

**This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.**

## **Free School Meals indicator analysis**

### **Summary**

1. This paper looks at the methodology used in calculating the Pupil Development Grant and the impact of updating the Free School Meals (FSM) data for nursery, primary and secondary school pupils if a three-year average of FSM data is used instead of a single year on the 2018-19 Settlement.
2. Chart 1 details the year on year percentage changes in Free School Meal PLASC data for nursery, primary and secondary school pupils between 2009 and 2017 for each Local authority.
3. Chart 2 details the year on year percentage changes in Free School Meal PLASC data for nursery, primary and secondary school pupils between 2009 and 2017 for each Local authority when a 3 year average is taken.

### **Views sought**

4. Members are asked to provide their recommendation on the treatment of FSM data in the formula for future settlements.

### **Related Papers**

5. Distribution Sub-Group (2018) – Paper 04 – Free School Meals

Distribution Sub-Group (2017) Paper 08 – 2017 PLASC data

Distribution Sub-Group (2016) - Paper 16 – Impact of the 2016 PLASC data

Distribution Sub-Group (2015) - Paper 21 – PLASC data collection and validation process alias

Distribution Sub-Group (2015) - Paper 18 – Updating the settlement with 2015 PLASC data - <http://gov.wales/docs/dsjlg/minutes/150916-distribution-sub-group-paper18.pdf>

Distribution Sub-Group (2014) - Paper 17 – Updating the settlement with 2014 PLASC data

Distribution Sub-Group (2013) - Paper 20 – Updating the settlement with 2013 PLASC data - <http://gov.wales/docs/dsjlg/minutes/130719-dsg-paper20-en.pdf>

Distribution Sub-Group (2012) - Paper 31 – January 2012 PLASC data for Free School Meals - <http://wales.gov.uk/docs/dsjlg/meetings/120717dsg201231en.doc>

Distribution Sub-Group (2011) - Paper 23 – 2012-13 indicative settlement with updated PLASC data - <http://wales.gov.uk/docs/dsjlg/meetings/110719dsg201123en.pdf>

## **Background**

6. A previous DSG paper (paper 08 - 2017 PLASC data update) highlighted that in the latest PLASC (2017) data, overall eligibility for FSM decreased, in particular in Blaenau Gwent, Caerphilly and Flintshire. It also highlighted that these decreases caused significant percentage changes in Total SSA, in particular for Blaenau Gwent and Caerphilly.
7. At the 2017 September DSG meeting the group raised concerns around the volatility of the FSM data and the impact this has for some local authorities in the 2018-19 Settlement.
8. At the latest DSG meeting members were asked to consider the impact on the 2018-19 settlement of updating the Free School Meals (FSM) data for nursery, primary and secondary school pupils if a two/three year average of FSM data is used instead of a single year, and provide a recommendation going forward.
9. It was agreed Welsh Government officials would report to the group on the methodology for determining the Pupil Development Grant (PDG), which also uses the eligibility for FSM Data. The group were inclined to be consistent with the methodology used for PDG.
10. DSG members also asked for charts demonstrating the volatility of FSM eligibility over time, by local authority.
11. The current eligibility criteria for FSMs in Wales are parents of pupils who are still at school and receive one of the following:
  - Income Support
  - income-based Jobseeker's Allowance
  - income-related Employment and Support Allowance
  - support under Part VI of the Immigration and Asylum Act 1999
  - the guaranteed element of Pension Credit
  - Child Tax Credit (provided you're not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)
  - Working Tax Credit run-on - paid for 4 weeks after you stop qualifying for Working Tax Credit
  - Universal Credit (temporary measure)

This includes nursery children who attend full days and also sixth form students. Young people attending Further Education Institutions are not eligible for FSM. Children who get paid these benefits directly, instead of through a parent or guardian, can also get free school meals.

## **Analysis**

12. Due to the volatility of the PLASC Free School Meal data, colleagues within Welsh Government have considered a number of scenarios in determining the methodology for calculating the Pupil Development Grant (PDG) for 2018-19. In 2017-18 the PDG was based on the number of pupils in years 1 to 11 eligible for free school meals using the

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most recent PLASC and EOTAS data. The method proposed for 2018-19 is to fix funding for two years, with the formula for distributing the grant to remain the same as in 2017-18, using the 2016 PLASC data. This is due to the large decreases in the 2017 PLASC FSM eligibility data. Since any new school openings will not be taken into account in the 2016 PLASC data, it has been recommended the education consortia submit business cases for new schools to cover any shortfall in funding.

13. Other methods considered for calculating the PDG include using an Ever 2 principle, meaning every child eligible for free school meals in the last two years would be eligible for the grant, less funding would then be allocated per individual pupil. Initial feedback on this approach suggested it was an improvement on the current system and provided additional flexibility. However, colleagues were unable to calculate a “true” ever 2 principle for Early Years PDG due to the way Free School Meals are recorded for nursery pupils in the PLASC data, meaning these figures would rely on a degree of estimation. Concerns were also raised regarding the increased administrative burden of adopting this principle in the short term and the expectation of additional funding, which is not available. Therefore, it was decided this route would diminish transparency and increase complexity in administering the grant and was not advised.
14. In terms of addressing the volatility of the free school meals PLASC data for settlement purposes, it has been advised by colleagues within Knowledge and Analytical Services (KAS) to use three-year averages so that large annual changes are smoothed out. Three-year averages of the FSM data are being used by KAS colleagues in Education Statistics in recognition of the fact the figures can be volatile with large annual changes in the eligibility.
15. Chart 1 shows the annual percentage difference of pupils eligible for free school meals in primary and secondary schools between 2009 and 2017 for each Local Authority and at an all Wales level.
16. The chart shows the highest annual percentage increase in free school meals eligibility over time is for Pembrokeshire with an increase in free school meals eligibility of 22 percent in 2010. The largest annual percentage decrease in free school meals eligibility in Blaenau Gwent in 2017, with a decrease of 18 percent.
17. Other illustrations of the volatility in the FSM data can be seen in Anglesey which saw an increase in free school meals eligibility of 15 percent in 2013, followed by a decrease of 11 percent in 2014. Similarly, Cardiff saw a decrease in free school meals eligibility of 8 percent in 2012, followed by an increase of 9 percent in 2013.
18. In comparison, Chart 2 shows the annual percentage difference of pupils eligible for free school meals in primary and secondary schools, if three-year averages were used, between 2009 and 2017. The chart shows less volatile annual percentage changes in the data year on year at both a Local Authority level and at an all Wales level. The chart shows the highest annual percentage increase in free school meals eligibility when a three year average is Flintshire in 2011, up 9 per cent. The lowest annual percentage decrease for free school meals eligibility was in Blaenau Gwent in 2017, down 9 per cent from the previous year’s three-year average.

### **Conclusion**

19. The FSM data has been considered by the group to be relatively volatile, in particular the data used in the 2018-19 settlement showed a significant reduction in FSM eligibility for

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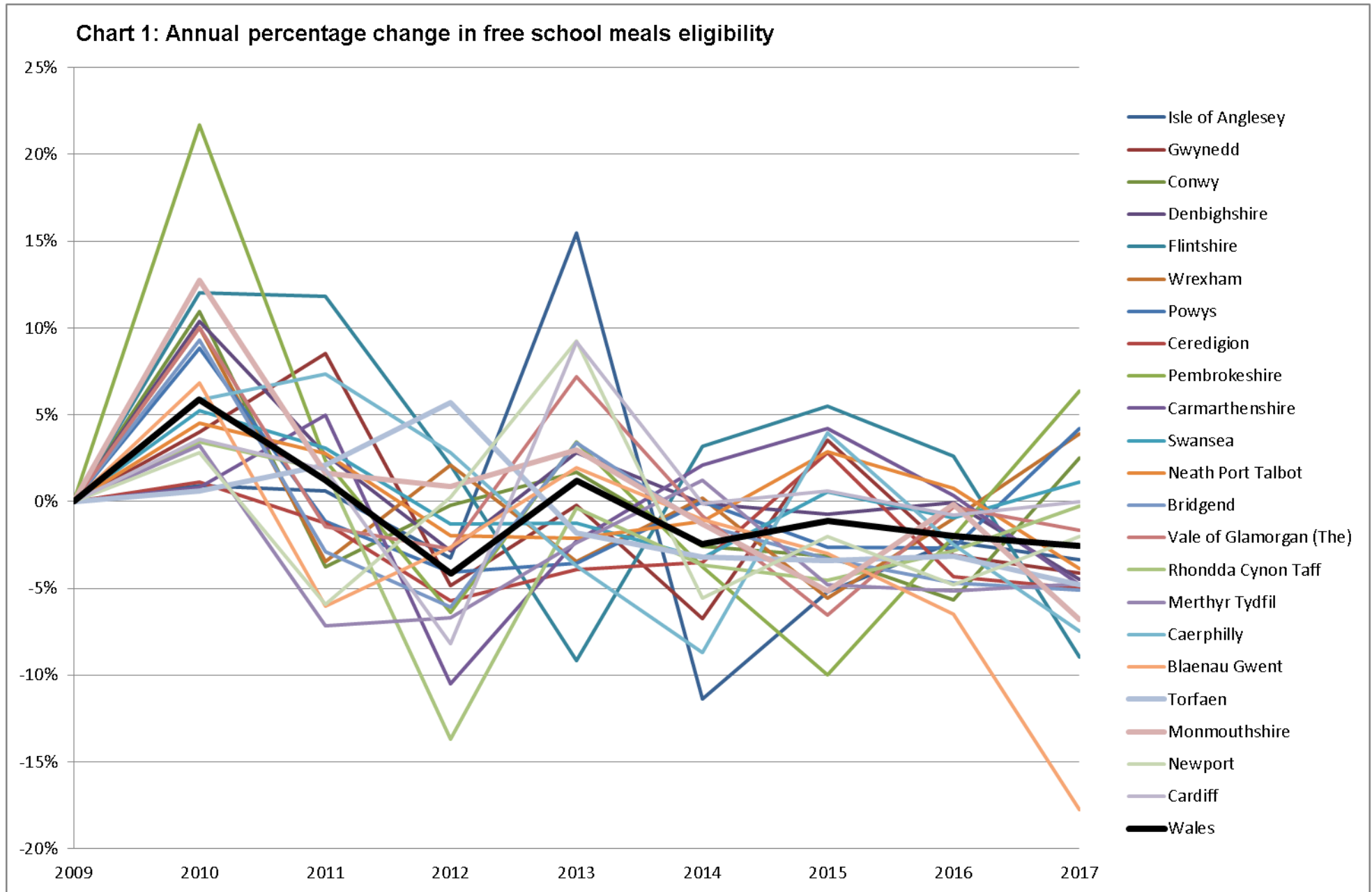
Blaenau Gwent. Until validated 2018 PLASC data becomes available, it is not possible to determine whether this pattern will continue.

20. The group had previously discussed whether the volatility in the 2017 FSM data was attributable to the roll out of Universal Credit, however, it was concluded the effect on the 2018-19 Settlement was negligible.
21. For the 2019-20 Settlement a total of six local authorities will be affected by the roll out of universal credit and thus the impact of FSM eligibility and the 2019-20 settlement will be more significant.
22. The group are asked to consider whether a three-year average of FSM data is applied when calculating future settlements.

### **Local Government Finance Policy**

### **Welsh Government**

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