



## **SUPPLEMENTARY 2**

### **THE EXECUTIVE**

**Tuesday, 24 March 2009**

**Agenda Item 12a    Free School Meals Pilot Project (Pages 1 - 6)**

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**THE EXECUTIVE****24 MARCH 2009****REPORT OF THE CORPORATE DIRECTOR OF CHILDREN'S SERVICES**

This report is submitted under Agenda Item 12. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B (4) (b) of the Local Government Act 1972 as a matter of urgency in order to facilitate the placing of a full bid in the current financial year.

<b>Title:</b> Free School Meals Pilot Project	<b>For Decision</b>
<p><b>Summary:</b></p> <p>The Department for Children, Schools and Families (DCSF) and the Department of Health (DH) have invited the authority to bid to run a pilot to make free school meals available to all primary school pupils. An expression of interest was submitted in mid February and the London Borough of Barking and Dagenham has been short-listed and invited to submit a full bid by the 27 March 2009.</p> <p>This report seeks the approval of the Executive to submit a bid for the pilot and to agree to fund the shortfall identified in the report.</p> <p>This bid is a tremendous opportunity to promote healthy lifestyles for young people and should be seen as a wider Healthy Initiatives campaign that includes free swimming, free fruit etc. In the current economic climate, this initiative is also a recession alleviation measure.</p> <p><b>Wards Affected: All</b></p>	
<p><b>Recommendation(s)</b></p> <p>The Executive is asked to agree,</p> <ol style="list-style-type: none"> <li>1. To submit the full bid on the 27 March. The Chief Executive of the Primary Care Trust and the Corporate Director of Children's Services are required to sign-off the bid before submission</li> <li>2. In principle to fund up to a maximum 2009/10 requirement of £500k from corporate balances/reserves.</li> <li>3. That if the bid is successful to include the relevant revenue support into the Council's Medium Term Financial Strategy for 2010/11 and 2011/12.</li> <li>4. To note that to fund £300k for the Youth Access card from capital will be met from within the current ICT provision in the capital programme.</li> </ol>	
<p><b>Reason(s)</b></p> <p>Promoting Healthy lifestyles is a key aspect of our LAA and the Community plan. The</p>	

Borough has amongst the highest rates of childhood obesity in London. This campaign should be seen as part of a wider Healthy Initiatives campaign. The Youth access card will allow the monitoring of take up of initiatives etc. This campaign will also have a clear link to recession alleviation.

### **Implications:**

#### **Financial:**

Currently there is no revenue budget set aside for 2009/10, nor any provision in the Medium Term Financial Strategy for the proposed pilot scheme over the next three financial years.

The implication of including this proposal as part of Council spending plans would require some interim funding in 2009/10 and that this will also increase the current £13m recurring forecast budget gap for 2010/11 and later years and would put more pressure on departments to deliver higher savings targets for future years. Dependent upon the outcome of the proposed bid this could range from £1.3m to £5m over this period.

If there is support to proceed with this proposal, the revenue consequence of this proposal, which total approximately £223k up to £1.914m for 2009/10, would need to be met as one off funding from corporate balances/reserves for 2009/10. However, based upon the risk assessment of the bid and relevant funding sources it is anticipated that this revenue support in 2009/10 is more likely to be at the lower end of this range. The position for 2009/10 will become clearer on the outcome of the bid.

In addition, depending upon the final outcome of the bid and if successful the resulting unfunded revenue support for the proposal for 2010/11 and 2011/12 would need to be included in the Medium Term Financial Strategy accordingly. This will increase any budget gap that has currently been estimated for these future years.

Currently there is no specific capital programme provision for the £300k required for the Youth Access Card. This will be considered and funded as part of the current ICT funding provision within the existing capital programme.

#### **Legal:**

If the Council's bid is successful, it will require the Secretary of State to agree to a School Meals Order to replace the duty to charge for school meals to a power to charge (for the period of the pilot) to allow all children to have free meals.

The Council is looking to NHS Barking and Dagenham (NHS B&D) to provide some of the gap funding for the free school meals pilot scheme. The NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 allow for NHS bodies and Local Authorities to enter into partner arrangements for specified functions. These functions include health related functions covering the functions of Local Education Authorities (LEAs) under the Education Acts. The 2000 Regulations provide for pooled budgets between the Local Authority and the NHS B&D.

As the NHS B&D contribution to the piloting of the free school meals scheme is contingent on the Council's introduction of the Youth Access Card, explained in more detail in paragraph 2.1 below, it is important that the Council enters into a funding agreement with

NHS B&D's to secure their contribution to the cost of the free school meals pilot scheme for the period of the pilot. Such an agreement might also include the arrangement for the funding of the Youth Access Card but it is important that the funding arrangements for both initiatives are set out distinctly in the funding arrangement even if the funding of one is stated as contingent on the other in the agreement.

Should the Council's bid be successful it may be required by DCSF & DH to enter into legal agreements in relation to the pilot scheme. The Legal Partner should be consulted on the terms and conditions of such agreements.

**Risk Management:**

The partnership will submit the bid on the 27 March 2009. The budgets that currently pay for meals to primary school pupils has been re-modelled over 3 financial years to produce a shortfall of 1.3 million over the period. The risk in this submission is that the DCSF may discount certain grants or budgets that have been included. This will reduce the amount able to be submitted for match funding from the DCSF. We are unable to clarify this point pre submission.

At this stage other risks which may have a financial impact but which cannot be quantified include, volatility in pupil numbers, exit strategy, containment of costs, and variability in DCSF grant.

**Social Inclusion and Diversity:**

This campaign will be open to all pupils in the boroughs primary school irrespective of income, race, age etc.

**Crime and Disorder:**

None

**Options Appraisal:**

None

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**1.0 Introduction and Background**

**1.1 Free School Meals (FSM) Pilot Project – Background Information**

The DCSF and the Department of Health are jointly proposing to run a pilot project to make free school meals more widely available. The aim of the pilots is to improve the evidence base on the health and educational benefits of extending access to free school lunches.

**1.2 Three pilots are proposed:**

The first two will offer a free school lunch to all primary school pupils across a local authority area. It is expected that the pilots will form part of a wider plan to encourage healthy eating and health lifestyles.

The third will look at the effect of raising the current threshold for eligibility for free school meals and will include both primary and secondary pupils.

1.3 £20M has been allocated over two years for the projects (with an expectation that a similar amount of match-funding will be available from participating local authorities) and it is expected that they will begin in September 2009. Local Authorities and Primary Care Trusts have been invited to bid jointly to run one of these pilots. All pilots are to be based in deprived areas (including one rural deprived area) and must meet the following criteria:

1.4 Participating areas must have at least 15% of pupils currently eligible for FSM (LBBB 25.47% primary and 26.59% secondary)

Average school lunch take up must be below 50% (LBBB 48.5% approx)

Participating areas must not have piloted FSM previously

Schools involved in the pilot must be able to provide high quality additional meals, have sufficient kitchen and good dining environment and capacity, appropriately trained staff and good lunchtime arrangements. (A representative group of primary head teachers has already endorsed our proposals and are prepared to work to overcome any difficulties)

Participating areas must agree to cooperate in evaluation arrangements.

1.5 A joint expression of interest (appendix 1) was submitted in mid February and we have now been selected to go forward to prepare a full bid.

The project links in with the joint NHS B&D and LBBB initiative to implement a youth access card to incentivise healthy eating, promote healthy lifestyles and provide for cashless catering in school cafeterias. The scheme will provide a wealth of demographic and nutritional data as well as information about school meal uptake and physical activity and will enable us to track very effectively the dietary and physical activity levels of children in the borough as well as providing a thorough evidence base for evaluation of the pilot.

## 2.0 **Implementation**

2.1 The scheme would be promoted on two fronts:

- (a) To incentivise healthy eating, and
- (b) To support families in Barking and Dagenham during the recession

Additionally, the simultaneous introduction of the Youth Access Card will enable individualised data to be collected and young people to be rewarded for making healthy food choices. It should be noted that the PCT contribution towards the scheme is contingent on the introduction of the Youth Access Card and that the programme is marketed as 'incentivising healthy lifestyles', not as 'Free School Meals'

The pilot programme will run over two years (September 2009 – July 2011) only and it will be necessary to ensure that this understanding is built in to any marketing campaigns, both before and during the programme. A very clear exit strategy will be needed and any expectation that the programme would continue beyond the two year pilot will need to be 'managed out' from the outset.

### **3.0 Financial considerations**

#### **3.1 Universal provision in primary schools for September 2009 with support of DCSF grant.**

This is expected to cost £14.5m over three financial years (two academic years) and with the most favourable interpretation of the grant requirements £13.2m of funding could be used (including the new 50% grant from DCSF and £1m from PCT) to offset this, leaving a net contribution to be found of £1.3m over three financial years. There are less favourable outcomes for the possible use of income, but if all of the envisaged difficulties were to materialise, the gap would increase from £1.3m to £5.0m. Gross costs for a universal service to all primary age pupils is based on an assumption that a 90% take-up was more realistic than 100%.

#### **3.2 Income assumptions for free school meals pilot**

The income assumptions include all the current contributions from the direct schools grant (DSG), the school lunch grant, contribution from the PCT of 1 million and the contribution of 50% of the costs being match funded by the DCSF as part of the pilot.

##### **3.2.1 Capital Expenditure to implement Youth Access Card**

NHS B&D have committed £200K towards the likely cost of £500K of implementing the Youth Access card. They regard the implementation of this card as a pre-requisite for the success of Incentivised Healthy Eating.

Of the total costs there are two elements which would likely be classified as capital expenditure: the purchase of the ICT system (£250k) and the installation of the ICT system (£75k). This total of £325k could be funded from capital resources, rather than revenue resources if it helps to ease the pressure on the revenue budget. An assumption in the funding is that capital resources would be available and would be applied.

The income assumptions also build in the capital costs of the Youth Access card for the Primary school pupils only. This system will allow us to implement a cashless system in schools and allow us to monitor take up. This system will provide the authority and the PCT with a range of data to allow us to evaluate the impact of the pilot with the DCSF.

#### **4.0 The following were consulted in the preparation of this report:**

Councillor Liam Smith, Deputy Leader  
Councillor Jeanne Alexander, Lead Member for Children's Services  
Roger Luxton, Corporate Director of Children's Services

Rob Whiteman, Chief Executive  
Member of Corporate Management Team  
Joe Chesterton, Divisional Director of Corporate Finance  
David Tully, Group Manager Children's Services Building Schools for the Future.  
Yinka Owa, Legal Partner.

**5. List of Background Papers Used in the Preparation of this report**

None