

PROVISION OF SCHOOL MILK: FUNDING (P.128/98): REPORT

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by the Finance and Economics Committee**



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REPORT

1. On 2nd December 1997, during the Budget debate, the following was recorded in the States Minutes -

“THE STATES noted that the Finance and Economics Committee was to undertake a review of the provision of school milk, in consultation with the Education, Health and Employment and Social Security Committees, and would present recommendations to the States early in 1998. The Finance and Economics Committee would meet the cost of the provision of school milk from the General Reserve until 28th February 1998, pending a decision by the States on the recommendations arising from the review“.

2. The provision of school milk to primary school children has been a budget “hot potato” for many years. The Education Committee, which has responsibility for providing milk to primary school children, has given a low priority to this area of expenditure by comparison with the expenditure on its core education services. However, each time the Education Committee has sought to exclude the provision of school milk from its budget, the States have required its re-instatement. The argument has been advanced that school milk is important for the health of young children, and that the sum of money involved (£173,000) is insignificant in relation to the Education Committee’s budget of £55 million, and the States total revenue expenditure of £324 million.

3. Following the debate on the Budget in December 1997, it was announced that a working group would be set up by the Finance and Economics Committee to consider the future of school milk, and that a report would be presented to the States in due course. Thereby the future of school milk could be decided one way or another, away from the “heat” of the budget debate.

4. An Officer Working Party was set up under the Chairmanship of the Chief Adviser constituted as follows -

Dr. Richard Grainger - Medical Officer of Health
Tom Gales - Employment and Social Security
Andrew Mallett - Education Department
Gill White - Agriculture and Fisheries Department
Peter Robinson - Treasury

This report is based on the Working Party’s report, but has regard also for the report and proposition presented by Senator Rothwell (P.128/98) and the views of those Committees directly concerned - Education, Health and Social Services, Employment and Social Security and Agriculture and Fisheries - on the Working Party’s report.

5. The arguments put forward in support of school milk, and also of milk for the under five year olds provided by the Employment and Social Security Committee, focus almost in their entirety on the value of milk for the health of young children. Similar arguments have been put forward in other countries in Europe but the present position is that Jersey is alone in the British Isles in providing school milk for all primary school age children.

- The United Kingdom withdrew school milk in 1972.
- Guernsey does not provide school milk.
- The Isle of Man does not provide school milk.

6. In Jersey the argument has been advanced that the health benefits from the provision of school milk combine with the further support given thereby to the local dairy industry. This is reflected in the promotional campaign mounted by the Jersey Milk Marketing Board. Another argument advanced is that if young people can be convinced of the value of drinking milk, this will carry through into higher consumption levels of milk as those young people progress through the older age groups.

Health

7. If the case for retaining school milk is health based, it is reasonable to look to the Health and Social Services Committee and the Medical Officer of Health for strong support for the provision of school milk. The Medical Officer of Health's view is that milk consumption is of value if it is part of a balanced diet, but that calcium could be provided in other and better ways if there is evidence of calcium deficiency. He considers there to be more cost effective ways of dealing with the health problems that the consumption of school milk is said to avert. The previous Health and Social Services Committee did not see the provision of school milk for primary school children as a health issue of sufficient importance to give it a high priority. The present Health and Social Services Committee supports the provision of school milk if the required funds can be provided by the Finance and Economics Committee, and not if it is at the expense of other health expenditure.

Employment and Social Security

8. The Employment and Social Security Committee provide a milk subsidy for children under five, expectant mothers, those aged over 65 in specific categories, and all those over 70 years of age. That Committee, faced with a need to prioritise revenue expenditure between competing claims on its budget, has afforded the milk subsidy a relatively low priority. The Committee's budget for 1998 includes a reduction in the value of the milk subsidy. Regulations have been prepared reducing the scope and coverage of the reduced price scheme which would produce the required budget saving of £200,000, but this has been delayed pending the outcome of the school milk issue. Arguments on the grounds of health, social provision and the future of the dairy industry apply equally to the milk subsidy scheme as to the school milk provision. Therefore, the Employment and Social Security Committee is of the view that if the States decide that the school milk provision should be protected, then similar measures should be adopted to protect the milk subsidy scheme.
9. There have been comments over the years about the fact that the subsidy is enjoyed by consumers of milk irrespective of their means. However, the administrative cost of means-testing the receipt of subsidised milk would be significant, and therefore action in this respect has not been considered justified to date. An alternative would be to remove the milk subsidy and allocate the funds to social benefits such as the old-age pension or family allowances to support the incomes of those with a genuine need, and leave the choice of how to spend that money to the recipient. The disadvantage of this course of action would be that less milk would be drunk, to the possible detriment of the health of some, and of the dairy industry.

Education

10. There would appear to be no grounds for arguing that the provision of school milk is part of the Education Committee's core responsibilities. Should it be the view of the States that the health arguments are sufficiently persuasive to call for the retention of the provision of school milk, it would appear more appropriate for this to be funded out of the Health and Social Services Committee's budget and prioritised against other health expenditure, than it should be prioritised against expenditure on core education or educational services.
11. The Education Committee not only believe that there is no educational benefit in continuing to provide school milk. The Committee also believes that the cessation of such provision and the subsequent freeing up of approximately 4,750 hours of teacher time per year will have a significant educational benefit. The value of the teaching time is put at £131,000 per annum, and thus the full cost of continuing to provide school milk is put at £304,000, rather than the £173,000 direct budget cost.

Agriculture and Fisheries

12. If the case for retaining school milk was to be based on support for the Dairy Industry, the Agriculture and Fisheries Committee is of the view that there are better ways of supporting that industry.
13. The present position can be summarised as follows -
- total liquid milk sales each year run at 10.4 million litres;
 - the dairy industry produces a surplus of 6.8 million litres over the amount required for liquid milk sales;
 - 231,500 litres of school milk are consumed a year or two per cent of the total liquid sales and slightly more than three per cent of the surplus milk.

14. In comparing the benefit to the dairy industry of the consumption of school milk, a comparison needs to be drawn between the revenue that would be received by the Milk Marketing Board from the sale of dairy products produced from surplus milk and the value of the milk sold to the schools. However, account would presumably also need to be taken of what the effect on future liquid milk sales might be if the habit of drinking milk is not established at a young age, on the assumption that this habit would not otherwise be established in the absence of school milk.

Conclusions

15. The issue the Committee considers the States should address is not whether the provision of school milk is desirable, but whether the funds that are involved could be put to better use in achieving the objectives that lie behind the present provision of school milk. The questions that need to be asked and answered are -
- are there better ways to deal with the health problems of young persons, e.g. identifying children who are in need of calcium and treating them accordingly?
 - should research be undertaken into what proportion of primary school children would obtain an adequate intake of milk without consumption of school milk. If for those who would not the reason is inadequate family income, then should the policy response be to add to that income rather than provide school milk to all concerned irrespective of need?
 - would health promotion be a better use of funds, together with a regular health check of all primary school children?
 - are there better ways of supporting the dairy industry? For example would it be cheaper to provide a subsidy to farmers to cover any difference between the value of the surplus milk presently sold to the Education Committee, and what would be received if the surplus was sold as milk products?
16. None of the Committees that have an interest in the supply of milk to young persons appear to see this as having sufficient priority to compete for the funds presently at their disposal -
- the Education Committee sees no educational value in school milk;
 - the Health and Social Services Committee supports the provision of school milk, but on the assumption that additional funds are provided for this purpose by the Finance and Economics Committee;
 - the Employment and Social Security Committee has sought to reduce the scope and coverage of the milk subsidy scheme. Therefore if the States should decide that the provision of school milk should be funded from the General Reserve, it is the view of that Committee that the same sentiments should apply to the Milk (Sale to Special Classes) and that the present shortfall in the Employment and Social Security Committee's budget should be made good at a cost of £200,000 per annum;
 - the Agriculture and Fisheries Committee is of the view that there are better ways of helping the dairy industry.
17. It would appear to the Finance and Economics Committee, therefore, that the retention of school milk will need to be a decision of the States on the grounds that they would afford the provision of school milk a sufficiently high priority, on health grounds, to support the allocation of funds from the General Reserve. The Finance and Economics Committee considers that, if such funds are to be made available, they should be allocated to the Health and Social Services Committee on the grounds that the provision of school milk is justified on health grounds and should be regularly reviewed by that Committee in the light of developments in health care.