



Mayor and Cabinet

Report title: Mayor of London Grant for Key Stage 2 Universal Free School Meals

Date: 15 May 2023

Key decision: Yes

Class: Part 1

Ward(s) affected: Whole Borough

Contributors: Executive Director of Corporate Resources. Director of Law and Corporate Governance. Director of Education. Head of Business, Infrastructure, Compliance and Education Operations.

Outline and recommendations

This report outlines the recent funding announcement from the Mayor of London regarding Key Stage 2 Universal Free School Meals (FSM), along with the implications for the council and schools.

The Mayor and Cabinet are recommended:

- to note the contents of the report, including the potential revenue impact on schools subsidising the meals (up to £600k), the knock-on impact of future funding linked to FSM, and the expectation this may create and that the Council will be unable to continue the universal offer as it would cost circa £5m per annum to continue (for the meal provision element).
- to formally accept the one academic year funding (2023/24) and instruct officers to write back stipulating the financial implications for the council and schools as outlined above
- to approve the capital funding of up to £620k and instruct officers to commence procurement of the necessary kitchen equipment to enable the delivery of these meals from September 2023

Timeline of engagement and decision-making

28 April – Greater London Authority (GLA) letter to CEO outlining the funding, seeking a response by 17 May

15 May – M&C decision

17 May - Write back to GLA with decision and implications

September - Implementation of grant

Given the timing requirements imposed on the Council by the Mayor of London, normal decision-making processes, i.e. inclusion in the forward plan of Key Decisions and call-in rights, cannot be followed.

The urgency provisions in Rules 18 and 19 are being applied to this decision with the agreement of the Chair of the Council's Overview & Scrutiny Committee.

1. Summary

- 1.1. The Mayor of London (MoL) has recently announced funding for Universal Free School Meals (UFSM) for Key Stage 2 (KS2) aged pupils across London.
- 1.2. On the 28th April the Greater London Authority (GLA) wrote to Local Authorities (LAs) outlining the funding conditions and seeking clarification of acceptance of the funding by 17 May 2023.
- 1.3. The funding announced is at a rate of £2.65/meal for all Key Stage 2 pupils who do not already receive a FSM and is for 2023/24 academic year only. The total indicative grant funding is £4.3m. This will be adjusted to reflect the actual school census numbers for each term.
- 1.4. The funding is below the rate of £3/meal that Lewisham schools receive for FSM eligible pupils via the National Funding Formula. It is, however, above the rate of £2.41 that schools receive in grant funding for Universal Infant FSM (UIFSM) in academic year 2023/24. The gap in funding will have a potential overall revenue impact on schools of up to £600k for delivery this KS2 UFSM provision.
- 1.5. To enable the delivery of an increased number of school meals, many schools will need additional equipment (ovens, fridges etc) which means there is a capital requirement of circa £620k also. The recommendations are for this to be paid for and

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procured by the council as the council is the responsible body for maintaining school assets.

- 1.6. There is also a risk that the funding linked to FSM eligible children received by schools may be impacted by this initiative (delegated budget share, Pupil Premium etc), as parents/carers may not apply for FSM given that their child(ren) are receiving a meal anyway. This could impact school funding for multiple years.
- 1.7. By providing this funding/offer, there is potential for a level of expectation in the community that it will continue and for reputational impact on the council, should it not.

2. Recommendations

- 2.1. The Mayor and Cabinet are recommended:
- 2.2. To note the contents of the report, including the potential revenue impact on schools subsidising the meals (up to £600k), the knock-on impact of future funding linked to FSM, and the expectation this may create and that the Council will be unable to continue the universal offer as it would cost circa £5m per annum to continue (for the meal provision element).
- 2.3. To formally accept the one academic year funding (2023/24) and instruct officers to write back stipulating the financial implications for the council and schools as outlined above.
- 2.4. To approve the capital funding of up to £620k and instruct officers to commence procurement of the necessary kitchen equipment to enable the delivery of these meals from September 2023.

3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):
 - Cleaner and Greener
 - A Strong Local Economy
 - Quality Housing

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- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

3.2. In particular, this report is closely aligned to the priority focussed on ensuring that our children are able to access high quality nutritious food at school, and our continued efforts to lobby for an extension of FSM provision.

4. Background

4.1. Earlier this year the MoL announced £130m of emergency, once-off funding to ensure all primary school children can receive FSM for the academic year beginning in September 2023.

4.2. The funding is to support families in London who are struggling with the cost of living crisis.

4.3. For Lewisham this funding equates to approximately £4.3m at a rate of £2.65 per meal for those children in Key Stage 2 (Year 3-6) that aren't already claiming FSM.

4.4. This scheme is designed to complement the governments Universal Infant FSM (UIFSM) programme, which since 2014 has provided funding to enable all children in Reception, Year 1 and Year 2 to access a school meal free of charge.

4.5. A 2020 Institute for Social and Economic Research review of the first six years of UIFSM found early indications of positive impact:

- having a child become entitled to FSM results in a saving on food expenditure among not-FSM-registered households (some of which will be relatively low-income households), supporting them with the cost of living;
- reductions in bodyweight for children classed as obese throughout the first year of school, bringing more children into the healthy range
- improved absence rates for FSM-registered infants; reduced inequalities in absences between children from lower and higher income backgrounds.
- among those entitled to UIFSM, children who actually took up the available free school lunch had stronger educational performance at both age 5 and age 7.

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5. The funding and implications

5.1. There are 4 main implications of the funding;

- the potential funding gap between funded meal price and actual cost of meal/loss of income from paid meals;
- the need for additional kitchen equipment to deliver the increased number of meals;
- the impact on FSM related funding (such as Pupil Premium) as parents/carers may now not apply for FSM;
- the level of expectation in the community for any provision to be ongoing, bearing in mind that the funding is only committed for one year.

5.2. Revenue Gap

5.2.1. The funding announced is at a rate of £2.65/meal for all Key Stage 2 pupils who don't already receive a FSM and is for just the one academic year 2023/24. It should be noted that the price paid by paying parents for meals at school varies depending on local arrangements and it does not always reflect the cost paid to catering contractors or the cost of self-delivery which differs depending on size, facilities, special diet requirements etc. Schools in the central contract have a financially supportive model which means that the cost is spread so that all members pay the same per meal rate regardless of the delivery cost individually. The allocation falls short of the weighted allocation of £3 per meal for each FSM (FSM) eligible child (£570.68 per child per year) allocated through the national funding formula to schools. It should be noted that the funding from the MoL, will only support those pupils who are not eligible for FSM, as those in receipt of FSM are already funded from the Delegated Budget share. Data will be collected via the termly census. In essence a school could have a pressure of circa £67 per pupil funded. However, this needs to be considered in the context of current subsidy for paid meals.

5.2.2. Many schools are already finding themselves in a position where they are having to subsidise the cost of paid meals. With UFSM likely to increase demand for school dinners this subsidy would increase in line and put further financial pressure on schools. It does not take into consideration the additional costs associated with school meals e.g., kitchen maintenance and the additional wear and tear on equipment, mid-day meal supervision, energy etc. However, as with

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UIFSM, not every child will take a meal every day and so, as all will be funded for 190 days this could mitigate to varying extents.

- 5.2.3. As there are approximately an additional 9,000 children that would be eligible for the meal, the gap in funding will have a potential revenue impact on schools of up to £600k if every child takes a meal every day and all meals costs £3 (i.e. 35p pressure per meal, per day for 9,000 pupils). If take-up was at 80% for instance then this would fall to £480k.

5.3. Kitchen equipment

- 5.3.1. Considering the likely increase in meals provided, many schools will find the additional demand very difficult to service. Ovens, fridges, freezers, and dishwashers are purchased in line with current meal numbers and may not have the capacity to cope with the extra requirement. Storage would be required for the additional pots and pans, plates, and cutlery etc. Some schools with very small kitchens might struggle with having the space to accommodate this not to mention space for extra staff if required. In addition, there are schools whose dining halls may not seat the number of children who would now take a school dinner. The GLA have stated that there will be no capital funds available to assist with the additional requirement to upgrade kitchens. It should be noted that prior to the implementation of UIFSM, £3m was invested in school kitchens to service the additional demand.
- 5.3.2. An initial appraisal of schools in the central contract has been used to guide the capital implications for the wider school estate. The assessment took into consideration the minimum requirements for the schools serviced by the central team. The assessment has identified large items and does not take into consideration the additional requirement for light goods (plates, trays, cups, cutlery, pots, and pans etc) - it is assumed that this cost will be borne by each school or their provider.
- 5.3.3. Extrapolating this out across all Lewisham schools has identified a required investment of circa £620,000. Officers are currently working with schools outside of the central contract to complete individual impact assessments to ensure the accuracy of the capital requirements. Officers will be working hard with schools to ensure that this expenditure is kept to a minimum.
- 5.3.4. This figure does not include a provision for capital requirements within

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Academies as they sit outside of the council's responsibility regarding funding and capital investment. We are however communicating with academies to ensure that they are planning ahead to enable delivery.

5.3.5. The scheme is set to begin in September 2023 and with all London schools facing a similar challenge, it is likely there will be high demand for commercial kitchen appliances which could lead to shortages and serious delays with delivery and installation. For this reason, it is imperative that capital funding is approved urgently, and orders placed to allow for adequate lead in time. The recommendations are for this to be paid for and procured by the council, with funding coming from a review of existing capital budgets.

5.4. FSM related funding

5.4.1. There is a clear risk that the number of parents/carers applying for FSM will reduce due to a universal offer, indeed there is evidence (Institute for Social and Economic Research, 2020 review of the 2014 Universal Infant FSM (UIFSM) policy) that UIFSM resulted in some eligible parents not registering their child for (means-tested) FSM – registration rates for infant pupils were about 1.2 percentage points lower than expected. However, with Universal Infant FSM, eligible parents still had the incentive of their children receiving FSM in the juniors. It is likely that the drop in FSM applications in this case will be greater as parents are likely to defer applying until secondary transfer.

5.4.2. FSM is used as a proxy for a number of different funding streams, including the main delegated budget share, pupil premium, and the national funding formula for High Needs and Early Years.

5.4.3. Even a 1.2% reduction in sign up could (using the Pupil Premium and delegated budget share) have significant impact. Pupil premium is currently circa £9m, a 1.2% reduction would be £108k, albeit, as pupil premium is based on FSM over a 6-year period, it may take some lead in time for the loss to be realised

5.4.4. The delegated budget share has two factors within it that are funded by FSM

- FSM = £3.2m, a 1.2% reduction would equate to £39k
- FSM6 = £5.1m, a 1.2% reduction would equate to an additional loss of £61k

5.4.5. Whilst in isolation the loss of funding suggests circa £200k, over a 5-year period

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would equate to a £1m. as noted, the 1.2% is based on the infant FSM position, at this stage we don't know if the figure would be higher as the free meal would be seamless throughout primary school, with a potential for higher non-registration. For each 1% the loss in funding would increase by the circa £200k.

- 5.4.6. It is not possible to state the impact of any reduction on the High Needs Block and Early Years as the FSM is integral part of the calculation and that the formula is supported by floors and ceilings which may mitigate the risk.
- 5.4.7. Additionally, the level of meal funding would in effect reduce from £3/meal (the current funding formula amount) to £2.65/meal for each eligible child, equating to a reduction of £67/child/year.
- 5.4.8. Officers are working with other councils to look at the best way to ensure that parents/carers continue to apply for FSM regardless of this scheme being implemented.

5.5. Future Expectation

- 5.5.1. There is a risk, that by implementing this scheme, schools and the council raise expectations that it will continue beyond the 2023/24 academic year.
- 5.5.2. This places two additional risks on the council (and schools);
 - The reputational risk of seeming to cease providing this additional support (even though it is stated to be 1 year funding and with the majority from the Mayor of London, not councils/schools).
 - The potential financial risk of having to try and provide some scheme in the future from council/school budgets. This would be circa £5m/year.
- 5.5.3. Officers and schools will work to ensure that the communications to parents/carers clearly states that this is a once-off one year support provided by the MoL, Lewisham Council and the Schools.

6. Financial implications

- 6.1 The report details, the requirement placed on London Councils to comply with the Mayor of London's pledge to extend Universal meal provision to Key Stage 2.
- 6.2 Schools are currently obliged to provide Universal Infant Free Schools Meals for Key

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Stage 1.

- 6.3 Lewisham Council welcomes the announcement of the one-year funding from the Mayor of London to provide Universal Free School meals to children in Key State 2. However, to enable Lewisham to comply with this requirement, there will be a requirement to support schools with infrastructure (i.e. capital and minor capital repair support). This is estimated to be in the region of £620k. The capital funding will have to come from existing capital budgets, and as such a review of the current DfE capital and the general fund capital programme will take place to identify the required funds.
- 6.4 The report further notes the potential loss of funding to schools coupled with additional costs that schools themselves will incur (at varying levels). M&C are asked to note the cost for schools to subsidise the meals will **be up to** £600k and the actual cost may be lower, depending on the take up of the meals. For example, a 90% take up rate is likely to cost schools c£540k.
- 6.5 The report seeks Mayor and Cabinet to
- To note the contents of the report, including the potential revenue impact on schools subsidising the meals (up to £600k), the knock-on impact of future funding linked to FSM (FSM), and the expectation this may create and that the Council will be unable to continue the universal offer as it would cost circa £5m per annum to continue (for the meal provision element).
 - To formally accept the one academic year funding (2023/24) and instruct officers to write back stipulating the financial implications for the council and schools as outlined above.
 - To approve the capital funding of up to £620k and instruct officers to commence procurement of the necessary kitchen equipment to enable the delivery of these meals from September 2023.
- 6.6 With regards to ensuring that the MoL is notified of the potential transfer of financial burden, these elements are as follows:
- Capital works as noted above
 - Impact on schools
- 6.7 Lewisham schools receive £570 for every FSM, i.e. £3 per meal. The MoL figure is at £2.65, which equates to £506 (at £2.65x191 days). For each pupil a primary school could result in a pressure of 35p a meal, i.e. circa £66 per pupil. There is likely to be some mitigation for the school from those that do not take a meal but are on the termly

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census.

- 6.8 As a worst-case scenario, there are currently approximately 9000 students who are not FSM, the shortfall in funding could potentially impact schools with circa £600k as stated above, subject to the 2 mitigation items.
- 6.9 Potential impact of loss of funding in future years, where FSM is used as a proxy. Lewisham will look to mandate all pupils on FSM to sign up for eligibility, however, at this stage it is not clear if this can in fact be mandated. Assuming it cannot, then potentially schools can lose funding as a consequence of lower sign up. Equally, if it is possible to mandate, then the FSM sign up for KS1, could be improved, meaning schools could benefit
- 6.10 Other supporting costs – depending on the level of additional meals and the practical nature of the school dining arrangements, some schools will incur additional costs from the need to have extra lunch sittings –i.e. cleaning costs, supervision costs, possible increase in utility costs
- 6.11 Possible impact on schools at this stage can only be noted as areas of Risk, following implementation, it would be appropriate to assess if schools have been able to contain /mitigate any of the costs
- 6.12 It should also be noted that for Key Stage 1, the DfE provide £2.41 as such;
- Many schools already subsidise the KS1 Provision
 - Whilst the funding is better than the KS1 position, it is unlikely to cover full cost as stated above
- 6.13 At this stage the MoL pledge is for 2023/24 academic year. At this stage we do not know if this will be extended beyond this period and how the above pressures including impact on wear and tear will be supported

7. Legal implications

- 7.1 All relevant legal implications are covered in the body of the report

8. Equalities implications

- 8.1 Ultimately the grant funding should have a positive impact on equalities within Lewisham by ensuring all primary school age pupils will have access to a FSM in academic year 2023/24

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- 8.2 Dependent on take up and individual school meal costs, it is possible that schools need to further subsidise this scheme, as such some funds that would be used for the education of pupils could be diverted into funding school meals.
- 8.3 It is also possible that those families who would be eligible for 'FSM' do not apply which will have an impact on the funding that the school receives to support their children's education.

9. Climate change and environmental implications

- 9.1 There are no direct climate change or environmental implications arising from this report.

10. Crime and disorder implications

- 10.1 There are no direct crime and disorder implications arising from this report.

11. Health and wellbeing implications

- 11.1 The extension of FSM to all primary aged pupils will have a positive impact on the health and wellbeing of those children, ensuring that no-one goes hungry. It is also possible that this will have a knock on positive impact on household budgets which in turn could have a positive impact on the wider family in terms of health and wellbeing.

12. Glossary

Term	Definition
FSM	FSM – This usually refers to the allowance made to children who have applied for the means tested benefit.
UIFSM	Universal Infant FSM – This allowance is made for children in KS1 who do not receive FSM
UFSM	Universal FSM – An allowance for children who do not already receive FSM and in this paper refers to KS2
MoL	Mayor of London
GLA	Greater London Authority
KS2	Key Stage 2 (Years 3-6)

13. Report author(s) and contact

- 13.1 Matt Henaughan, Head of Business, Infrastructure and Education Operations, x43321

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13.2 Comments for and on behalf of the Executive Director for Corporate Resources

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13.4 Comments for and on behalf of the Director of Law and Corporate Governance

13.5 Jeremy Chambers, Director of Law and Corporate Governance, x47865

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14. Appendices

14.1 Appendix 1 – UFSM Grant Conditions and Principles

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