Department of Health

Next steps for Nursery Milk

Consultation document

The Scottish Government

Llywodraeth Cymru
Welsh Government

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Target Audience	Local Authority CEs, Allied Health Professionals, parents and other primary carers of under fives, childcare providers and early years settings (including primary school reception classes) and the organisaitons that represent them. Healthcare professionals such as health visitors and dietitians. Local authorities. Producers, suppliers and distributors and retailers of milk, and their representative bodies who are either directly involved in supplying milk under the scheme or would like to in the future, any other interested parties.
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Description	The purpose of this consultation is to explore three different options for modernising the Nursery Milk Scheme, looking at where we can make it more efficient as well as improving its value for money, while ensuring all children under five in childcare settings continue to receive free milk.
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Contact Details	Adiba Enwonwu, Public Health Directorate Department of Health Wellington House, 7th Floor, 133-155 Waterloo Road SE1 8UG adiba.enwonwu@dh.gsi.gov.uk
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Next steps for Nursery Milk

Consultation document

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About this consultation

1 Introduction

The Nursery Milk Scheme has been running since the 1940s. The scheme currently funds free milk for around 1.5 million children under five years old in 55,000 childcare settings throughout Great Britain.

The Government is committed to retaining the Nursery Milk Scheme.

In recent years, however, the prices claimed for milk purchased under the scheme have risen significantly, with a corresponding increase in the total cost of the scheme. The purpose of this consultation is therefore to explore three different options for modernising the scheme, looking at where we can make it more efficient as well as improving its value for money, while ensuring that no parent, child or childcare provider is disadvantaged and that all children under five in childcare settings continue to receive free milk.

We are particularly keen to hear from:

- parents and other primary carers of under fives;
- childcare providers and early years settings (including primary school reception classes) and the organisations that represent them;
- healthcare professionals such as health visitors and dietitians;
- local authorities;
- producers, suppliers, distributors and retailers of milk, and their representative bodies, who are either currently involved in supplying milk under the scheme or would like to be in the future;
- any other interested parties.

This consultation paper and impact assessment are available at:
http://consultations.dh.gov.uk/nurserymilk/nextsteps

We have tried to identify all those who may have an interest in this consultation on Nursery Milk. We recognise that some stakeholders may well, depending on which option is chosen, be seeking to bid to run the scheme in its new form. Any such organisation should take legal advice on how their involvement in the consultation might affect any future bid they may decide to make.

2 Consultation timetable

This consultation will run from 18 June – 11 September 2012.

3 How to give your views

You can find the consultation questions online at
http://consultations.dh.gov.uk/nurserymilk/nextsteps

Alternatively, you can email us at nmconsultation@dh.gsi.gov.uk, or write to us at:

Nursery Milk Consultation
Department of Health
Wellington House, 7th Floor
133–155 Waterloo Road
London SE1 8UG

When commenting by email or post, it would be helpful if you could use the questionnaire accompanying this consultation, which can be found in rich text format at http://consultations.dh.gov.uk/nurserymilk/nextsteps. Otherwise, please make it clear which question(s) you are responding to.

If you have any further questions write to us at the contact details above.

4 After the consultation

We will publish a summary of the comments made, and agree a way forward as quickly as possible.

To make any significant changes to the Nursery Milk Scheme in Great Britain, we will, with the approval of Parliament, need to change the regulations governing it. The timescale for changing the regulations will depend on decisions made in the light of the response to this consultation, about how the scheme should work in future. New guidance will be made available to all childcare providers registered with the scheme well in advance of any changes coming into effect.

Northern Ireland has a similar, but separate, statutory scheme funding the cost of a daily drink of milk for children under five years of age.

5 Criteria for consultation

This consultation follows the 'Government Code of Practice'. In particular we aim to:

- formally consult at a stage where there is scope to influence the policy outcome;
- consult for at least 12 weeks, with consideration given to longer timescales where feasible and sensible;
- be clear about the process in the consultation documents, what is being proposed, the scope to influence and the expected costs and benefits of the proposals;
- ensure the consultation exercise is designed to be accessible to, and clearly targeted at, those people it is intended to reach;
- keep the burden of consultation to a minimum to ensure consultations are effective and to obtain consultees' 'buy-in' to the process;
- analyse responses carefully and give clear feedback to participants following the consultation;
- ensure officials running consultations are guided in how to run an effective consultation exercise and share what they learn from the experience.

The full text of the code of practice is on the Better Regulation website at: www.bis.gov.uk/policies/bre/consultation-guidance

6 Comments on the consultation process itself

If you have concerns or comments which you would like to make relating specifically to the consultation process itself, please contact:

Consultations Coordinator
Department of Health
3E48, Quarry House
Leeds
LS2 7UE

Email: consultations.co-ordinator@dh.gsi.gov.uk

Please do not send consultation responses to this address.

7 Confidentiality of information

We manage the information you provide in response to this consultation in accordance with the Department of Health's Information Charter.

Information we receive, including personal information, may be published or disclosed in accordance with the access to information regimes (primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, among other things, obligations of confidence. In view of this, it would be helpful if you could explain why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data in accordance with the DPA and, in most circumstances, this will mean that your personal data will not be disclosed to third parties. We may, however, wish to share information provided with the devolved administrations: Scotland, Wales and Northern Ireland (who run their own, similar scheme) in the interests of constructive discussion about how the way forward fits with their overall approach to public health.

8 Summary of the consultation

A summary of the response to this consultation will be made available before or alongside any further action (such as laying legislation before Parliament) and will be placed on the Consultations website at:
www.dh.gov.uk/en/Consultations/Responsestoconsultations/index.htm

The consultation

1 Introduction

The Nursery Milk Scheme reimburses childcare providers for the full cost of purchasing any milk they provide – free of charge – to children in their care. All children under five years old in a day-care or early years setting for two or more hours a day are eligible to receive a free daily drink of milk (1/3 pint). For children under one year old, this is given as infant formula.

For the purpose of the scheme, childcare providers include childminders and crèches, as well as private and local authority run nurseries, day-care settings (including Sure Start Children's Centres), and primary school reception classes (where there are under fives) across Great Britain. Currently it is the responsibility of the childcare provider to purchase milk and claim reimbursement from the Nursery Milk Reimbursement Unit.

Childcare providers buy the milk provided to children in their care from a range of sources including supermarkets and corner shops, milk roundsmen, wholesalers, markets and at the farm gate. There are also a number of specialist suppliers or agents who in addition to arranging the supply of milk also claim reimbursement on behalf of childcare providers directly from the Nursery Milk Reimbursement Unit.

Over recent years the prices claimed for milk supplied under the scheme have risen significantly, with some claims as high as 92p a pint. This has driven the total cost of the scheme up from £27m in 2007/08 to £53m 2010/11, and this trend looks likely to continue with costs potentially rising to £76m by 2016.

The purpose of this consultation is to explore options for modernising and simplifying the operation of the Nursery Milk Scheme while ensuring that no parent, child or childcare provider is disadvantaged, and to look for ways to further improve its value for money.

Nursery milk is a universal benefit, meaning that childcare providers can claim the cost of milk provided to any child, regardless of the child's home circumstances. All the options explored in this consultation ensure that the scheme will continue as a universal benefit.

We are consulting across Great Britain on behalf of Scotland and Wales.

2 The legal framework

Nursery milk is provided through the statutory Welfare Food Scheme (WFS).

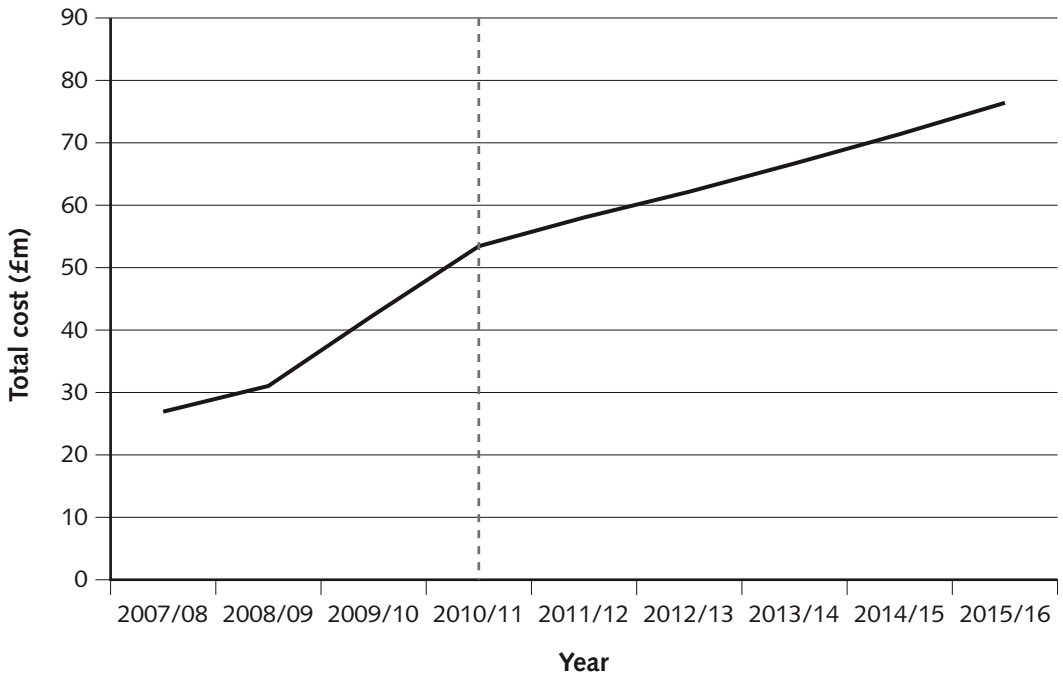
The Welfare Food Regulations 1996 (GB-wide) are reserved to Westminster; however, the devolved administrations in Scotland and Wales fund milk supplied through the scheme to children in their countries. Northern Ireland provides its own, similar scheme.

3 The options

Option 1 – Do nothing

If we do nothing, we believe that those supplying milk at a higher cost will continue to increase both their market share and the price per pint they charge, resulting in on-going increases in public expenditure.

Figure 1: Past and future costs of the Nursery Milk Scheme



Consultation questions for option 1

For all

Q1.1 Do you think that paying 92p for a pint of milk is a good use of public money?

Yes ☐

No ☐

Q1.1a If yes, please say why.

Q1.1b If no, what do you think would be a reasonable price for the taxpayer to pay for a pint of milk?

Option 2 – Capping the price that can be claimed for milk

In its current form, the legislation governing the scheme provides for full reimbursement of the cost of milk. While childcare providers are encouraged to seek value for money, there is no set limit on the price that can be claimed.

Under this option, an upper limit on the price that could be claimed for milk would be introduced.

Data from the Family Food Survey suggest little regional variation in milk prices, with the three-year (2007–2009) average price per pint of milk standing at 36p for England and Scotland, and 35p for Wales. In special circumstances, where significant local variations exist, arrangements would be put in place to vary the cap for childcare providers who, perhaps due to geographical isolation, do not have access to milk priced at the normal market rate.

Consultation questions for option 2

For all

Q2.1 In what range should the maximum price be set? (tick only one).
Please note, the average price of milk in 2011 was 45p per pint.

- Below 25p per pint ☐
- 25 to 29p per pint ☐
- 30 to 34p per pint ☐
- 35 to 39p per pint ☐
- 40 to 44p per pint ☐
- 45 to 49p per pint ☐
- 50 to 54p per pint ☐
- 55 to 59p per pint ☐
- 60 to 64p per pint ☐
- 65 to 69p per pint ☐
- Above 70p per pint ☐
- Below average price per pint ☐
- Average price to average price + 5p per pint ☐
- Average price + 5p to average price + 10p per pint ☐
- Average price + 10p to average price + 20p per pint ☐

Q2.2 What circumstances other than geographical isolation would affect childcare providers' ability to purchase milk at the normal market rate? (tick all that apply)

- Lack of transport ☐
- Small number of children looked after ☐
- A long way from nearest shops ☐
- Special milk required for religious or cultural reasons, e.g. Kosher ☐
- Require single-serve packaging ☐
- Other – please specify

Q2.3 Is there a risk that introducing a cap, even with the facility to vary the cap in special circumstances, would disadvantage specific population groups? If yes, which population groups do you think would be disadvantaged and why?

Q2.3a If yes, can you suggest how such risks could be mitigated?

Option 3 – Issuing e-vouchers cards with economy incentives

Under this option, childcare providers would no longer have to pay for milk and then claim reimbursement from the Nursery Milk Reimbursement Unit. On joining the scheme, childcare providers would indicate how many children would normally be attending for two hours or more per day. They would then be credited with a prospective monthly payment equal to the number of pints required multiplied by a fixed reimbursement rate, which we would set at an average market price per pint. For stand-alone nurseries, crèches and childminders, this would be credited to an e-voucher card which could only be spent on milk and would be topped

up electronically each month. We would aim to have a wide range of producers, suppliers, distributors and retailers accept the e-voucher card, in all parts of GB.

For local authorities with a number of nurseries, who may wish to take advantage of economies of scale by entering into a bulk contract to supply all of their nurseries, monthly payments could be made to a special account that would be ring-fenced for the purchase of milk only. For example, a local authority may contract with one or more suppliers to deliver milk to all the nurseries in its area.

Childcare providers would have to inform the Nursery Milk Reimbursement Unit if the number of children in attendance changed, and reconfirm their details annually.

Consultation questions for option 3

For all

Q3.1 Is there a risk that introducing an e-voucher card would disadvantage specific population groups? If yes, which population groups do you think would be disadvantaged and why?

Q3.1a If yes, can you suggest how such risks could be mitigated?

Q3.2 A childcare provider who sought very good value for money may end up with a small positive balance on the e-voucher card at the end of the year. What should happen to this money? (tick one)

- The money should be returned to the Nursery Milk Scheme ☐
- The childcare provider should be allowed to keep the money – in order to use the money to buy extra milk for children in their care (which they could use, for example, in preparing the children's meals) ☐
- Other – please specify

Q3.3 A local authority who sought very good value for money may end up with a small positive balance in the ring-fenced account at the end of the year. What should happen to this money? (tick one)

The money should be returned to the Nursery Milk Scheme ☐

The local authority should be allowed to keep the money – in order to use it to buy extra milk for children in their care (which they could use, for example, in preparing the children's meals) ☐

Other – please specify

For childcare providers

Q3.4 Would you feel comfortable using an e-voucher card which was updated electronically every month?

Yes ☐

No ☐

For suppliers, distributors and retailers of milk

Q3.5 Do you think there would be a risk of the voucher card being used inappropriately?

Yes ☐

No ☐

Q3.5a If yes, what measures could be put in place to avoid this risk?

Option 4 – Direct supply

Under this option, the Department of Health would contract with a company or companies, or a consortium or consortia of companies (which could include a variety of small local suppliers), for the direct supply and delivery of milk to all childcare providers registered with the scheme at an agreed price per pint supplied and delivered. Our aim would be for the best supplier to be chosen for every local area, to meet local needs under the scheme and offer value for money. Childcare providers would simply register, indicating the number of children in attendance, and then receive the appropriate amount of milk, delivered directly to the doorstep.

It is likely to cost the contractor or contractors slightly more to deliver to childminders with only one or two children in attendance, but the cost per pint to deliver to large nurseries will be very much less. We therefore believe that, by letting a single contract for the delivery of over 1.75 million pints of milk a week, we will be able to achieve both a simple effective system and a very competitive overall price, with the lowest possible burdens on childcare settings.

Indeed, for childcare providers there would be no financial outlay and no need to claim reimbursement or keep receipts. This option would be similar to the way the school fruit and vegetable scheme is run, with fruit and vegetables delivered daily to schools under a central contract.

Consultation questions for option 4

For all

Q4.1 Is there a risk that introducing a direct supply and delivery of milk would disadvantage specific population groups? If yes, which population groups do you think would be disadvantaged, and why?

Q4.1a If yes, can you suggest how such risks could be mitigated?

For producers, suppliers, distributors and retailers of milk

Q4.2 Would you be interested in participating in the direct supply of milk to childcare providers, either to supply the whole country yourselves or as part of a consortium?

Yes ☐

No ☐

Q4.3 Are there any parts of the country that you think would be difficult to supply under this model?

Yes ☐

No ☐

Q4.3a If yes, please state where.

Q4.4 Are there any types of childcare provider that you think would be difficult to supply under this model?

Yes ☐

No ☐

Q4.4a If yes, please state what types.

Q4.5 What do you think is an appropriate price per pint to charge for supply and delivery of milk?

Q4.6 What ideas do you have for ways the scheme could operate more efficiently in the future, including supply chain options?

4 Further simplification

Under all four options, including option 1 (do nothing), we will continue with work currently underway to make minor changes to improve the way the scheme operates. For example, in parallel with this consultation, we will be asking childcare providers currently registered with the scheme to confirm their details to ensure that our database is completely up to date. We will also be:

- making a minor change to the online claim form to make claiming easier;
- encouraging as many childcare providers as possible to claim online and get paid more quickly;
- changing the reimbursement process slightly to fix a problem that sometimes occurs when childcare providers change suppliers in the middle of a month;
- asking childcare providers to complete a simple survey to find out more about how the scheme works for them now.

We would also like to change the time limit for making a claim (relevant to options 1 and 2 only). Childcare providers currently have up to two years to make a claim for milk supplied under the scheme. While the majority of childcare providers claim promptly each month, some do not. This complicates administration of the scheme and makes it hard to plan and forecast expenditure. We would like to reduce the time limit from two years to six months.

Consultation questions on time limit for making a claim

For childcare providers

Q5.1 Is six months a sufficient time period within which to claim reimbursement?

Yes ☐

No ☐

Q5.2 If no, what time period would be sufficient?

5 What is the best way forward for Nursery Milk?

The four proposed options offer different advantages and disadvantages for simplifying the current scheme.

Under option 1, do nothing, the responsibility for buying milk and claiming reimbursement remain with the childcare provider or local authority, though they may use an agent to claim on their behalf.

Under option 2, capping, childcare providers retain the flexibility to buy from any supplier they choose, provided the price is below the maximum capped rate, but may still have to pay for milk themselves and claim for reimbursement. They could also choose to receive milk from an agent who would claim reimbursement on their behalf, provided that this could be done within the maximum capped rate.

Option 2 would help improve value for money but we would need to look at special cases where milk could not be obtained at the normal market rate.

Under option 3, e-vouchers, childcare providers again retain the flexibility to choose their supplier. They can even choose to pay high prices for milk provided they seek lower-priced milk often enough to stay within the overall amount loaded onto their e-voucher card. For example, a childminder might generally buy milk from a supermarket that is driving distance away but may appreciate the flexibility to occasionally buy from a shop which is closer and more convenient but also more expensive.

Under option 4, direct supply and delivery, childcare providers would lose the flexibility of choosing their own supplier, but would incur no financial outlay and be guaranteed a high-quality service, direct to their doorstep.

Options 3 and 4 would relieve childcare providers of the need to pay for milk themselves and then claim reimbursement. Option 4 has the lowest burden for childcare providers and would improve the value for money of the scheme.

Consultation questions on the way forward

For all

Q6.1 Which of the three options for change do you prefer? Please rank the options in order of preference (1–3), with 1 indicating the most preferred.

Option 2 – Capping the price that can be claimed for milk ☐

Option 3 – Issuing e-vouchers with economy incentives ☐

Option 4 – Direct supply ☐

For childcare providers and local authorities

Q6.2 Do you currently buy your milk from a milk roundsman, specialist supplier (agent) or through any other arrangement where you contract in advance for milk to be supplied?

Yes ☐
No ☐

Q6.2a If option 2, 3 or 4 were to be introduced, which resulted in your needing to change or end your current arrangements, how much notice would you need to give your current milk supplier?

None ☐
1 month ☐
2 months ☐
3 months ☐
4 months ☐
5 months ☐
6 months ☐
More than 6 months ☐
Other – please specify

Q6.3 Do you have any ideas for suitable options which have not been mentioned in this consultation document?

6 Equality issues

An equality analysis will be published alongside the consultation at http://consultations.dh.gov.uk/nurserymilk/nextsteps.

7 Answering the consultation questions

If you would like to respond you can do so online.
http://consultations.dh.gov.uk/nurserymilk/nextsteps

You can also download the questionnaire in rich text format.

See page 4 for details on where to email or post your answers. If you do not use the questionnaire, please make it clear which question your comments relate to by quoting the appropriate question number.

Remember, we must receive your comments by 11 September 2012.

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