

## SCHOOL FUNDING WORKING GROUP

March 2013

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### **Free School Meals Pooling Scheme**

#### **Purpose of the paper**

1. The purpose of the report is to update Schools Forum of the balance on the free schools meals pool.

#### **Background**

2. The Free School Meals Pooling Scheme (FSM) was set up in 2001 with the aim of offering schools some financial stability toward 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 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.
3. 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. In 2009/10 Schools Forum decided that, in the light of the economic climate, the estimated balance on the pool at the end of 2008/09 should not be redistributed.
4. In 2010/11 £82,689 cashback was redistributed for 2008/09 & 2009/10.
5. In 2011/12 £76,210 cashback was redistributed for 2010/11
6. Currently the premium payable in to the scheme is the amount of notional delegated funding a school receives for free school meals in its budget allocation. The allocation is based on the number of free meals as recorded in the annual spring census

#### **Main Considerations**

7. In 2011/12 the balance was distributed to schools pro-rata to each school's contribution as this was agreed to be the fairest method. The basis of any new redistribution needs to be agreed.
8. Whether the whole balance be redistributed or only a proportion. Retention of some of the balance would be used to offset any growth in free meals claims thus reducing the risk that the pool moves into a deficit. Because of the current economic climate it was agreed by Schools Forum in February 2012 that a balance of £80,000 should be retained in the pool to mitigate against an increase in claims.
9. The estimated balance at the end of 2012/13 is £80,096 made up as follows:

		Compared to 2011/12	
Balance b/f	£72,248	Balance b/f	£84,561
Income	£400,826	Income	£392,238
<b>Expenditure</b>	<b><u>£392,978</u></b>	<b>Expenditure</b>	<b><u>£319,518</u></b>
	£80,096 (surplus)		£157,281 (surplus)

### **Proposals**

10. If Schools Forum wish to make a redistribution of the balance it is proposed that the same methodology used in 2011/12 is applied.
11. That Schools Forum decides how much of the balance should be redistributed. Appendix A shows:

Option 1 = 10%	Cashback £10,104	Leaving £69,991
Option 2 = 20%	Cashback £20,209	Leaving £59,886
Option 3 = 30%	Cashback £30,314	Leaving £49,781
12. In February 2012 Officers believed an increase balance of £80,000 (from £50,000) would be adequate to offset any growth in free meals in 2012/13. As demonstrated using the above percentages all options would leave a balance lower than felt prudent in 2011/12. As a result it is recommended that no cash back be agreed in the current year.
13. On current estimations we will pay out £73,460 more in claims in 2012/13 than in 2011/12. This supports the predictions that due to the current climate claims would increase.

### **Recommendation**

14. Schools Forum is asked to support the recommendation that no cash back be allocated from the Free School Meal Pool in the current year.

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Corporate Director

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

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

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