

**LONDON BOROUGH OF TOWER HAMLETS**

**COUNCIL MEETING**

**WEDNESDAY 26<sup>th</sup> MARCH 2014**

**FREE SCHOOL MEALS FOR PRIMARY AGE PUPILS:  
VIREMENT PROPOSAL**

**REPORT OF THE ACTING CORPORATE DIRECTOR, RESOURCES**

**1. EXECUTIVE SUMMARY**

- 1.1 The Mayor has given notice in accordance with the Access to Information Procedure Rules that he will take an Executive Key Decision to introduce a local scheme for free school meals for primary age pupils (Year 3 – Year 6) who are not otherwise eligible for statutory free school meals with effect from September 2014.
- 1.2 The Mayor has proposed a policy commitment for a two-year scheme. This report identifies funding decisions that are required in the first year of the scheme. Work is underway as described at section 4 of the report to review the Public Health Grant with a view to that grant supporting the local scheme in the second year, subject to the annual budget process.
- 1.3 The total estimated cost of this decision in a full academic year is £2.675m. In order to meet this cost, general reserves will be used initially and compensating additional savings to the Medium Term Financial Plan will be included from 2015/16. This represents a virement in excess of £1m which, in accordance with the Financial Procedure Rules, requires the approval of the Council.

**2. RECOMMENDATIONS**

- 2.1 Council is recommended to agree the virements from general reserves to the Public Health Team in Education Social Care and Wellbeing Directorate for £2.675m over two financial years as set out in Table 2 overleaf, to allow the local scheme for free school meals for primary age pupils to proceed.

**3. REASONS FOR THE DECISIONS**

- 3.1 To allow the Executive Mayor's decision to be funded.
- 3.2 To ensure that all primary age pupils have access to a healthy, nutritional meal at lunchtime.

3.3 To complement the DfE's Universal Infant Free School Meals initiative, by extending it to include all junior age pupils.

#### 4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 The direct costs of this initiative are estimated to be up to £2.675m in a full academic year. This is higher than the estimated additional cost reported to full council in February and the reasons for this are detailed in section 4.3 below.

4.2 The financial implication of the proposal will span three financial years and the impact on each year is detailed in Table 2:

**Table 2: Profile of costs for this initiative and the savings required to balance the Medium Term Financial Plan (MTFP)**

| <b>Year</b>                        | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>Total</b>    |
|------------------------------------|----------------|----------------|----------------|-----------------|
| Cost of Initiative                 | £1.783m        | £0.892m        | Nil            | <b>£2.675m</b>  |
| Savings Required to maintain MTFP. |                | -£1.338m       | -£1.338m       | <b>-£2.675m</b> |

4.3 So, for the 2014/15 financial year (ie from September 2014 to March 2015), the estimated cost would be £1.783m (ie 2/3rds of the full-year cost – based on the number of school days). In 2015/16 financial year, the last term of the scheme would cost £0.892m for the period April 2015 – July 2015. The actual costs will be dependent on actual pupil numbers, the number of school days and the level of take-up. These figures are marginally higher than ones provided to Members in the budget setting process for two reasons:

- These revised figures are using the latest available pupils census (January 2014), rather than the October 2013 census which was used for forecasting costs in earlier proposals for Members; and
- The publication of the details of the DfE's Universal Infant Free School Meals guidance, allowed the adoption of their planning assumption of 87% take-up, whereas previously around 80% had been used.

4.4 The cost of this proposal will need to be funded through the use of general reserves. However, this will require additional savings beyond that already flagged within the current MTFP, to be identified to ensure reserve balances are reinstated back to agreed levels by 2016/17. Additional savings of £1.338m would be required in each of the following years, 2015/16 and 2016/17 (see Table 2 above).

4.5 This initiative would qualify as one that could be funded from the Public Health grant. Services funded by grant are currently undergoing a review process designed to realign existing council services and deliver efficiencies that would contribute towards existing savings targets. This review will identify whether the Public Health Grant can support free school meals in year 2 of the initiative.

- 4.6 There are likely to be costs on schools associated with what might be a stepped change in the number of pupils accessing a meal at lunchtime, but these will vary from school to school and no estimates are readily available. Food, catering staff, management, supervision, and light equipment (eg crockery, kitchenware) costs would be expected to be met from within the £2.30 per meal price. Lunchtime supervision would not be covered by these costs and will vary from school to school, but would have to be met from schools' own budgets.
- 4.7 There may need to be some capital investment if school facilities are insufficient to meet the requirements and the DfE has allocated £0.748m school meals capital grants for Tower Hamlets (including £0.157m for VA schools) for 2014/15, which might be used to deliver this.
- 4.8 The virement arising from the recommendation in this report would allocate funding to vote A51 Public Health

## **5. LEGAL COMMENTS**

- 5.1 Under the Financial Procedure Rules in the Council's Constitution rule 3.3.1 of the Financial Procedure Rules in Part 4 of the Constitution "All individual virement proposals that exceed £1 million require the approval of full Council"
- 5.2 The LA or governing body of every maintained school must not charge for anything unless they have drawn up a statement of general policy on charging. The policy will cover optional extras, such as after school clubs and holiday play schemes. Neither the governing body nor the LA may make a charge unless they have decided upon a charging and remissions policy, which should be kept under regular review.
- 5.3 Section 512 of the Education Act 1996 (as amended) states that LAs may provide registered pupils at their schools with milk, meals or other refreshment. On request they are to provide school lunches. Where school meals are provided the LA must charge for what is provided, and this is to be the same for all, save for exempted pupils. School lunches (and milk if provided) are to be free of charge for pupils whose parents (or who themselves) receive income support, or an income-based jobseeker's allowance or qualify under some other exemption.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 This initiative aims to ensure that all primary age pupils have equal access to a nutritional meal at lunchtime, in order to promote a healthy lifestyle.

## **7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 7.1 Contract Services, Tower Hamlets' in-house catering provider, continually seek improve the impact that their services offered have on the environment. Some examples of this work is illustrated below:

- Wherever possible food is prepared on site within the school environment utilising the latest most efficient catering equipment. Where there are unsuitable, inappropriate or inefficient facilities available on site the meals are prepared at the Toby Lane Central Production Unit (CPU) and transported hot utilising a small fleet of vehicles. The use of the CPU and the careful planning of a generic menu allows approximately 1800 meals to be prepared together reducing energy costs.
- An electric delivery vehicle has been trialled with very positive results and with the added advantage of zero emissions. Working with colleagues in the Transport Department Contract Services are currently tendering to replace some of the diesel fleet with electric vehicles.
- Through the involvement with the London Contract Supply Group procurement model food is sourced wherever possible as locally as possible. All meat except some lamb is UK sourced and of Red Tractor standard and in the past six months there has been an increased use of organic, local sourced, Fair Trade and seasonal fruit and vegetables – this has permitted Contract Services to obtain the Soil Association’s Food for Life Silver Catering Mark (this is becoming the standard for excellent school catering). In addition to this all eggs used in all sectors of the business are free range.
- The cleaning materials used with the catering (and cleaning) sectors of the business are continually monitored by the management team to ensure new materials are sourced when available which have a reduced impact on the environment.

## **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 There are risks associated with demographic changes and take-up, which mean that precise numbers and, therefore, costs of this initiative can only be estimated.
- 8.2 There is a risk that practical difficulties, particularly with the physical capacity and adaptability of dining spaces and kitchen facilities, could require investment to overcome.
- 8.3 The Department for Education use statutory free school meal data as a deprivation index in funding schools, including for the Pupil Premium. There is a danger that parents (and schools) see no incentive to register for the statutory scheme if free meals are provided without registering. Officers and schools have had to address these issues with the current local scheme and will continue to do so.

## **9. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 9.1 None

## **10. EFFICIENCY STATEMENT**

- 10.1 This proposal will result in a stepped change in the number of meals provided each day in Tower Hamlets schools. Nonetheless, the framework for delivering meals in all primary schools is already in place and systems of operation have developed over many years, with the recent experience of a local scheme for free school meals for Reception and Year 1 pupils assisting further. Contract Services are able to use their spending power to procure good deals for food prices.

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Background Papers: Section 100D of the Local Government Act 1972

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