secondary	£2.67	£2.60	£1.57	£5.05
SEND	£4.91	£4.71	£4.00	£6.20

"There's such a variation in meal cost across the country as well. And there's no standard pricing."
(Supplier)

"There's not a benchmark overall cost for the cost of a meal, because the cost of a meal varies so greatly across different settings."
(NGO)

B. SECTOR DIVERSITY

Significant variations in quality assurance processes

The processes in place to meet the Department for Education (DfE)-mandated school food standards were described as varying significantly between settings.

There was a perception from some that the guidance is insufficient and there is not a strong level of interest from school leaders in monitoring and ensuring standards are being met.

Some stakeholders flagged concerns that the cost pressures – combined with a lack of focus and monitoring – is driving the quality of school food backwards.

"The guidance is quite sketchy in some areas and can be manipulated to suit costs."
(LA caterer)

"School leaders don't take it very seriously. Hence the guidance being... you know, not as prolific and as much in the public eye as it should be."
(School leader)

"I personally think the school food standards are not really strict enough, particularly in monitoring where the schools are compliant."
(LA caterer)

"School food standards – there's a huge fear that's going to go backwards. We're already seeing it."
(Supplier)

B. SECTOR DIVERSITY

Catering arrangements (and contracts) are diverse and complicated

There is significant diversity in how school food catering is tendered, contracted, managed and delivered.

This diversity was described as a challenge for all stakeholders in determining meal costs and prices. It was also seen to add complication to the tendering process for both schools and potential providers.

Within the recent context of financial pressures, there has been a move from both schools and caterers to renegotiate where certain costs are held.

Participants reported an increasing lack of consistency in contracting arrangements across the sector, which is not aiding transparency of school meal costing.

"The tendering process is a bit of a minefield, in a way, because not only are there so many procurement portals; they all ask different things."
(LA caterer)

"It's a competitive tendering system, which doesn't lend itself to getting the best value. It's not a fair system – there's still a system of paybacks and contracts."
(NGO)

"I think there are a lot of uneducated business managers around tender and tender documents. I don't think the DfE are helping them out in any shape or form. I feel sorry for them."
(LA caterer)

"You've got some schools that are quite happy to have a contractor that breaks even... to make sure it is the best that they can have for their children. And then you've got some that want everything thrown in, plus extras – like investments and rebranding of dining rooms."
(LA caterer)

B. SECTOR DIVERSITY

Secondary school economics are divorced from the economics of primary schools

The model for food provision in secondary schools is very different to that in primary schools. The vast majority of secondary schools have at least two service times (break and lunch) with pupil spending spread across these. They also tend to have multiple service points.

The majority of secondary school students are able to choose single-purchase items across the day (breakfast, breaktime and lunchtime). Evidence from the literature shows that these items tend to be fried or baked items high in sugar salt and fat; such as large cookies and sweet tray bakes, sausage rolls, portions of chips and pizza slices (Hart and Page, 2020). Such items are also more likely to be ultra-processed (Parnham et al. 2022).

A 'meal price' in this sales mix context becomes largely notional across the whole catering service within a school. However, children eligible for FSM are often restricted to lunchtime-only 'meal deals', for which a price is set.

"There is a distinct difference between primary schools and secondary schools, so you can't get a price 'per meal' in secondary schools."
(Academic)

"Morning break is, historically, where caterers make lots and lots of money; where it's high margin and high volume. That would consist of paninis, pasta pots, sausage rolls and chocolate croissants – a completely non-compliant food offer."
(Catering consultant)

"We also have the food cost per lunch time meal – that's only for primary schools, because it's so difficult to do for secondary schools. There, it's not food on the plate, it's grab bags and whatever."
(NGO)

As identified earlier, higher prices are frequently charged in secondary than primary settings, but costs are (on average) lower.

Participants reported that as one of the few revenue generating opportunities, larger secondary schools and multi-academy trusts may seek to make a surplus from their catering services to reinvest into wider school budgets. This affects the procurement and contract management processes.

The current arrangements pose a risk to the nutritional quality of the food offer in secondary schools.

"In secondary schools, it's enough money to generate a profit return for the school, which is obviously not profit, because it's just going in to fix other problems in the school's budget."
(NGO)

"The majority of contracts are awarded to the contractor who wins on 'price' and is the most competitive. To be most competitive on price is calculated by how much the contractor is going to return to the school/client. This is generally calculated by investment in new facilities &/or a fixed/ percentage of sales return."
(Caterer)

"The school has a vested interest to allow the caterer to have a less compliant offer because they'll generate a higher margin and a lower bottom-line cost. I'd suggest that the majority of caterers and schools, while they aspirationally want healthy food on the menus, are realistic about the bottom-line cost – and if you have an entirely compliant menu, the cost of catering billed back to the school will be higher than a non-compliant offer."
(Catering consultant)

B. SECTOR DIVERSITY

Provision in SEND and Alternative Provision settings is a totally different operation

SEND and alternative provision settings describe that food provision plays a key role in the education and social development of their students, particularly in supporting their sometimes severe and complex social, emotional and mental health needs. For post-16 students in particular, food provision involves supporting students to live independently.

The costs of providing a school meal in these settings were identified as being significantly greater than in mainstream settings. Particularly in SEND, there are requirements to provide food suitable for medical diets and those with sensory aversions – and to enable intermittent eating and self-regulation. Furthermore, supported feeding requires a much higher staff to student ratio, plus staff with specific training.

Settings explained the need to identify food-related needs within education and health care plans (EHCP) to secure the additional funding required to support meal provision. However, they also stated that food provision isn't always afforded the attention it should be, as these plans are drafted and negotiated.

Some settings stated that it had become harder to find catering suppliers willing to take on contracts as the diversity of needs makes commercial viability difficult to achieve within current costing frameworks.

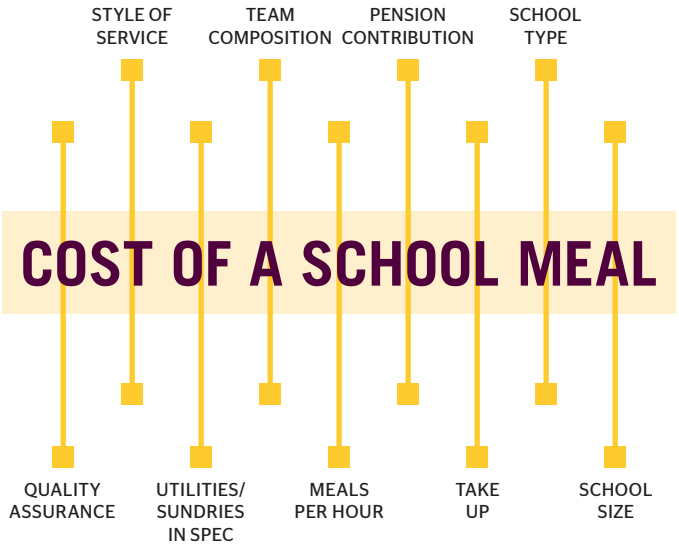
"You can't just see it as a health and nutrition issue, there's an education side to this, as well. The cost is far more than just the food."

"It's really, really important for us to look at funding of meals, because it's not the same as dishing up something to every child in the room. You may have a room where every child is having something bespoke."

"It's important for us that we get the funding right upon entry – at that point, you're hoping it'll encapsulate the whole care around that child, which should include the food. It doesn't always work that way, but that's what we're working hard with our local authority to do."

THE CURRENT COST OF A SCHOOL MEAL

This section of the report analyses all the data sets that were provided by schools and caterers. It identifies the current costs of a school meal – and how the current funding rate tethers school meal budgeting and commissioning.



Factors influencing the cost of a school meal

The initial research design aimed to create a cost model which would be able to reflect the extent to which each influencing factor affected meal costs.

Following interviews, focus groups and a review of the quantitative data, it became clear that the interaction of factors – and the variability and complexity of the current school food system – made this aspiration unachievable. Nevertheless, it is important to note the ways in which each factor impacts costings. This is set out in the table below.

Influencing factor	Relationship to cost of a school meal
Quality assurance	Different accreditation levels can add costs to the school meal due to the quality and provenance of ingredients used.
Style of service	Delivering meals in a 'family dining' style increases costs due to higher staffing requirements, waste and cleaning. Delivering 'grab and go' options can increase costs due to disposables and increased service points, but reduce costs due to faster speed of service, and reduced duration of lunch breaks (mostly in secondary).
Utilities/sundries in spec	These costs are difficult to unpick. They include energy costs, which are often included in schools' overall energy bills, cleaning items, sundries, equipment and maintenance.
Team composition	Higher skill levels command higher salaries. However, staff with higher qualifications and skills can both produce more meals per hour and make better use of lower cost ingredients, which can compensate for higher wage costs.
Meals per hour	The number of meals a single staff member can prepare in an hour is affected by skill level and equipment available. The average in school provision is 9.8 meals per hour (APSE 2024).
Pension contribution	These costs vary significantly according to the type of pension scheme, with National Employment Savings Trust (NEST) at between a 3 to 5% employer contribution. The higher end of employer pension contributions is set by the Local Government Pension Scheme for each local authority. This tends to be around 20%, but can be higher.
Take-up	For school meal provision to break even, a minimum of 70% take up is required in a one-form entry school. A take up rate of 90% is the realistic maximum due to student attendance, allergens etc. Higher rates of take-up will improve efficiencies and economies of scale, while lower take-up rates increase the cost per meal.
School type	Models of provision and integration into the school day vary across primary, secondary, SEND and alternative provision settings. The additional staffing requirements to support younger children and children in SEND settings with eating, as well as medical diets can increase costs.
School size	Small schools require subsidisation to meet the costs of higher staff to pupil ratios – and more expensive catering contracts. These contracts are less attractive to caterers, due to limited profitability. For schools with higher numbers of pupils (two forms or more), there may be some economies of scale. However, these may drop off as larger staff numbers are recruited to meet requirements. If economies of scale are great enough, school meal costs can go down – allowing for increased quality provision, or potentially a surplus for the school.

DEVELOPING A COST MODEL

Identifying cost centres

An open call was made to research participants and key stakeholder organisations for schools and caterers to submit data on their current budgeting for school meal costs. Based on the interviews, four overarching cost headings were identified, with sub-headings for specific cost-lines. Data on school characteristics was also requested to help understand the relationship between these factors and meal costs. Information was received from 70 organisations. Of these, 40 provided numbers of meals served per annum which enabled 'per meal' calculations of the relative proportion of the different cost lines. Data included more than 12 million meals – or 65,000 children served per year. All school characteristics/catering model types were represented within the data.

School characteristics	1 Food costs	2 Labour	3 Sundries	4 Equipment
School type	Meat/protein	Wages	Cleaning materials	Heavy >£1,500 p/a
Governance type	Fruit and veg	Pension	Disposables	Light <£1,500 p/a
School size	Other food	Training	Management Fee	Maintenance & repair
% FSM	Drinks	Recruitment	Other (software, marketing, uniform etc.)	
Urban rural		Agency		
Catering arrangement				
Service type				
Award scheme				

CALCULATING THE CURRENT COST OF A SCHOOL MEAL

Reported costs

In calculating the costs of a school meal in 2024, certain assumptions, inclusions and exclusions were made. Due to the very different operations of SEND and alternative provision settings, costings from these settings were excluded.

Food: Participants were asked to provide data on the relative proportion of different food items (meat, fruit and vegetables, drinks etc). However, most provided a total cost across all categories. There was a view from many stakeholders that a higher spend on food does not necessarily translate into a higher quality of ingredient nor meals, due to the critical role staffing and kitchen/dining equipment plays in converting ingredients into a meal.

Staffing: Costings presented cover net wages only. There was limited data received on training, agency staffing and recruitment costs. Pension contributions were found to be highly variable with a range of 3 -5% within NEST (National Employment Savings Trust) pension schemes and 16-22% within local government pension schemes. **These are not included in this initial calculation due to variability**.

Overheads: Participants noted that there is a lot of variation in how specific overhead costs are managed by the caterer or school and how these costs can be separated from school expenses. Sundry costs include disposables, cleaning, management fees, uniforms and software. Utilities (water, electric, gas etc) prove hard to calculate. We therefore used the 2014 School Food Plan overhead figure and adjusted it using CPI inflation.

	Primary		Secondary	
Cost Centre	Mean	Median	Mean	Median
Food	£1.06	£1.05	£1.17	£1.10
Wages	£1.67	£1.49	£1.25	£1.20
Overheads	£0.23	£0.22	£0.26	£0.27

This table shows the mean and median costs identified in primary and secondary settings. As can be seen, these vary across cost lines, reflecting variations in staffing requirements and economies of scale.

CALCULATING THE CURRENT COST OF A SCHOOL MEAL

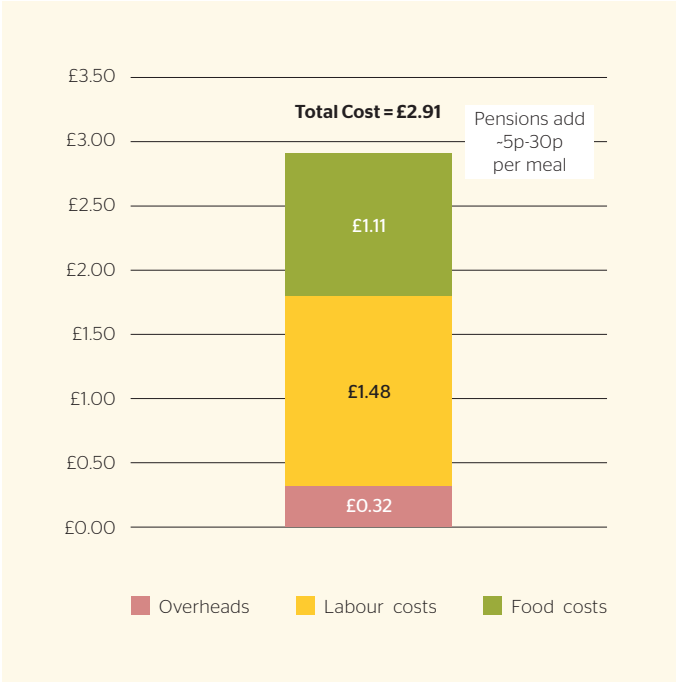
A funding gap

This calculation shows the total cost of a school meal as reported in 2024. It includes:

- Mean costs for net wages and food for primary and secondary settings combined;
- CPI adjusted figure for overheads based on the 2014 school food plan model (32p).

It shows that costs are currently tethered to the 2023/24 FSM/UIFSM rate of £2.53, but are still 38p above this – indicating a major funding gap.

The figure does not include pension contributions due to wider variability (adding c. 5p – 30p per meal)



The implications of a low funding rate

It is apparent from the qualitative and quantitative data that the low government funding rate is tethering school meal budgeting and commissioning. It is setting lower meal cost expectations with potentially negative implications for school meal provision.

Participants discussed how the low funding available creates issues for schools, caterers – and ultimately the consumers of school meals: children. Significant efforts are made across the school food system to mitigate these impacts, but there was a feeling from some participants that this was becoming increasingly hard to do.

Impacts include:

- Schools running deficit school meal budgets to ensure meal provision is available for all pupils and meets nutritional standards;
- Inhibiting staff recruitment, retention and development, with impacts for staff wellbeing and service delivery;
- A lack of investment in kitchen equipment, creating further inefficiencies, as modern equipment – such as combination ovens – enable a higher production of meals per hour;
- The use of lower quality ingredients to minimise costs;
- A risk of the higher use of pre-prepared (and ultra-processed) foods as this requires fewer hours from a lower skilled workforce to produce;
- Overall risks to the quality of school meals served.

BUILDING A COST MODEL FOR 2024 AND BEYOND

This section of the report presents the parameters that were agreed on by the Project Advisory Group (PAG) to calculate the single cost of a school meal.

CREATING A NEW COST MODEL

A meal rate for St. Typical

To calculate the true costs of a school meal in 2024 – one that is not tethered to the current funding rate and meets health and sustainability quality standards – the 2014 School Food Plan model has been revised.

This model for St. Typical school:

- Is a primary setting – where there are more regulated service styles;
- Has a one-form entry (210 pupils) and has a 70% meal take-up rate across the school, with a higher take up for UIFSM in Key Stage 1. This equates to 150 meals a day, which is the minimum number of meals now required to break even;
- Has three members of catering staff: one senior level and two chef assistants;
- Uses a meals-per-hour rate of 9.8 (this is APSE average);
- Includes overheads of 32p per meal – calculated by adjusting 2014 costs for CPI inflation.

This model is imperfect, given economies of scale where:

- Small schools (below 150 take-up) will require a subsidy to break even;
- Large schools and group contracts can often benefit from increased meals per hour, shared fixed costs and better buying power.

For secondary and SEND schools:

- A cost model for secondary schools needs adaptation to take account of the sales mix across the school day;
- Costs of provision in SEND and alternative provision settings requires further research to fully map the costs of provision (see Appendix for an essay write-up of a workshop featuring SEND schools and caterers).

CREATING A NEW COST MODEL

Budget parameters (1)

To ensure that the proposed cost of a school meal can enable the provision of delicious, nutritious and sustainable meals, some additional parameters were set.

- **Nutrition and sustainability:**
  - The Food for Life standard has been used as a benchmark, as although there are many different quality accreditation schemes, this was the scheme most frequently cited by participants. There was also some support to align standards to the proposed government buying standards as published in the recent Will Quince review.
  - There was agreement amongst the PAG that whilst FFL Silver or Gold standard should be an aspirational benchmark, the Bronze accreditation was a more realistic standard at present times – and was the standard most commonly used in school food catering.
  - Participants reported that achieving FFL Bronze adds c.5p a meal to existing food costs, although the Soil Association have demonstrated that volume sales and food ingredient swaps can mitigate this factor. Participants also reported a range of 10p-15p additional, per meal, to achieve silver and gold.

CREATING A NEW COST MODEL

Budget parameters (2)

Labour costs and pensions

The skills and operational capacity of the labour force is critical to achieving quality. It is argued that an investment in this area need not necessarily increase the 'per meal' cost of provision, if higher take up and economies of scale can be achieved. This is because:

- A more skilled workforce and well-maintained kitchen is likely to increase quality and meals per hour;
- A higher quality of food is likely to increase the proportion of children taking a meal;
- An increased meal take-up reduces the costs of a school meal due to economies of scale (the number of meals served relative to labour and overhead costs – and potential supplier volume discounts).

To build a more accurate account of what the labour costs might be – that would also support recruitment and retention and reflect the skills mix required to produce high quality school meals – the following parameters were set for the staff team:

- Employing a head chef/cook at £16 an hour;
- Paying assistants the Living Wage at £12 an hour;
- Using the Living Wage Foundation pension rate of 12%;
- Including a training budget of 1%;
- Including employer National Insurance contributions.

CREATING A NEW COST MODEL

Budget parameters (3)

A '2p per meal' quality assurance commitment

In response to concerns about the low levels of quality assurance within the current system, it is suggested that a '2p per meal' quality assurance cost should be included in the new model. This rate was calculated by drawing on the work that Southwark Council has undertaken to deliver a 'continual cycle of school food improvement'.

The 'per meal' figure has been calculated using the following assumptions:

- Two school food improvement officers within a local authority ~ £150k p/a investment;
- 152 local authorities with education responsibility in England = £22,800,000 p/a;
- 9.1 million pupils in school – assuming a 70% take-up – equates to 6.4 million pupils taking meals p/a;
- The total cost of school food improvement officers across LAs, divided by total pupils that take a meal, is £3.58 per pupil p/a;
- If we divide this by the 190 school days, we reach: **1.8p pence per meal for quality assurance**.

Cost headings:

The revised model is therefore comprised of costs across four headings:

- Food
- Labour
- Quality assurance
- Overheads.

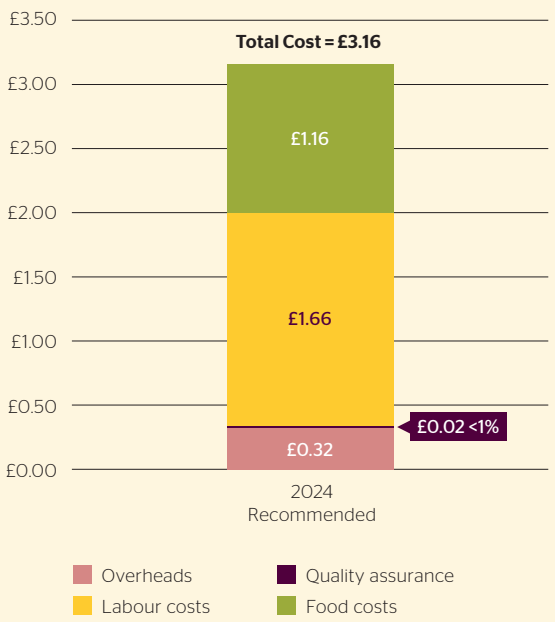
CREATING A NEW COST MODEL

The recommended funding rate

The recommended 'per meal' funding rate includes:

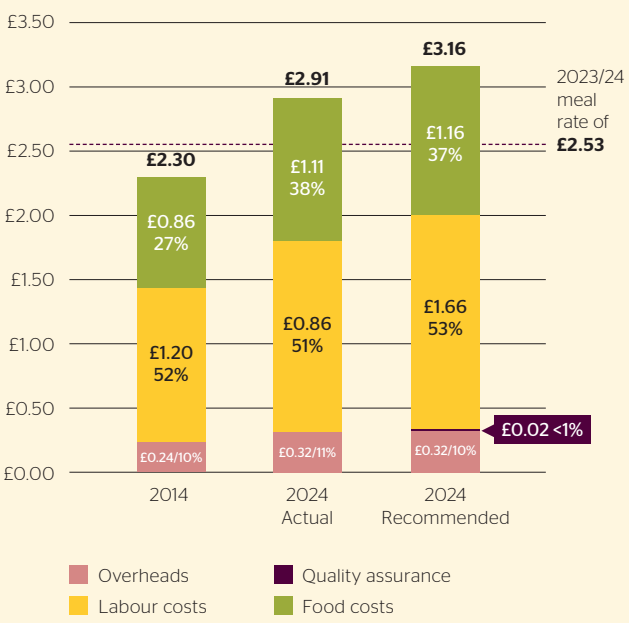
- £1.16 food ingredients at current level +5p to meet higher sustainability accreditation standards, such as Bronze Food for Life Served Here
- £1.66 to employ an appropriately skilled staff team with 12% Pension and employer NICs
- 2p for a reporting and monitoring/quality assurance framework
- Overheads of 32p

This brings the total cost of a school meal to: £3.16



Comparative cost of a school meal 2014-2024

The recommended cost of a school meal is 63p above the 2023/24 rate (and 58p above the planned 2024/25 rate), indicating a major mismatch between costs of provision and funding available.



CONCLUSION & NEXT STEPS

1

There is a need to introduce more money into the school food system. We need to:

- Address the current funding gap and make the meal price for FSM and UIFSM index-linked;
- Implement national FSM auto-enrolment to assist with economies of scale.

2

In order for this much-needed uplift in the meal rate to have a material impact on children's nutrition, we need funding transparency and efficient procurement. This should include:

- Ring-fencing the school food budget;
- Introducing mandatory government buying standards for school food;
- Introducing mandatory quality monitoring for school food.

3

A quality tariff levied on each meal will allow local school food improvement officers to:

- Deliver effective quality monitoring;
- Support schools to deliver a 'whole school approach to food' and to procure appropriate resources.

Small schools, SEND schools, secondaries and schools without their own kitchen have different school food economies and are subject to different pressures. More research is required to understand how much sustainable, tasty and nutritious food costs in each of these settings.

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