

Schools Forum Agenda

Wednesday, 17 January 2018

4.30 pm – 6.30pm, Committee Room 1 - Civic Suite
Lewisham Town Hall
London SE6 4RU

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5. Dedicated Schools Grant Budget Report 2018/19	8 - 15
To agree the Dedicated Schools Budget.	
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To review the catering charge for schools.	
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This item provides, for information, the responses to two recent consultations received on Loans to Schools and eligibility for free school meals and the early years pupil premium under Universal Credit.	
8. Any other Business	

Future Meetings

15 March 2018

All meetings will be held between 16:30 and 18:30

Sub Group Meetings

High Needs Sub Group

22 February 2018

01 March 2018

Agenda Item 3

LEWISHAM SCHOOLS FORUM

Minutes of the meeting held on Thursday 7th December 2017

Membership (Quorum = 40% i.e. 8) ✓ = present ✕ = absent a = apologies
s = substitute

		Attendance				
		17/01	16/3	22/6	05/10	07/12
Primary School Headteachers						
Liz Booth	Dalmain	✓	✓	✓	✓	✓
Paul Moriarty	Good Shepherd	✓	a	✓	✓	✓
Michael Roach	John Ball	✓	✕	✓	✓	✓
Sharon Lynch	St William of York	✓	✓	a	✓	✓
Keith Barr	Kender	✓	✓	✓	✓	✓
Nursery School Headteacher						
Nikki Oldhams	Chelwood	a	✓	✓	✓	a
Cathryn Kinsey	(Substitute)	s				s
Secondary School Headteachers						
Jan Shapiro	Addey & Stanhope	✓	✓	a	a	a
David Sheppard	Leathersellers Federation	✓	✓	a	✓	✓
Mark Phillips	Deptford Green	a	✓	✕	✓	
Clare Cassidy	Sedgehill					a
Special School Headteacher						
Lynne Haines	Greenvale	✓	✓	✓	✓	✓
Pupil Referral Unit Headteacher						
Heather Johnston	Abbey Manor					✓
Primary School Governors						
Rosamund Clarke	Perrymount	✓	✓	✓	✓	✓
Dame Erica Pienaar	John Ball	✓	a	✓	a	✓
Keith D'wan	King Alfred Federation	✓	a	a	✓	
Secondary & Special School Governors						
Pat Barber	Bonus Pastor	✓	✓	✓	✓	✓
James Pollard	Addey & Stanhope	a	a	✓	✓	✓
Ruth Elliot	Watergate	✓	✓	✓	✓	✓
Academies						
Declan Jones	Haberdashers' Aske's	✓	✓	✓	a	✓
14-19 Consortium Rep						
Gordon Gillespie	14-19 Consortium	a	✕	✕	✕	✕

Early Years - PVI						
Dawn Nasser	Rose House Montessori	✓	✓	✓	a	a
Diocesan Authorities						
Sara Sanbrook-Davies	Southwark Diocesan Board of Education	✓	✓	✓	✓	a
Stephen Bryan	Education Commission – Catholic Diocese Southwark	a	a	a	a	a

Also Present	
Dave Richards	CYP Group Finance Manager
Hayden Judd	Principal Accountant - Schools
Sara Williams	Executive Director for CYP
Claudia Smith	LB Lewisham
Martin Cunningham	Leathersellers' Federation
Lea Bonnell	NUT
Janita Aubun	Clerk

1. Apologies and Acceptance of Apologies

Apologies received from Stephen Bryan, Jan Shapiro, Nikki Oldhams, Sara Sanbrook-Davies and Dawn Nasser.
Apologies accepted.

Substitute for Nursery School Head – Cathryn Kinsey.

2. Declaration of Interests

There were no declaration of interests.

3. Minutes of the Meeting held 5 October 2017

Schools Forum 22 June 2017, Action Summary – It was agreed the Early Years Standard Charging Rate can continue with the current charge but schools can also vary the rate if they so wish.

Schools Forum 5 October 2017, Action Summary – Item 7, Annual Health & Safety Report. Production of a guide to the process of recruiting an apprentice Teaching Assistant is still pending.

Minutes were agreed.

4. Matters Arising

No matters arising.

5. Annual Report of High Needs Group

Forum were presented with a report which considered the recommendations of the High Needs sub group on funding, health and care (EHC) plans and resource bases.

Concern was also raised at the level of mainstream school attendance/participation at High Needs Sub Group meetings, overall.

Current Financial Position

Current forecasts indicate a marginal overspend at year-end (2017/18). A medium term financial strategy has been drawn up using the likely scenario and best and worst case. There is an assumed growth in the number of SEND children and those requiring support via EHCPs. In 2018/19 the High Needs block is projected to balance but it is then forecasted to go into deficit in the future years. The HNSG will over the course of the year, need to consider how the budget can be brought back into balance.

Resource Base Funding & Mainstream Funding

A banding review has taken place which looked at introducing a universal banding system for all Lewisham schools. This review has been completed for all 5 Lewisham special schools and implementation took effect from April 2017.

Forum were informed of the proposal to bring the mainstream schools in line with the revised banding. Individual discussions will take place with schools who are losing funding to see the Local Authority can mitigate.

The maximum loss in primary schools is currently £7K and in secondaries it is £9K. The gain in primaries is £12K and in secondaries it is £13K.

New Woodlands

New Woodlands continues with their transition plan for the second year. The school operates as a special school for KS1-3 and as a PRU for KS1 & 2.

July 2017 Ofsted inspection gave a judgement of “requires improvement” and the Governors and LA are working with the school with an action plan. Forum were informed that the PRU is full and that approximately 10 – 12 children have had to be placed externally. The Head of New Woodlands has given assurance that where they are unable to accommodate, they will work to ensure that the child is appropriately placed elsewhere.

New Woodlands Advisory Board - this was set up in autumn 2016 and is looking at the re-integration of some of the children placed, back into schools. The work of the board will continue throughout 2017-18 and will continue to focus on the transition plan and the Outreach review.

The Advisory Board are in the process of drafting a report with a range of options for the future of the Outreach Service. This report is to be presented to Schools Forum in the spring term.

Abbey Manor College

Pupil place funding is currently being considered for AMC and benchmarking the funding against other PRUs in other Local Authorities is underway. AMC is also looking at the development of primary PRU provision and its financial implications.

It is anticipated that this work will be completed for report back to Schools Forum in March 2018 with implementation the following month.

Decision:

- Forum noted the medium term financial strategy.
- Forum tasked the High Needs Sub Group with recommending a strategy for reducing the high needs expenditure over the coming year in order to reduce the costs in April 2019.
- Forum tasked the High Needs Sub Group with recommending the funding levels of Abbey Manor College, the new Primary Pupil Referral Unit and New Woodlands, and report back to the Forum in March 2018.
- Forum agreed to support the High Needs Sub Group recommendations:-
 - (a) To implement the new banding systems in resource bases at a cost of £251K.
 - (b) To implement the new banding system for ECHPs in mainstream schools at a cost of £47K.
 - (c) Support the funding changes to SEN staffing at a net cost of £165K.
- Forum thanked the members of the task group for their work during the year.
- Forum confirmed the membership of the task group and asked the secondary representatives to appoint a new rep.

6. Spending Review of Selected DSG Budgets

As part of a rolling review programme, Forum considered a report on the Inclusion Fund.

Background

In January 2017, the Early Years Sub Group agreed that the 2017-18 Inclusion Fund would be £200K. Funding from the early years block was used for this.

Providers can apply for this Funding for a child in their setting if they meet some, or all, of the following criteria:-

- They are accessing the early entitlement for 3 & 4 year olds i.e. 15 hrs universal childcare.
- The setting provides additional SEN support above what would be provided for all children.
- A referral has been made to a professional for advice and guidance in supporting the child.

Decision:

- Forum agreed to keep the budget for the Inclusion Fund, from the Early Years Block, in 2018/19 as in 2017/18, of £200K.

7. Dedicated Schools Grant Budget Report 2018/19

Forum discussed a report which seeks agreement to the principles on which the DSG will be allocated in 2018/19.

Forum members were informed that the DSG budget setting process needs to be completed by 19 January 2018 as the DfE Local Authority return deadline is this date. At the time of Forum, ministers had not yet finalised the settlement; this is expected shortly before Christmas.

Decision:

Forum agreed the following:-

- That schools be consulted on the principal to use the national funding formula to calculate schools budgets from April 2018.
- To change the PFI factor so it is allowed to be based on forecast data.
- The following year the PFI forecasts be adjusted to actual data.
- That the Minimum Funding Guarantee be set as close as possible to 0.5% once the final settlement is known.
- There will be no transfer of funds from the schools block to the high needs block.
- That's school members by voting phase, agree the following de-delegated amounts – Primary, Secondary.

Ref	Heading	Primary £'000	Secondary £'000
A	De-delegation for mainstream schools for Contingencies	470	180
B	Administration of free school meals	44	22
C	Staff costs – Supply Cover	800	300
D	School Improvement Fund	220	80

- Forum were happy with the loan approval to a school for ICT equipment.

8. Review of the Scheme of Delegation

Sara Williams (Executive Director for CYP) spoke to the report. She requested the Forum to note that she would like that if the word “default” in paragraph 4.6 could be withdrawn and noted in the minutes. This was agreed

The DfE has requested that each redundancy case be considered individually on a case by case to ensure it was in alignment to the legislation. It is therefore impossible to have a definitive set of criteria to refer to, but there are provisions in the Education Act 2002 and 2011 which can be considered and reference to this was made in the report.

Decision:

- Forum agreed to incorporate Appendix A into the Scheme of Delegation to replace the current Annex E and noted the word ‘default’ has been removed from the report.

9. Any Other Business

Forum raised the issue of All-through Schools and how they should vote at Forum. Officers agreed to check on their representation.

No other business was raised.

Meeting closed 17.55pm.

Date of next meeting:-

17 January 2018 4.30 to 6.30pm

SCHOOLS FORUM ACTION SUMMARY

ITEM	ACTION TO BE TAKEN	OFFICER (S) RESPONSIBLE	OUTCOME/ CURRENT POSITION
Forum 05 October 2017, Item 7 – Annual Health & Safety Report	Production of a guide to the process of recruiting an apprentice Teaching Assistant.	Diane Parkhouse	Pending
Forum 05 October 2017, Item 8 – Catering Contract	Officers to liaise with Chartwells and Natasha		Pending

Annual Report	Orumbie and feedback clarification on safeguarding training to schools.		
Forum 07 Dec 2017, Item 5, High Needs Sub Group – Annual Report	Abbey Manor College looking at the development of primary PRU provision and its financial implications.	Claudia Smith	Anticipated that this work will be completed for report back to Schools Forum in March 2018.
Forum 07 Dec 2017, Item 5, Appendix B - New Woodlands Primary PRU Capacity	Advisory Board to complete the drafting of a report on the future of the Outreach Service.	Claudia Smith	For Schools Forum in the March 2018.
Forum 07 Dec 2017 - AOB	All-through Schools, representation and how they should vote at Forum	Dave Richards	Pending

Agenda Item 5

Schools Forum
17 January 2018
Item 5

LEWISHAM SCHOOLS FORUM			
REPORT TITLE	Dedicated Schools Grant Budget Report 2018/19		
KEY DECISION	Yes	Item No.	5
CLASS	Part 1	Date	17 January 2018

1. Purpose of this Report

The purpose of this report is to agree the Dedicated Schools Grant budget for 2018/19.

2. Recommendations

That the Forum agree:

- i) To the introduction of the national funding formula to replace Lewisham's own funding formula from April 2018.
- ii) That the minimum funding guarantee is set at 0.25% for 2018/17 financial year.
- iii) That £336,566 be allocated from the Contingency Fund to secondary C as a consequence of a year on year fall of greater than 5% in funding.
- iv) That £7,500 be allocated from the Contingency Fund to Primary B as a consequence of a year on year fall of greater than 5% in funding.
- v) That Schools Forum consider the bid from Primary A to allocate £126,267 from the Contingency Fund as a consequence of a year on year fall of greater than 5% in funding.
- vi) That the Schools Forum agree a voluntary code of practice of AWPU funding following a child for an intervention placement at out of borough primary PRU provision.
- vii) That the Schools Forum agree a voluntary code of practice of funding fifty per cent of the transport costs to an out of borough primary PRU provision which would be capped at £4,875 (pro rata of the annual cost per child).

3. Settlement - Funding Announcement

- 3.1 The DSG for 2018/19 has provisionally been set by the Department for Education (DfE) at £292.3m, although this will change during the year to reflect updated pupil numbers.

In comparison with last year, there is a £2.7m increase (0.9%) in the DSG. This is due to the following:

- A reduction of £1.5m driven by the decrease in pupil numbers, in the secondary age group, offset by a small increase in the primary age group.
- There is an extra £2.0m which is the increase provided by central government through their national guarantee of providing an extra 0.5% increase per pupil. This is split evenly between the schools block and high needs block
- Extra funding of £2.2m has been built into the settlement to fund the full year effect of the 30 hours of childcare for working parents, which was originally effective from 1 September 2017. £2.8m was already built into the 2017/18 settlement, giving an overall total for Childcare of £5.0m.

3.2 National Funding Formula

The Department for Education has confirmed the introduction of a national funding formula for schools and for pupils with high needs from the 2018 to 2019 financial year. For the next two years the Department will run the national funding formula, add up the total of all schools for a local authority area and pass it to that local authority for distribution to the schools in their area. The local authority can then use their own funding formula.

Under the national funding formula, all our schools will lose funding and will be protected to their current funding level, this is on a per pupil basis and excludes premises factors. The government has also announced that there will be sufficient funding in the system to allow for a 0.5% percent increase in all schools budgets on pupil related factors.

For Lewisham this means there is £1m available for both 2018/19 and 2019/20. This is demonstrated in the table below:

Note		Schools Block	High Needs	Central	Total	Early Years	overall Total
		£'000	£'000	£'000	£'000	£'000	
A	2017/18 Current	215,373	50,704		266,077	23,549	289,626
B	Baseline	211,029	49,673	5,375	266,077		
C	2018/19 Indicative	212,066	50,647	5,410	268,123	23,549	291,672
<i>D = B-C</i>	Change	1,037	974	35	2,046		
E	2018/19 Allocation	210,998	50,193	5,405	266,596	25,737	292,333
<i>F = E-C</i>	Change	1,068	454	5	1,527	2,188	661

Notes

A = the current DSG (excluding the early years block)

B = the DFE created a new funding block – the central block, they also moved funding from the high needs block to the schools block

C = the indicative amounts for next year's funding

D = the increase in the indicative funding level

E = 2018.19 DSG allocation notified 20.12.17

D = the increase in the actual funding level

- 3.3 The DFE has converted the school blocks to an amount to a per pupil basis (excluding premises factors). For Lewisham, for Primary and Secondary age pupils the amounts are £5,024 and £6,677 respectively. For both age groups Lewisham is now the 12th highest in the country. The English averages are for primary £4,058 and for secondary £5,229.

The area cost adjustment allowed for Lewisham is 21%. The protection built into the funding for Lewisham schools under the national funding formula is £17m.

- 3.4 Whilst there is extra funding in the settlement and our schools are being protected, the settlement is not as good as it may appear on the surface as some costs will need to be met before any money can be distributed, for example the increase in business rates.
- 3.5 Further, with cost pressures of 8% likely over a three year period, the announcement of the small, per pupil cash increase would reduce this to 7%.
- 3.6 The total change in pupil numbers are as follows:

	Oct-16	Oct-17	Change
Primary	25,286	25,354	+68
Secondary	11,532	11,320	-212

4. The National Funding Formula versus the Lewisham Funding Formula

- 4.1 As all our schools are being protected under the new national funding formula and given that the DfE has run the new national funding model and passed us the funds, then in theory if there were no changes to the funding levels the figures each school receives should be virtually the same although for technical reasons there is not exact match in all schools.
- 4.2 It was agreed at the last meeting of the Forum that schools should be consulted on whether Lewisham should use the new funding formula to allocate funding in the future. As well as asking officers to make sure that the results of the national funding were the same as the Lewisham funding formula were still the same once all the new data changes were applied.
- 4.3 The table below shows those schools where the formula allocations are currently showing a difference between the Lewisham Formula and the National Funding Formula in excess of £5k. In all cases shown, the Lewisham formula would result in a higher allocation. This is caused by these schools receiving a higher allocation than the MFG. The reason for this is shown against each school.

	Difference Between Formulae	Explanation
School A All Thru	£51,911	Amount represents 0.8% of the school's ISB allocation. Year on year the school is facing a £1,025k reduction in its ISB allocation but a £27 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is the result of changes in pupil characteristics, with all pupil led factors (except EAL) being funded proportionately higher.
School B Infant	£26,401	Amount represents 1.9% of the school's ISB allocation. Year on year the school is facing a £72k reduction in its ISB allocation but a £31 increase per pupil. The difference between the two formula options has arisen as a result of the Lewisham formula funding 6 additional pupils compared to the NFF. This is because the NFF does not fund reception growth between the autumn and spring terms.
School C Secondary	£24,683	Amount represents 0.4% of the school's ISB allocation. Year on year the school is facing a £512k reduction in its ISB allocation but a £445 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is because the school has benefitted from a £325k increase in the PFI factor
School D Secondary	£12,544	Amount represents 0.2% of the school's ISB allocation. Year on year the school is facing a £106k reduction in its ISB allocation but a £58 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is because the school has benefitted from a £50k increase in the PFI factor
School E All Thru	£11,055	Amount represents 0.2% of the school's ISB allocation. Year on year the school is facing a £37k reduction in its ISB allocation but a £51 increase per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is because the school has benefitted from a £40k increase in the PFI factor
School F Primary	£5,585	Amount represents 0.5% of the school's ISB allocation. Year on year the school is facing a £4k increase in its ISB allocation and a £3 reduction per pupil. The difference between the two formula options has arisen as the Lewisham formula exceeds the MFG. This is the result of changes in pupil characteristics, with an

		increase in the number of pupils with low Foundation Stage Judgements.
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4.4 The consultation closed on the 4 January 2018 with only one response having been received. The changes listed in the table above do not appear to be significant enough to warrant delaying the move to the national formula.

4.5 It is recommended to the Forum that the new formula be adopted.

5 Minimum Funding Guarantee (MFG)

5.1. Local Authorities are now allowed to set a pre-16 minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes, and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through. Consultation must take place with the Schools Forum. This is a new power this year and the MFG has in the past be set by the Department for Education.

5.2. There is not complete freedom: for 2018 to 2019 the MFG has to be set between 0.5% and minus 1.5% per pupil.

5.3 The Government has already specified that within the settlement there will be an overall guaranteed 0.5% increase per pupil.

5.4. However there are elements of the formula that fall outside the per pupil guarantee such as business rates and PFI costs which will need to be funded first and this will limit the amount that can be distributed.

5.5 The table below represents the funding available (this relates to the schools block only) the funding needed for the premises factors and the balance left

	£m	£m
Increase in funding		1.0
Business rates	0.1	
PFI	0.4	
Revised balance available		0.5
% Available		0.25%

5.6 It is recommended the minimum funding guarantee is set at 0.25%. The Schools Forum considered this at their meeting on the 7 December 2017 and agreed that the MFG should be set at a maximum rate possible within the funding envelope.

6 Contingency bids

- 6.1 Under the terms of reference for the contingency fund, there is provision for the allocation of amounts to schools with large reductions in their funding allocations. Schools are largely funded on the basis of pupil numbers as at the October census. Between years a school can have a large drop in numbers. Normally this would be expected to be managed by the school.

In cases where the fall in funding would result in significant numbers of staff being made redundant there is a danger that this could adversely impact on the delivery of the curriculum. In cases where the funding of the school falls by more than 5% in the funding formula plus early years funding (adjusted accordingly if funding mechanism change between years), a school can bid for funding to replace the amount of funding lost over and above 5%. All circumstances within the school will be taken into account by the Forum on deciding the level of support.

The following schools fall within this criteria

	Fall in funding above %	School's budget Position
Primary A	£126,267	Viable budget plan
Primary B	£7,500	Only just balanced budget plan
Secondary C	£337,566	Large Deficit

It is recommended that the fall in funding at Primary B and Secondary C be funded from the contingency. The details from Primary A will follow when they have been received.

7 New Woodlands

- 7.1 As a result of the changes to revert New Woodlands to its special school status, the local authority has commissioned alternative primary PRU places with a Lambeth PRU. For the rest of the academic year, ten 'revolving door' intervention placements are available at the Lambeth Primary PRU through a referral process with the local authority. This is an interim arrangement that is needed until the establishment of the permanent Primary phase Alternative Provision in Lewisham in September 2019.
- 7.2 In line with the principles of managed moves (the funding follows the child) this unusual situation was discussed at Primary Fair Access Panel on 12th December 2017. The Panel took the view that:

- i) Schools should pay towards the cost of the placement from the AWPU for the child referred to the Primary PRU based on the length of the placement.
- ii) Schools should pay fifty per cent of the cost of the transport for the child to attend the Lambeth Primary PRU which would be capped at £4,875 (pro rata of the annual cost per child).

7.3 Recommendation

- i) That the Schools Forum agree a voluntary code of practice of funding following a child for an intervention placement to an out of borough primary PRU provision.
- ii) That the Schools Forum agree a voluntary code of practice of funding fifty per cent of the transport costs to an out of borough primary PRU provision which would be capped at £4,875 (pro rata of the annual cost per child).
- iii) That the funding be based on the AWPU unit only (2017/18 £3,735.55).

Dave Richards

Group Finance Manager – Children and Young People

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Agenda Item 6

Schools Forum
17 January 2018
Item 6

Lewisham Schools Forum			
REPORT TITLE	Catering		
KEY DECISION	No	Item No.	6
CLASS		Date	17 January 2018

1. Purpose of the Report

The purpose of this report is to review the catering charge for schools.

2. Recommendation

Schools Forum is asked to;

- i. Agree a 5% increase in the Catering Charge for Non-Secondary Schools from April 2018.
- ii. Note the current contract review taking place intended for completion before the end of the summer term 2018.
- iii. Note that arising from the review it may be necessary to increase the charge from September 2018.

3. Background

- 3.1 In May 2015, Lewisham Council entered into a school meals contract with Chartwells on behalf of schools for five years with the option to extend for two further years subject to the necessary approvals.
- 3.2 The contract was awarded inclusive of payment of the London Living Wage on a phased implementation. There are 72 schools who have bought into the school meals centralised service with contract value of circa £50m, the exact figure will vary due to the number of meals supplied and inflationary pressures. In addition the Estates Management Unit through the school meals contract arrangements manage the civic catering services (Wearside Canteen and the Catford Complex trolley service) with these being funded as a re-charge corporately.

4. Charging

- 4.1 Due to uncertainties around the impact of the new contract pricing on schools it was agreed at Schools Forum that the charge in the first year of the new contract would continue on the basis of the old contract, on the understanding that this would lead to an over-collection of funds. This led to a surplus in the trading account which is now being used to subsidise the remaining years of the contract.
- 4.2 The second and third years of the contract have been charged at a lower than cost rate, leading to significant savings for every non-secondary school and still retaining a surplus on the trading account. However this must now be increased in order to meet the increased costs associated with the increase in London Living Wage and other inflationary pressures, including rising food costs.
- 4.3 Since the commencement of the contract, the minimum hourly rate (London Living Wage) for staff has risen to £9.75. Under the contract there is an obligation to increase LLW payment each year and therefore to £10.20 in May 2018, a rise of 4.6%. With food inflation also around this level the schools forum are asked to agree an uplift to the schools charge in April 2018 to reflect the increase in LLW and any other inflation measures of 5%. The table below contains an exemplification of the increase.

Example Of Increase In Contract Charge	
Small School (Up To 250 Pupils)	£ 2,700
Medium School (Up To 500 Pupils)	£ 5,800
Large School (Over 500 Pupils)	£ 9,600

- 4.4 Due to the phased implementation of the London Living Wage in the first two years of the contract it was anticipated that staffing costs would increase by circa 20% with the potential of further above inflationary increases anticipated. To avoid non-secondary schools experiencing a steep rise in costs towards the end of the current contract, we propose allowing the increase in cost of the school meals provision to be evened out over the remaining life of the contract (two years + two year extension).
- 4.5 Chartwells have requested a contract review which has been agreed. The council intends to complete this review by the end of the summer term. It is unknown at this stage as to the impact on the costs. A report will be brought to the Forum in the summer on the outcome and the likely impact on costs.

LEWISHAM SCHOOLS FORUM			
REPORT TITLE	DfE Consultations: - schools loans and - free meals under universal credit		
KEY DECISION	Yes	Item No.	7
CLASS	Part 1	Date	17 January 2018

1. Purpose of this Report

The purpose of this report is to update members on the responses made by Lewisham on two recent consultations received from the Department of Education (DFE) on Loans to Schools and Eligibility for free school meals and the early years pupil premium under Universal Credit.

2. Recommendations

That the Forum note the report.

3. Loans to Schools Consultation

- 3.1 The Department for Education (DFE) issued this consultation on the 15 November 2017 and it ran until 13 December 2017.
- 3.2 Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. Legislation and regulations provides the provisions that a local authority's scheme should or may include. The DFE in the consultation, proposes making a directed revision to these schemes with regard to the treatment of surplus and deficit balances when maintained schools become academies.
- 3.3 In short, the proposal gives the intention of the DFE that if a loan is given to school to cover a deficit balance on the schools conversion to an academy that Loan will remain with the Local Authority. Currently it would continue to be the liability of the academy.
- 3.4 If the intention is implemented there is a potential risk to both the contingency fund and Council funds. At the end of the last financial year (2016/17) the total deficits in Lewisham schools amounted to £4.0m. If the schools holding these loans converted to academies, the deficit would firstly be written off against the contingency fund. The fund at the moment stands at around £2.0m but varies depending other the other bids and calls upon it. The remaining sum would need to be met by the General Fund of the Council

- 3.5 Appendix A shows the consultation documents and Appendix B provides Lewisham's detailed response.
- 4. Eligibility for free school meals and the early year's pupil premium under Universal Credit.**
- 4.1 This consultation opened on the 16 November 2017 and closed on the 11 January 2018. The consultation seeks views on proposals on the approach to free school meals eligibility for pupils under Universal Credit.
- 4.2 Universal Credit is a simplification of the welfare system which means a number of the benefits that currently entitle families to free school meals will cease to exist. Universal Credit replaces existing benefits with a monthly payment that gradually reduces as earnings increase. Free school meal eligibility is used to determine additional funding for schools and early years settings through the pupil premium, the national funding formula, and the early years pupil premium.
- 4.3 The DFE is proposing to amend the eligibility criteria for free school meals by introducing an earnings threshold for those in receipt of Universal Credit. This is consistent with how the Department for Work and Pensions (DWP) and other government departments have established new criteria for other benefits.
- 4.4 The DFE are proposing a net earnings threshold of £7,400 per annum for a household's eligibility for free school meals. Nationally the DFE believe that this will enable 50,000 extra children to benefit from free school meals. A typical family earning around £7,400 per annum would, depending on their exact circumstances, have a total household income of between £18,000 and £24,000 once benefits are taken into account.
- 4.5 The DFE is proposing to introduce this net earnings threshold in April 2018. New free school meals claimants earning above this threshold after its introduction would not be eligible. They would keep the threshold constant until the end of the Universal Credit rollout period. After that point, they will then keep the threshold under review to ensure those who most need support are benefiting.
- 4.6 During the Universal Credit rollout period, the plan is to ensure that existing recipients of free school meals will not lose their entitlement following the introduction of new eligibility criteria. Every pupil who is eligible for free school meals at the point at which the criteria are changed (or any new claimants under the threshold who gain free school meals during the rollout of Universal Credit) should be protected against losing their meals whilst Universal Credit is fully rolled out nationally, even if their eligibility changes. Any protected pupils who are still receiving free school meals once the transition is complete would continue to receive protection until the end of their current phase of education (e.g. primary, secondary).

5. Concerns

- 5.1 In the response to the consultation Lewisham has made the following points
- a. The eligibility threshold of £7,500 does not take into account the higher levels of earnings in London. London will be disadvantaged if a flat threshold is introduced across England, as higher earnings in London reflect the higher cost of living. This will also impact on our schools' ability to raise the attainment of disadvantaged pupils, as free school meal eligibility is used to determine additional school funding. The threshold should be adjusted.
 - b. While having a protection system is welcome there is inconsistency in the arrangements. The Universal Credit roll out proposes that children receiving free school meals are protected and continue receiving free school meals until the end of their current school phase. Therefore a child at the beginning of year 7 when the proposed changes are introduced would continue to receive several years' of free school meals even if they become ineligible, while a child in year 6 would only receive several months of free school meals if they become ineligible. This seems unfair especially if they are from the same family.
 - c. While the consultation states that an additional 50,000 children would become eligible for free school meals, there is no data on the pattern nationally, and particularly in London and how each Local Authority is affected. There is a concern with an earning threshold set nationally that London could see a decrease in entitlement.
- 5.2 Appendix C shows the consultation documents and Appendix D provides Lewisham's detailed response.

Dave Richards

Group Finance Manager – Children and Young People

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Department
for Education

Implementation of the changes to the criteria for agreeing loan schemes

Government consultation

Launch date 15 November 2017
Respond by 13 December 2017

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Introduction

The Department for Education (the Department) ran a [consultation](#) from 24 March to 21 April 2017 to seek views on a proposed directed revision to local authorities' schemes for financing schools. Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. The scheme for financing schools guidance lists the provisions that a local authority's scheme should or may include. We proposed to make a directed revision inserting new wording into local schemes and to make a related revision to section 8.1 of the [Treatment of surplus and deficit balances when maintained schools become academies](#) guidance note for schools and local authorities.

Overall, we received 75 responses to the initial consultation; the majority of the respondents did not agree with the two proposals:

- 1) Do you agree with the proposal to issue a directed revision to clarify the purpose of loan schemes?
- 2) Do you agree with the proposal to amend the guidance on the treatment of surpluses and deficits when a maintained school becomes an academy?

The highest proportion of responses received were from local authority representatives (71% of the total response). Out of the local authority responses 65% did not agree with proposal 1 and 71% did not agree with proposal 2. The majority of the responses we received focused on how the revisions might give maintained schools an incentive to run up deficits and using a loan is a way for local authorities to mitigate against this risk. We also received a high number of comments on how local authorities cannot be responsible for all deficits as the responsibility for spending decisions sits with individual schools.

These comments failed to take into account that it is a local authority's responsibility to ensure that a school is managed correctly and that the local authority has the power to intervene where it has concerns over the financial management of maintained schools. Where a local authority has highlighted a school at risk of falling into deficit, it can issue a notice of concern. These notices can be issued where actions need to be taken to safeguard the financial position of the school or the authority.

The notice can include restrictions, limitations or prohibitions on the governing body in relation to management of funds delegated to it. These may include:

- Insisting all relevant staff undertake appropriate training to address weaknesses in financial management
- Insisting an appropriately trained person chairs the finance committee of the governing body
- Placing more stringent restrictions on the day-to-day financial management of a school including the provision of monthly accounts to the authority
- Insisting on regular financial monitoring meetings at the school attended by the local authority

Further information on this can be found in section 2.15 of the schemes for financing schools guidance.

As a last resort, local authorities have the ability to completely withdraw financial delegation from maintained schools to prevent further deficits being incurred.

We also received many comments that were not substantially related to the proposals to make a directed revision to local authorities' schemes for financing schools to clarify purpose of loan schemes, for example on the treatment of sponsored academies and converter academies. We additionally received comments on how there should not be a financial advantage or disadvantage of being a maintained school or an academy.

The comments received do not change the Department's view that the proposals in the consultation are appropriate, and we do not intend to change the original proposals. Loans were only ever intended to be used to assist schools in spreading the costs over more than one year of large one-off individual items of a capital nature. A directed revision to local authorities' schemes for financing schools is needed to make this clearer and ensure consistent implementation. The responses that were in favour of the changes welcomed this clarification.

Other responses we received to the consultation raised some additional points and Ministers have agreed that it is necessary to launch an additional consultation to address the technical implication of the changes. The Department is now seeking views on how we will challenge breaches to the criteria for loan agreements and when the changes will come into force. We are also clarifying that we are proposing to make a directed revision to local authorities' schemes for financing schools. The revision to the criteria for agreeing loan schemes will not be applied retrospectively to existing loans when schools convert.

Who this is for

- Chief finance officers and finance officers at local authorities
- Governors and school leaders, particularly of maintained schools which are planning to convert to academies
- Chairs and clerks of schools forums
- Diocesan representatives
- Other interested parties

Issue date

The consultation was issued on 15 November 2017.

Enquiries

If your enquiry is related to the policy content of the consultation you can contact the team via email:

loanschemes.consultation@education.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by

email: Consultations.Coordinator@education.gov.uk or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

Additional copies

Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

The response

The results of the consultation and the Department's response will be [published on GOV.UK](#) in early 2018. This will include the full response to the original consultation.

About this consultation

This consultation document makes two proposals:

- that breaches of the criteria for loan agreements may be subject to a direction under Schedule 1 to the Academies Act 2010 that the loan will not transfer when schools affected convert to academies
- that the change to the criteria for agreeing loan schemes will come into force from the date of publication of the government response to this consultation

It is important to note that this document clarifies that we are proposing to make a directed revision to local authorities' schemes for financing schools. The document additionally clarifies that the changes will not be applied retrospectively to existing loans when schools convert.

We would like to hear your views on our proposal. In particular, please let us have any representations on any impacts you consider the proposals may have on protected characteristics.

Respond online

To help us analyse the responses please use the online system wherever possible. Visit www.education.gov.uk/consultations to submit your response.

Other ways to respond

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email it or post it.

By email

- loanschemes.consultation@education.gov.uk

By post

AMSG: Funding Division
Level 5
Department for Education
2 St Pauls Place
Sheffield
S1 2JF

Deadline

The consultation closes on 13 December 2017.

Proposal 1 – How breaches to the criteria for loan agreements will be challenged

Background

Local authorities are required to have a [scheme for financing schools](#), setting out the financial relationship they have with their maintained schools. We publish statutory guidance setting out the detail of what schemes should or may contain. This includes guidance for authorities about how to operate an internal loan scheme (section 4.10). The original purpose of loan schemes was to allow internal arrangements within the authority that would enable schools to spread the cost of large one-off individual items of a capital nature, over more than one year to make these more affordable. Loans were not intended as a means to support schools in general financial difficulty, as explained in section 4.9 of the guidance, local authorities should agree for a maintained school in financial difficulties to have a licensed deficit. As explained in the initial consultation we are aware that some authorities are now using, or considering using, loans in place of licensed deficits.

Proposal and rationale

We proposed to make a directed revision to local authorities' schemes for financing schools to clarify the purpose of loan schemes and distinguish them from licensed deficits. We consider that any loans made to fund a deficit of a school in general financial difficulty (and not to spread the cost over more than one year of large one-off individual items of capital expenditure) should not transfer to an academy on conversion. We are therefore proposing to put in place a process for determining what should happen to loans that have been made in breach of the loan scheme criteria.

Paragraph 13 of Schedule 1 of the Academies Act 2010 sets out what happens to land, property, rights and liabilities on the conversion of a maintained school. There is a presumption that loans will transfer to the person running the academy. However, we are proposing to use powers the Secretary of State has under paragraph 13(4)(d). These enable her to make a direction to the effect that a loan does not transfer in individual cases. We propose making use of this power in cases where loans have been made in breach of the directed revision that we are making to schemes. We propose to create a new approach whereby each decision will be considered carefully and on a case-by-case basis, taking into account the purpose of the loan and the extent to which it is compliant with the revised guidance. Local authorities and converting schools would then be specifically notified as part of the conversion process where a loan was not going to transfer. We would welcome views on how this process should operate.

The current guidance for schemes for financing schools states:

4.10 Loan schemes

It is open to an authority to include in its scheme a form of loan arrangement for schools which does not operate by way of a licensed deficit but rather by way of actual payments to schools or expenditure by the authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share. If so, the same

parameters for the arrangement should appear in the scheme as listed at 4.9 above for licensed deficits.

Again, an authority may wish to invite schools with balances in external accounts to use some or all of those balances to back a loan scheme, and the scheme should make clear on what basis this would occur.

If there is a loans scheme on this basis the authority must show in its budget statements the amount centrally retained for what would be a devolved payment to schools, and the payment should appear in the out-turn statements.

We propose making a directed revision to all local authorities' schemes, inserting the new wording:

“Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer in individual cases.

Proposal 2 – When the changes to the criteria will come into force and how these changes will be applied retrospectively

Background

We have published [guidance on the treatment of surpluses and deficits](#) when a maintained school becomes an academy. The guidance includes our expectation that an academy will continue to repay loans made by the local authority to its predecessor maintained school under an internal scheme. During the initial consultation, a number of respondents raised questions about the proposed timing of the change to the definition of loans. Questions were raised about whether the change would be retrospective and so apply to loan arrangements that are already in place.

Proposal and rationale

The changes to the criteria for agreeing loan schemes will not be applied retrospectively to loans that are already in place. We are now seeking views on when the changes to the criteria for agreeing loan schemes will come into force. We are proposing that this should be from the date of the publication of the government response to this consultation. Where a maintained school converts to an academy, it would be our expectation that the academy will only continue to repay the loans agreed between the local authority and its predecessor maintained school under an internal scheme if any loans agreed after the publication date of the government response meet the definition below.

‘to assist the school in spreading the cost over more than one year for a large one-off individual item of capital nature that has had/will have, a benefit to the school lasting more than one financial year’

Paragraph 8.1 of the guidance currently states:

“The Department would expect that the liability to repay a loan made by the LA to a maintained school (which is technically an advance of funding from the LA) would normally transfer to the academy, which would continue repayments from its revenue budget on the previously agreed schedule, unless the LA and school agree to liquidate the loan and pay it off at the point of transfer. The transfer of responsibility for the loan should be reflected in a legal agreement between the LA and the AT, either by amending the Commercial Transfer Agreement (CTA) or in a separate agreement. Any current loan repayments a maintained school has to make will need to be checked for their affordability alongside the repayment of any deficit at the point of conversion. The Department will not recognise as a loan any arrangement that is agreed between the LA and a maintained school after the governing body or IEB has made an application to become a sponsored academy or after the school becomes eligible for intervention by the SoS, unless the AT sponsoring the academy has agreed to take on the liability.”

We propose adding to paragraph 8.1:

“The Department will also not recognise as a loan any sum that has been provided in order to fund a deficit that has arisen because a school’s recurrent costs exceed its current income and where this has been agreed or an existing loan arrangement was revised on or after [PUBLICATION DATE].”

Consultation questions

Proposal 1 – Do you agree with the proposal to create a new process for loans made in breach of the loan scheme criteria?

Proposal 2 – Do you agree with the proposal for when the changes to the criteria for agreeing loans will come into force?



Department
for Education

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LEWISHAM SCHOOLS FORUM			
REPORT TITLE	DfE Consultations: - schools loans and -free meals under universal credit		
KEY DECISION	Yes	Item No.	7 Appendix B
CLASS	Part 1	Date	17 January 2018

Proposal 1 – How breaches to the criteria for loan agreements will be challenged

We proposed to make a directed revision to local authorities’ schemes for financing schools to clarify the purpose of loan schemes and distinguish them from licensed deficits. We consider that any loans made to fund a deficit of a school in general financial difficulty (and not to spread the cost over more than one year of large one-off individual items of capital expenditure), should not transfer to an academy on conversion.

We are therefore proposing to put in place a process for determining what should happen to loans that have been made in breach of the loan scheme criteria.

Paragraph 13 of Schedule 1 of the Academies Act 2010 sets out what happens to land, property, rights and liabilities on the conversion of a maintained school. There is a presumption that loans will transfer to the person running the academy. However, we are proposing to use powers the Secretary of State has under paragraph 13(4)(d). These enable her to make a direction to the effect that a loan does not transfer in individual cases. We propose making use of this power in cases where loans have been made in breach of the directed revision that we are making to schemes. We propose to create a new approach whereby each decision will be considered carefully and on a case-by-case basis, taking into account the purpose of the loan and the extent to which it is compliant with the revised guidance.

Local authorities and converting schools would then be specifically notified as part of the conversion process where a loan was not going to transfer. We would welcome views on how this process should operate.

Response

We believe that it is appropriate to provide loans to schools to cover short-term (five years or less) deficits so that schools can manage their cash flow planning over more than one year, and the regulations do not need revision.

However, in converting to an academy the proposal shifts the responsibility for an element of schools finances from central government to local government creating a new burden. This would also be going in the opposite direction to the main formula funding changes being implemented that clearly direct central government funds directly to schools to manage, not local authorities. It is therefore not reasonable to now suddenly change the rules, effectively making local authorities liable for the financial responsibilities of schools to manage their budgets.

The potential consequences to Local Authority tax payers of your proposal would be damaging. If this was put in place the cost to a council taxpayer of the existing loans in Lewisham schools which are funded from central government taxation would be 4% increase in Council Tax or £44 per year on a band D property.

We believe that the Governors of a school are responsible for setting their budget and controlling expenditure, not the Local Authority. With the withdrawal of the Education Service Grant any local authority has limited capacity to provide anything apart from light touch oversight and analysis of schools finances, which should not mean that the council tax payer should cover the risk of schools who run a deficit. The loan should continue with the conversion to the academy.

Proposal 2 – When the changes to the criteria will come into force

We are now seeking views on when the changes to the criteria for agreeing loans schemes will come into force. We are proposing that this should be from the date of the publication of the government response to this consultation. Where a maintained school converts to an academy, it would be our expectation that the academy will only continue to repay the loans agreed between the local authority and its predecessor maintained school, under an internal scheme, if any loans agreed after the publication date of the government response meet the definition below.

'to assist the school in spreading the cost over more than one year for a large one-off individual item of capital nature that has had/will have, a benefit to the school lasting more than one financial year'

Response

We do not believe this change should come into force.



Department
for Education

Eligibility for free school meals and the early years pupil premium under Universal Credit

Government consultation

Launch date: 16 November 2017

Respond by: 11 January 2018

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Foreword

Our guiding mission for the Department for Education is to promote social mobility and ensure equality of opportunity for every child. Their background should not determine what they can achieve.

However, children and young people from disadvantaged backgrounds remain far less likely to receive the support and opportunities that they need to set them on the path to success. This is not a new problem, but we will not shrink from addressing this generational challenge so that we can make this a country that truly works for everyone.

This government has already taken significant steps towards creating an education system that will help achieve this. We are also taking unprecedented steps to address the historically unfair funding system for schools, and we are maintaining funding for the pupil premium that has provided £11 billion over six years to support the attainment and achievement of disadvantaged pupils from low-income families.

The next step for us is to ensure that those children and families who are most in need benefit from the full range of support our schools can give them. This consultation therefore seeks views on a necessary change to the eligibility criteria for free school meals in England following the introduction of Universal Credit. We are determined to ensure that the pupils who receive meals are those who most need them, and that those who currently receive meals should not lose out.

We estimate that under our proposals around 50,000 more children would receive free school meals in future than at present, enabling us to target support most effectively towards a greater number of families on low incomes. We also want to make sure that as many eligible children as possible are claiming their free school meals.

In establishing these new criteria, we are taking the opportunity to ensure that the new arrangements are fair, consistent and simple to deliver. We propose to use the same criteria to determine eligibility for the early years pupil premium, in order to maintain consistency with the school-aged pupil premium.

I look forward to hearing your views.



Robert Goodwill MP

Minister of State for Children and Families

1. About this consultation

1.1 This consultation invites views on our proposed approach to the following passported benefits under Universal Credit:

- free school meals eligibility for pupils in primary and secondary education and students in further education; and
- the early years pupil premium.

1.2 The current eligibility criteria for free school meals mean that some of the most disadvantaged low-income households do not qualify for free school meals. To address this, this consultation proposes eligibility criteria based on each household's net earnings rather than, as currently, the number of hours worked. It is important to note that a household's net earnings do not include their additional income through benefits. This approach is consistent with the wider approach to determining eligibility to other passported benefits that flow from Universal Credit eligibility.

1.3 This consultation document explains:

- The general principles we have taken into account in considering changes to the eligibility criteria for free school meals and the early years pupil premium in light of the introduction of Universal Credit. Our intention is that these entitlements reach the most disadvantaged households in a way that is consistent, fair and simple.
- The measures we plan to take to protect those families who would otherwise lose entitlement to free school meals as a result of this criteria change. Under our proposals, no child in England should lose their free school meal during the transition to Universal Credit. In fact, these proposals will see more children benefit from free school meals than at present. In addition, any protected pupils who are still receiving free school meals once the transition is complete should continue to receive protection until the end of their current phase of education (e.g. primary, secondary school).
- Our plans for communicating these changes to parents, providers and local authorities, and the steps we will take to support their implementation.

1.4 These changes do not affect the criteria for universal infant free school meals, which will continue to be available to all pupils in reception, year 1 and year 2, regardless of parental income.

1.5 We do not intend to change the current free school meals criteria for children whose parents receive support provided under Part 6 of the Immigration and Asylum Act 1999 or the guarantee element of Pension Credit. These are not to be replaced by Universal Credit.

1.6 We also need to set eligibility criteria under Universal Credit for our free 15-hour early education entitlement for disadvantaged two-year-olds. We will shortly consult on our proposals for this entitlement.

1.7 This consultation is about these entitlements in England only. Northern Ireland, Scotland and Wales have responsibility for establishing their own criteria for these entitlements.

2. Background and context

2.1 Our country has a long-standing principle of providing free school meals to the most disadvantaged children. In 1906, local education authorities were granted a discretionary power to provide free meals to vulnerable children and this provision was gradually expanded during the 20th century. Following the passage of the Education Act 1980, eligibility for free school meals was determined based on the family's receipt of income-related benefits.

2.2 Today, in England, pupils in maintained schools, academies and free schools, as well as 16 to 18-year-old students in further education institutions,¹ are currently entitled to receive free meals if they or their parents or guardians are in receipt of one of the qualifying benefits listed in para 2.8.²

2.3 Universal Credit is reshaping the welfare system by making work pay and helping people into work more quickly. The simplification of the system means a number of the benefits that currently entitle families to free school meals will cease to exist.

2.4 Since 2013, as a temporary measure to ensure that any families moving on to Universal Credit in the early stages of rollout (for example, those in pilot areas) did not lose their entitlements, all such families were entitled to free school meals pending the introduction of eligibility criteria. As planned, we are now bringing forward proposals to replace this temporary measure with clear eligibility criteria under Universal Credit as its national rollout accelerates.

Universal Credit

2.5 Universal Credit is a single payment for people who are looking for work or who are on a low income. It aims to create greater fairness in the welfare system and to help more families move out of poverty by making work pay. The Government is introducing Universal Credit in stages across the country.

2.6 Universal Credit replaces six existing benefits with a simpler monthly payment that gradually reduces as earnings increase, making sure people are better off in work. It delivers a fairer system, by removing inconsistencies that exist between different benefits and tax credits in the current system, and targets resources to those who need it most.

¹ This includes institutions within the further education sector (including general further education colleges, sixth form colleges and designated institutions), special post-16 institutions and independent learning providers, funded by the ESFA to provide education for 16 to 19-year-olds.

² The children of households meeting the eligibility criteria can also receive free school meals in non-maintained special schools.

Free school meals

2.7 Free school meals provide targeted support to families on low incomes. They are aimed at the most disadvantaged pupils and are provided to ensure that eligible children have access to a nutritious meal, which is suitable as the main meal of the day during school term time.

2.8 In England, pupils in maintained schools, academies and free schools are currently entitled to receive free school meals if they or their parents or guardians are in receipt of any of the benefits below. These criteria also apply to 16 to 18-year-old students in further education colleges if they or their parents or guardians are in receipt of any of the following benefits:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Support under Part VI of the Immigration and Asylum Act 1999
- The guaranteed element of Pension Credit
- Child Tax Credit, provided they are not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190
- Working Tax Credit run-on – paid for four weeks after they stop qualifying for Working Tax Credit
- Universal Credit (regardless of income amount, as a temporary measure during the early stages of rollout).

The pupil premium, national funding formula and early years pupil premium

2.9 Free school meal eligibility is used to determine additional funding for schools and early years settings through the pupil premium, the national funding formula, and the early years pupil premium. We provide this additional funding to ensure that we are targeting resources where they are most needed, recognising that children from low-income families fall behind in school and need more support to improve their outcomes.

2.10 At present, around 1.9 million disadvantaged children (around 27% of all children) are eligible for the pupil premium. The gap between disadvantaged pupils and their peers, measured by the Department for Education's gap index, has narrowed by 9.3% at key stage 2 and 7.0% at key stage 4 since 2011, the year the pupil premium was introduced.³ We are committed to closing this gap, which is why we are determined to target our resources effectively.

³ The key stage 2 gap index is published in Table N11a of the National Tables here:

<https://www.gov.uk/government/statistics/national-curriculum-assessments-key-stage-2-2016-revised>

The key stage 4 gap index is published Table CH4a of the National Tables here:

<https://www.gov.uk/government/statistics/revised-gcse-and-equivalent-results-in-england-2015-to-2016>

2.11 The pupil premium is additional funding for publicly funded schools in England to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. Schools receive pupil premium funding for each pupil registered as eligible for free school meals at any point in the six years before the relevant financial year. The pupil premium rates are currently £1,320 for pupils in reception to year 6 and £935 for pupils in year 7 to year 11.

2.12 The national funding formula for schools and high needs is being introduced from April 2018, and will determine the core funding that local authorities receive from 2018-19 for schools and for pupils with high needs. Free school meals eligibility is used as one of the deprivation factors in the schools national funding formula. Schools will attract funding for each child who was registered as eligible for free school meals at any point in the six years before the relevant census at a rate of £540 for primary school children and £785 for secondary school children. Schools will also attract an additional £440 for each child who was recorded as currently eligible for free school meals in the relevant census. Local authorities can choose to use free school meals eligibility as a factor in their local schools funding formula to determine the funding allocations for schools in their area.

2.13 Current free school meals eligibility is also used within the high needs national funding formula to help determine the distribution of funding between different local areas to support children with high-cost special educational needs, and those in alternative provision. Similarly, free schools meals eligibility is used in the early years national funding formula to ensure that local authorities with higher proportions of these children receive higher levels of early years funding.

2.14 The early years pupil premium was introduced in 2015 to support outcomes for disadvantaged children. It gives providers an additional 53p per hour (up to £302 for the maximum 570 hours per year) for each disadvantaged three and four-year-old taking up the universal 15-hour free early education entitlement.

2.15 The economic eligibility criteria for the early years pupil premium are the same as for free school meals. This means eligibility for support for pre-school children is broadly consistent with the criteria for the pupil premium support for school-aged children. This consistency is important so that the most disadvantaged families benefit from this additional funding across the age range.

3. Proposed eligibility criteria for free school meals

3.1 We are proposing new criteria that would enable a greater number of children to benefit from free school meals, compared to the number receiving these meals at present. We estimate that our proposals would make around 50,000 more pupils eligible for free school meals by the time Universal Credit is fully rolled out. This will enable us to target more children from lower-earning families, so that they can benefit from nutritious, free meals.

3.2 To achieve this, we are proposing to amend the eligibility criteria for free school meals by introducing an earnings threshold for those in receipt of Universal Credit. This is consistent with how the Department for Work and Pensions (DWP) and other government departments have established new criteria for other passported benefits.

3.3 We have used DWP modelling data to help identify an appropriate threshold for eligibility. This takes into account factors such as the impact of the National Living Wage and the number of people expected to claim benefits in the future.

3.4 To enable a greater number of children to benefit from free school meals, we are proposing a net earnings threshold of £7,400 per annum for a household's eligibility for free school meals. We estimate that, under this threshold, an extra 50,000 children would become eligible for free school meals, compared to today's number of claimants. It is important to note that the net earnings threshold does not represent a household's total income, as it does not include their income from benefits, which significantly increase a household's overall income. A typical family earning around £7,400 per annum would, depending on their exact circumstances, have a total household income of between £18,000 and £24,000 once benefits are taken into account.

3.5 We propose to introduce this net earnings threshold in April 2018. New free school meals claimants earning above this threshold after its introduction would not be eligible. We would keep the threshold constant until the end of the Universal Credit rollout period. After that point, we will then keep the threshold under review to ensure those who most need support are benefiting.

3.6 We propose to use the same level of net earned income to determine eligibility for the early years pupil premium, in order to maintain consistency with the school-aged pupil premium.

Example: A household gaining eligibility

Priya is a single parent aged 23 with one child, earning national minimum wage and working 16 hours a week. She earns £504 per month from her work and receives £331 of Working Tax Credit and £277 of Child Tax Credit. Because Priya works 16 hours per week, she is eligible for Working Tax Credit and her child is currently not eligible for free school meals.

In May 2018, Priya transitions onto Universal Credit, and because she earns below the £7,400 per year (£617 per month) earnings threshold, her child will gain eligibility for free school meals. When Priya's other benefits are factored in, her total household income is around £18,200.

Example: A household retaining eligibility

Alice and Sam have two children aged 9 and 13. Alice works 8 hours a week and Sam works 7 hours per week and they are both paid at the national living wage. Their current earned household income is £6,179 per year, and they also receive £509 per month of Child Tax Credit.

As they are eligible for Child Tax Credit, but not for Working Tax Credit, and because they earn less than £16,190 a year, their children are currently eligible for free school meals on the legacy system.

As their earnings are below the £7,400 threshold, they would keep their eligibility for free school meals under these proposals. Factoring in all of their benefits, Alice and Sam's total household income is around £23,900.

Question 1:

Do you agree with our proposed net earnings threshold to determine eligibility for free school meals and the early years pupil premium under Universal Credit?

4. Protecting entitlements for free school meals

4.1 During the Universal Credit rollout period, we will aim to ensure that existing recipients of free school meals will not lose their entitlement following the introduction of new eligibility criteria. We intend to provide certainty for families and to ensure that they do not experience a sudden loss of their free school meals.

4.2 Every pupil who is eligible for free school meals at the point at which the criteria are changed (or any new claimants under the threshold who gain free school meals during the rollout of Universal Credit) should be protected against losing their meals whilst Universal Credit is fully rolled out nationally, even if their eligibility changes. In addition, any protected pupils who are still receiving free school meals once the transition is complete would continue to receive protection until the end of their current phase of education (e.g. primary, secondary).

4.3 By setting a net earnings threshold for eligibility, we will ensure that free school meals are targeted more effectively towards the families who need them most. However, moving to a system based on earnings will result in some households gaining eligibility and others falling outside the eligibility criteria. This arises because some of the legacy criteria are based on the number of hours worked, rather than on earnings. Universal Credit is based on earnings to avoid penalising those who choose to work more hours.

4.4 Under our proposed threshold, a number of low-income households who are not currently entitled to free school meals will become newly entitled, and the vast majority (around 90%⁴) of pupils currently eligible for free school meals will continue to be eligible. However, although we are increasing the number of eligible children, some households (particularly those working fewer hours but with higher incomes) will have earnings above the new threshold, and would therefore stand to lose eligibility.

4.5 We are therefore proposing protection arrangements so that existing free school meals claimants should not lose their meals as a result of the new eligibility criteria during the Universal Credit rollout.

4.6 This protection would cover claimants on Universal Credit, including those who earn above the earnings threshold. It would also cover free school meals claimants on legacy benefits, including those who switch to Universal Credit during the rollout. We have designed the protection arrangements to be as straightforward as possible for schools and local authorities to implement. It will apply as follows:

⁴ Estimates derived from DWP's Policy Simulation Model (PSM). All figures presented relate to estimated benefit entitlement and earnings in 2021 and are consistent with the benefit rates announced at Autumn Statement 2016.

- From April 2018, all existing claimants should continue to receive free school meals whilst Universal Credit is rolled out. This will apply even if their earnings rise above the new threshold during that time.
- In addition, any child gaining free school meals eligibility after the threshold has been introduced should be protected against losing free school meals during the Universal Credit rollout period.
- No further eligibility checks would be required for protected families during this period; schools would simply leave these pupils flagged as protected pupils in their management information systems.
- Once Universal Credit is fully rolled out, any existing claimants that no longer meet the eligibility criteria at that point (because they are earning above the threshold) would continue to receive protection until the end of their current phase of education (e.g. primary, secondary).
- New claimants earning above the threshold after April 2018 would not be eligible for free school meals.

4.7 The proposed approach ensures that no child should lose their existing free school meals anywhere in England as a result of and during the transition to Universal Credit. It is designed to be easy to understand for parents, and as simple as possible in terms of delivery arrangements.

4.8 We propose to introduce similar protection for children who are eligible for the early years pupil premium. This would ensure that no child in England stops attracting the early years pupil premium (to their early years setting) during the transition to Universal Credit. Again, this would ensure that we are reaching the right group of children with our support.

4.9 Local authorities currently reconfirm a child's eligibility for the early years pupil premium in the academic year in which the child turns four. We would no longer expect this second eligibility check to happen until the end of the Universal Credit rollout.

Example: A protected household

Ali and Beth are a couple with two children (a five-year-old and a nine-year-old). Ali is currently not working and is not in receipt of any benefits. Beth works 20 hours a week at national living wage, and so their earned income is £687 a month, and they also receive £509 per month of Child Tax Credit. As they earn less than £16,190 a year, their children are eligible for free school meals on the current benefits system.

When they move on to Universal Credit in August 2018, their household earnings are £8,239 and so their household would fall above the new earnings threshold. However, because of the protections in place, their older child should keep their eligibility for free school meals until the end of year 11 and their youngest child should retain eligibility until the end of year 6.

Ali and Beth's total household income is around £24,700 once their other benefits are taken into account.

Question 2:

Do you agree with our intention to protect those pupils who would otherwise lose their entitlement to free school meals, and those children who would otherwise lose their entitlement to the early years pupil premium, under the new eligibility criteria?

5. Supporting families and local delivery

Existing support for checking households' eligibility

5.1 All local authorities have access to the Eligibility Checking System, which can be used to determine households' eligibility for free school meals and the early years pupil premium. Academies are able to access the system via local authorities. The Eligibility Checking System significantly reduces the time otherwise taken to check eligibility, and we will update this system to cater for the new eligibility criteria.

5.2 We have produced a model registration form and guidance which schools can use as part of their enrolment process to ensure they receive funding for the pupil premium. We will update this, following the outcome of this consultation.

[Free school meals and pupil premium registration form](#)

5.3 We have also produced a model agreement form for early education entitlements, and this includes a parent declaration form covering the early years pupil premium.

[Early years model agreement](#)

Additional support under the new eligibility criteria

5.4 We want to ensure that local authorities, schools and further education providers have the information they need to help families understand the changes to eligibility. We therefore propose to:

- provide schools and further education providers with guidance and a template letter to issue to parents/students; and
- provide schools, further education providers and local authorities with a comprehensive information pack about Universal Credit and how it affects eligibility for free school meals.

5.5 Alongside laying the regulatory changes, we will communicate these changes through our newsletters and online services for local authorities, schools and further education colleges. We will also use our online channels to reach parents, and we will update our model registration forms for school enrolment.

5.6 We will provide local authorities with further guidance on how frequently eligibility checks under Universal Credit should be carried out, and what evidence could be accepted to determine eligibility if providers are not using the Eligibility Checking System.

Enabling more eligible children to benefit

5.7 We want to make it as simple as possible for schools and local authorities to determine eligibility for free school meals. We know that take up for free school meals is

already high – but we want to make sure that as many eligible children as possible are claiming their free school meals.

5.8 Schools and local authorities have worked hard over recent years to encourage all eligible families to register for free school meals, ensuring that eligible children are able to receive a free, nutritious meal each day. We already provide schools with a model registration form and guidance. We will continue to look at what the most effective schools do, and highlight and disseminate best practice from these schools and local authorities for other schools to use.

Equality analysis

5.9 The Department for Education published a Public Sector Equalities Analysis document on its consultation platform alongside this consultation document.

Question 3:

Do you feel that the proposals in this consultation may adversely affect any children who share one or more of the relevant protected characteristics outlined in the Equality Act 2010?

Financial support for schools

5.10 As free school meals eligibility increases, schools will be required to provide a greater number of free school meals. This increase will be reflected in the data that local authorities use to determine funding allocations. However, we recognise that for some schools this increase may be difficult to manage in the short term because of the lagged nature of the schools funding system. We will put financial support in place to protect schools in this position.

5.11 Eligibility for free school meals may also bring access to other benefits for the child. For example, local authorities may provide uniform grants or free access to music lessons based on free school meals eligibility. Our proposals for free school meals eligibility under Universal Credit may also affect the number of children who are eligible for free home-to-school transport.

Measuring the performance of disadvantaged pupils

5.12 Schools are held to account for how their disadvantaged pupils perform in comparison to all pupils. In our national statistical releases and in the school performance tables, we currently publish breakdowns of each of the headline performance measures by disadvantage.

5.13 Free school meals is one of the key factors in the definition of disadvantage used in these measures. Our new eligibility criteria will alter the make-up of the free school meals cohort, and consequently affect the cohort included in the disadvantage metrics to some degree. The headline performance measures, such as Progress 8, will be unaffected. However, the breakdowns of data by disadvantage will be affected in two ways:

- there will be some discontinuity in the time series for the disadvantage breakdowns of our performance measures between years, both nationally and at a school level; and
- in some cases it may be hard to make direct comparisons between the performance of schools within the same year, or between a school's own performance between years. This is because Universal Credit is rolling out over a number of years, resulting in the cohorts for individual schools' disadvantaged pupils changing at different points across this period.

5.14 We are committed to continuing to publish data to support understanding of how schools are performing with their disadvantaged pupils both nationally and at school level, as these measures are a vital part of ensuring schools are able to drive social mobility. As a minimum, we will therefore issue clear caveats on the use of this data during the rollout period and up until the end of the protected status period of the current free school meals cohort, particularly at school level. We will also ensure that those using this data are aware of what can and cannot be done with the data and are encouraged to look at a range of other information alongside the disadvantage measure.

5.15 As part of this consultation we would welcome views on how we best present and explain the disadvantage measures to help schools, and those who work with schools, to use and interpret this data during the rollout of Universal Credit. We would also welcome views on the metrics we publish for the measurement of disadvantaged pupils' performance.

Question 4:

Do you have any views on the proposed management of the changes to the disadvantage measures or on the metrics we publish for the measurement of disadvantaged pupils' performance?

6. Responding to this consultation

Who is this consultation for?

We are particularly interested in the views of:

- parents and carers
- schools, school caterers and the school workforce
- further education providers
- local authorities/councils
- early years providers

Issue date

The consultation was issued on 16 November 2017.

Enquiries

If your enquiry is related to the policy content of the consultation, please contact:

Freeschoolmeals.MAILBOX@education.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, please contact the DfE Ministerial and Public Communications Division by email: Coordinator.CONULTATIONS@education.gov.uk; by telephone: 0370 000 2288; or via: <https://www.gov.uk/contact-dfe>

Additional copies: Additional copies are available electronically and can be downloaded from <https://consult.education.gov.uk/>

Respond online: To help us analyse the responses please use the online system wherever possible. Visit <https://consult.education.gov.uk/> to submit your response.

Other ways to respond: If for exceptional reasons you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a Word document version of the form and return it by email or post.

- By email: Freeschoolmeals.MAILBOX@education.gov.uk
- By post: Healthy Pupils Unit, Department for Education, Level 1, Bishopsgate House, Feethams, Darlington, DL1 5QE

Deadline: The consultation closes on 11 January 2018.

Our response: The results of the consultation and the Department's response will be published on www.gov.uk

Annex A: Glossary of Terms

Universal Credit

Universal Credit is a new single system of means-tested support for working-age people who are in or out of work. Support for housing costs, children and childcare costs are integrated and it provides additions for disabled people and carers. As a result, some existing means-tested benefits will no longer exist, including income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, tax credits and Housing Benefit. More information about Universal Credit is available from the Department for Work and Pension website at: www.gov.uk

Earnings threshold for households receiving Universal Credit

A maximum monthly net earned income level for households in receipt of Universal Credit that qualifies an individual or a family to receive additional support. This means that where household earnings from employment or self-employment (as assessed by the Department for Work and Pensions) is at or below the respective thresholds proposed in this consultation they will be entitled to free school meals (and the early years pupil premium). Where the family's earnings from employment or self-employment exceed these respective thresholds they will not be entitled to free school meals (or the early years pupil premium).

Entitlement

An entitlement is a guarantee of access to support for those who meet the qualifying criteria as provided by legislation for a given programme.

Eligibility

If applicants meet the criteria for free school meals entitlement and apply for free school meals, they are deemed to be eligible to receive free school meals under section 512ZB (2) of the Education Act 1996.

Eligibility for the early years pupil premium is set out in the Schools and Early Years Finance Regulations 2017, made under section 47ZA of the School Standards and Framework Act 1998.

Eligibility Checking System

The Eligibility Checking System is the online service local authorities use to check eligibility for free school meals and the early years pupil premium. This service was formerly known as the Hub and was set up by the Department for Education. We use the National Insurance number, date of birth and the first three letters of the surname of the person making the claim to check for eligibility.

Net earned income

Earnings from employment or self-employment after deductions for taxes. The two common deductions are Income Tax and National Insurance. Examples of income that is not earned income are interest, dividends and benefit income.

Passported benefit

People who are currently entitled to means-tested benefits or tax credits can be eligible for a range of other support known as passported benefits. Examples include free school meals, free prescriptions and free dental treatment.

Working Tax Credit

A single person working 16 hours per week or more or a couple working 24 hours a week or more are currently entitled to receive Working Tax Credit, and are therefore not entitled to free school meals.



Department
for Education

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LEWISHAM SCHOOLS FORUM			
REPORT TITLE	DfE Consultations: - schools loans and -free meals under universal credit		
KEY DECISION	Yes	Item No.	7 Appendix D
CLASS	Part 1	Date	17 January 2018

Response to the consultation on eligibility for free school meals and the early year’s pupil premium under Universal Credit

Question 1: Do you agree with our proposed net earnings threshold to determine eligibility for free school meals and the early year’s pupil premium under Universal Credit?

Answer

The eligibility threshold of £7,500 does not take into account the higher levels of earnings in London which is higher. London will be disadvantaged were a flat threshold to introduced across England, as higher earnings in London reflect the higher cost of living. This will also impact on our schools’ ability to raise the attainment of disadvantaged pupils, as free school meal eligibility is used to determine additional school funding. The threshold should be adjusted for cost of living.

Question 2: Do you agree with our intention to protect those pupils who would otherwise lose their entitlement to free school meals, and those children who would otherwise lose their entitlement to the early year's pupil premium, under the new eligibility criteria?

Answer

While having a protection system is welcome there is inconsistency in the arrangements. The Universal Credit roll out proposes that children receiving free school meals are protected and continue receiving free school meals until the end of their current school phase. Therefore a child at the beginning of year 7 when the proposed changes are introduced would continue to receive several years' of free school meals even if they become ineligible, while a child in year 6 would only receive several months of free school meals if they become ineligible - which seems unfair, especially if they are from the same family.

Question 3: Do you feel that the proposals in this consultation may adversely affect any children who share one or more of the relevant protected characteristics outlined in the Equality Act 2010?

Answer

It is difficult to assess the impact of the proposed changes and comment due to the lack of published analysis and data.

Question 4: Do you have any views on the proposed management of the changes to the disadvantage measures or on the metrics we publish for the measurement of disadvantaged pupils' performance?

Answer

It is important that you publish the data as soon as possible to allow schools to assess the impact.