

FACT SHEET: FREE SCHOOL MEALS AND THE EARLY YEARS PUPIL PREMIUM

Summary

- This fact sheet explains the changes the government plans to make by introducing new eligibility criteria for free school meals and the early years pupil premium to take effect from April 2018. This follows a public consultation which ran from 16 November 2017 to 11 January 2018.

What is changing?

- At the moment, some children receive free school meals and the early years pupil premium (additional funding for early years settings to improve the education provided for disadvantaged 3 and 4-year-olds) if their parents receive out-of-work benefits or child tax credits.
- At the same time, we are improving the welfare system to ensure work always pays by replacing a complicated and fragmented system with one benefit – Universal Credit.
- This means we need **to introduce a new way to ensure that taxpayer-funded free school meals and the early years pupil premium are fairly targeted at those who need help the most.**
- In 2013, as a **temporary measure** to ensure that families moving onto Universal Credit in the early stages of rollout did not lose their entitlements, Universal Credit was added to the list of qualifying benefits that made up the entitling criteria for free school meals.
- As planned and as national rollout of Universal Credit accelerates, we are now bringing forward proposals to replace this temporary measure with a clear eligibility criterion. We are ensuring that the new arrangements are **fair, consistent and simple to deliver.**
- The proposal is to introduce a flat earnings threshold for households on Universal Credit of £7,400 per annum for free school meals and the early years pupil premium. Depending on exact circumstances, a typical household earning £7,400 would have a total income of between £18,000-£24,000 once benefits are taken into account (the personal allowance for income tax is up £11,500 and Universal Credit is a tax free benefit, so families earning below this threshold will not be paying income tax).
- This approach is comparable to the approach taken in Scotland where a net earnings threshold of £610 per month (equating to £7,320 per annum) was introduced in August 2017.

Who will benefit?

- We estimate that by 2022, because of the new threshold, around **50,000¹ more children will benefit from a taxpayer-funded free school meal** compared to the previous benefits system.
- In addition, we're proposing transitional protections so that **nobody currently receiving free school meals will lose their entitlement when moving onto Universal Credit.** This will ensure that:

Children who become eligible under the new threshold after 1 April 2018 will continue to receive free school meals until the end of the rollout of Universal Credit even if their circumstances change

And once Universal Credit has been fully rolled out, **any child who was protected during the rollout would continue to receive free school meals until they finish their current phase** of education (for example at their primary or secondary school)

As a result, **no child will experience a sudden loss** of free school meals

¹ Estimate at the time of the consultations

Myth buster

Won't one million children lose out on a free school meal?²

- No. We estimate that by 2022 around **50,000³ more children will benefit from a free school meal compared to the previous benefits system.** The one million figure is based on a hypothetical situation where all children in receipt of Universal Credit received free school meals, which was never the intention.
- Taxpayer-funded free school meals are targeted at children who need them most. **If all children in families receiving Universal Credit were to become eligible for a taxpayer-funded free school meal this would mean that around half of school age pupils would be eligible compared to a current rate of around 14%.**
- As families on Working Tax Credit move onto the new system, they can be earning over £40,000 and still receive a small amount of Universal Credit, which ensures that they are incentivised to work. While it is right for these families to receive some Universal Credit, free school meals are intended for the most disadvantaged families on lower incomes and so should not be targeted at this group.

Doesn't this introduce a cliff edge?

- There are already anomalies and disincentives in the current system, where free school meals entitlement is based on how many hours you work, rather than how much you earn. By moving to earnings based criteria, we are targeting free school meals at the families that need them most.
- The introduction of Universal Credit transforms the benefit system by making work pay. It removes the major cliff edges in the legacy system such as the 16 hour rule, which means that families can keep more of what they earn.
- Even if all families on Universal Credit were eligible this would not remove the cliff edge, but simply move it higher up the income spectrum.
- We must target public resources on the families most in need. This means setting a threshold for free school meals eligibility somewhere.
- Suggestions of having a tapered threshold, or no threshold at all, just aren't workable. Asking schools to give different pupils less than a full free meal depending on how much their parents earn would be hugely complex and confusing to parents and schools.
- Not introducing a threshold would result in around half of all pupils becoming eligible. This would not be targeting taxpayer's money at those most in need.

² Children's society campaign <https://www.childrenssociety.org.uk/news-and-blogs/our-blog/missing-out-free-school-meals>

³ Estimate at the time of the consultations