

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.

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