

SCHOOLS FORUM

13th March 2014

Free School Meals Pooling Scheme

Purpose of the paper

1. To update Schools Forum of the balance on the free schools meals pool at the end of the 2013-14 financial year.
2. To consider the impact of the Universal Infant Free School Meal Entitlement on the future operation of the pool.

Background

3. The Free School Meals Pooling Scheme (FSM) was set up in 2001 with the aim of offering schools some financial stability to the cost of providing free school meals to their pupils. Under the scheme a school can pay a premium into the pool and in return be reimbursed for the cost of providing statutory free meals to pupils. The scheme has provided a useful means of enabling schools to have some degree of protection against unexpected changes in the number of free meals it has to provide.
4. The premium payable in to the scheme is based on the number of pupils recorded in the October pupil census as being eligible for FSM. Since the implementation of the new funding formula in 2013-14 there is no identifiable amount delegated to schools in respect of FSM. The rate charged in the premium has remained unchanged per meal (£1.87 Primary, £2.21 Secondary & £2.12 Special) and this is also the amount paid out from the pool per meal taken. Any increase in the amount to be paid out per meal would need to be matched by an increase in the premium paid by schools participating in the pool.
5. In recent years any surplus balance within the pool has been redistributed to schools with a small working balance retained in the pool each year. Cash back to schools has been calculated pro rata to the amount paid in by each school.
6. In 2010/11 £82,689 cashback was redistributed for 2008/09 & 2009/10.
7. In 2011/12 £76,210 cashback was redistributed for 2010/11
8. In 2012/13 the estimated balance was £80k which has previously been believed by officers to be adequate to offset any growth in free meals in any year. The Forum therefore agreed that no cash back be allocated for 2012-13. The final balance on the pool for 2012-13 was higher than estimated.
9. The Children & Families Bill places a legal duty on state-funded schools in England, including academies and free schools, to offer a free school lunch to all

pupils in reception, year 1 and year 2. Subject to Royal Assent, this duty will come in to force from September 2014. The latest [guidance](#) issued to schools by the DfE on 7th March 2014 gives more detail on the operation of the universal infant free school meal (UIFSM) entitlement including funding arrangements. The guidance is also attached as Appendix 1 to this report.

10. Funding for the new entitlement will be based on a rate of £2.30 for each meal taken by pupils who will become newly eligible for a FSM as a result of the UIFSM policy. Schools will be expected to continue to fund meals for pupils eligible for FSMs under the existing criteria in the same way that they do currently. A new indicator will be introduced on the Schools Census which will enable schools to state how many newly eligible infants (i.e. infants not eligible for free school meals under the existing criteria) are taking a FSM. This new indicator will be introduced from October 2014.

Main Considerations

Estimated Balance 2013-14

11. The estimated balance at the end of 2013/14 is £139,496 made up as follows:

		Compared to 2012/13	
Balance b/f	£127,918	Balance b/f	£72,248
Income	£333,298	Income	£407,988
Expenditure	<u>£321,720</u>	Expenditure	<u>£352,318</u>
	£139,496 (surplus)		£127,918 (surplus)

Implications of the Universal Infant Free School Meal Policy

12. The future operation of the FSM pool was discussed by the School Funding Working Group on 26th February 2014. At that meeting it was assumed that all meals for infant pupils would be funded under the UIFSM policy and that the FSM pool would be difficult to administer and potentially not be fit for purpose under those circumstances. The working group therefore requested that a report be brought to Schools Forum including proposals to close the FSM pool from September 2014.
13. The latest guidance from the DfE, however, makes it clear that that government funding of £2.30 per meal will only be for those pupils who become newly eligible under the policy and that schools will still be responsible for funding meals for infant pupils eligible under the existing income related criteria. This would suggest that there is still a potential role for the pool at all Key Stages.
14. In the light of this new guidance it is proposed that the FSM pool continue in its current form for a further year whilst the impact of the UIFSM policy is evaluated.
15. If it is agreed to continue the operation of the pool, Schools Forum will need to decide:
- The rate per meal to be included in the premium charged to schools, and the rate to be paid out from the pool per meal;
 - Whether a proportion of the balance at 31st March 2014 should be redistributed to schools, and if so at what level.
16. Options for redistribution have been modelled as follows (see Appendix 2):

Option 1 = 40%	Cashback £39,162	Leaving £100,333
Option 2 = 50%	Cashback £48,953	Leaving £90,543
Option 3 = 60%	Cashback £58,743	Leaving £80,752

17. Previously £80,000 has been considered to be a prudent level of balance to be retained.

Other options considered

18. An alternative option would still be to cease to operate the pool from September 2014. Under this option premiums would be calculated for schools wishing to participate in the pool for the period April to August 2014. The remaining balance on the pool would then be redistributed to schools as at 31st August.
19. Assuming no cashback calculation is carried out for 31st March 2014, the redistribution would need to take in to account contributions from all schools that have participated in the pool since the last cashback payment was made and would therefore need to take into account all schools that have contributed since April 2012.

Proposals

20. Schools Forum is asked to consider the future operation of the FSM pool in the context of the implementation of the universal FSM entitlement for infants from September 2014.
21. In the light of guidance now issued by the DfE it is proposed that the FSM pool continue to operate for a further year to enable evaluation of the impact of the UIFSM policy on costs for schools.
22. If it is agreed to continue with the pool Schools Forum is asked to agree the rate per meal to be used in the calculation of premiums for schools wishing to join the pool and the rate to be paid out from the pool.
23. Schools Forum is also asked to consider whether a proportion of the surplus balance on the pool should be redistributed to schools.

CAROLYN GODFREY
Corporate Director

Unpublished documents relied upon in the production of this Report: NONE

Environmental impact of the recommendations contained in this Report: NONE
KNOWN

Report Author: Liz Williams, Head of Finance

Tel: 01225 718675

e-mail: elizabeth.williams@wiltshire.gov.uk