

SCHOOLS FORUM

6th November 2014

Free School Meals Pooling Scheme

Purpose of the paper

1. To inform Schools Forum of the estimated closing balance on the free schools meals pool.
2. To propose the methodology for redistributing the closing balance on the free school meals 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 could pay a premium into the pool and in return be reimbursed for the full 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 Children & Families Act 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. This duty came in to force September 2014 and funding for the new entitlement will be paid to schools by the government at a rate of £2.30 per meal taken by newly eligible pupils. Schools will still be responsible for providing meals for eligible pupils at key stages 2 to 4. In the light of this, at the meeting on 13th March Schools Forum agreed the following:
 - a. Following implementation of the school funding reform, and the universal infant free school meal entitlement, the FSM pool will cease to be fit for purpose and should close from 31st August 2014.
 - b. Part year quotations for premiums to be issued to schools based on the current rates per meal for those schools who may wish to join the pool from April to August 2014 (at a rate of 5/12ths) prior to the implementation of the universal entitlement for infants.
 - c. The final balance on the pool after closure will be redistributed to schools that have participated in the pool since 1st April 2012 (the last date that any cashback was applied) based on the contributions each school has made to the pool over that period.
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 balance of the amount paid in by each school less payments received by the school in claims, ie., the net contribution to

the pool. No cashback has been allocated to schools since 1st April 2012 and therefore the redistribution of the final balance would need to take in to account contributions and claims since that date.

Main Considerations

Estimated Balance 2014-15

6. The estimated balance at the end of 2014/15 is £165,829. This includes an estimate of claims still to be received and can be summarised as follows:

Balance b/f	£208,601	
Income	£87,290	
Expenditure	£127,562	
OS Claims	<u>£2,500</u>	(estimate)
	£165,829	(surplus)

7. As at 28th October there are claims outstanding from 8 schools. A letter will be sent to those schools advising that final claims need to be submitted by 21st November 2014 in order that the balance can be finalised and redistributed.

Options for Consideration

8. Schools Forum should consider the option of redistributing the 2012/13, 2013-14 & 2014 balance to schools. 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. If Schools Forum wish to make a redistribution of the balance it is proposed that the same methodology used in 2011/12 is applied.
9. It is proposed that the full balance remaining on the pool should be redistributed to schools. Based on the estimated closing balance this equates to approximately 86% cashback on the net balances for schools. Appendix A gives indicative cashback amounts based on 86%, the amounts will vary according to the final balance on the pool.

Recommendation

10. It is recommended that:
- The full balance is redistributed to schools following closure of the pool on 31st August 2014.
 - The balance will be redistributed to all schools that have contributed to the pool since cashback was last allocated on 31st March 2012.

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