

## Changes to free school meal eligibility criteria – contextual information

### *Eligibility criteria for free school meals*

Children and young people whose parents receive the following support payments are entitled to receive free school meals in maintained schools in Wales:

- Income Support
- Income-based Jobseeker's Allowance
- Support under Part VI of the Immigration and Asylum Act 1999
- Income-related Employment and Support Allowance
- Child Tax Credit, provided they are not entitled to Working Tax Credit and their annual income does not exceed £16,190. (HM Revenue and Customs are responsible for assessing the level of annual income.)
- Guarantee element of State Pension Credit.
- Working Tax Credit 'run-on' - the payment someone may receive for a further four weeks after they stop qualifying for Working Tax Credit.
- Those on Universal Credit (to 31 March 2019). Receipt of Universal Credit has been one of the eligibility criteria for free school meals since September 2013. This was done as an interim measure<sup>1</sup> to ensure that families who might previously have been able to claim free school meals under the legacy benefits system did not lose out because of the rollout of Universal Credit.
- Those on Universal Credit with an annualised net earned income<sup>2</sup> of £7,400 (with effect from 1 April 2019)

In addition from 1 April 2019, our transitional protection measures will mean that no child will lose entitlement to free school meals during the rollout of Universal Credit (and beyond for some children). See section on Transition Protection on page 3 for further information.

### *The effect of the rollout of Universal Credit*

Universal Credit is being gradually rolled out across the UK under the UK Government's Welfare Reform agenda. It has been rolled out to all new claimants, and there will now be a test and learn phase for up to 10,000 legacy benefit claimants migrating to Universal Credit, which will be run in North Yorkshire. Universal Credit will replace benefits which would have made recipients entitled to

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<sup>1</sup> Written Statement - Free School Lunches and Milk (Universal Credit) (Wales) Order 2013 – 16 August 2013:

<https://gov.wales/about/cabinet/cabinetstatements/previous-administration/2013/freeschoollunch/?lang=en>

<sup>2</sup> Net income from employee earnings and declared self-employment earnings would be taken into account. Net earned income is defined as household income after taxes and deductions. It does not include income from Universal Credit or other benefits.

free school meals under the legacy benefits system. It will also replace benefits which would **not** previously have made recipients entitled to free school meals<sup>3</sup>.

If we do not introduce an earnings threshold, we estimate around half of all pupils in Wales would be eligible for free school meals by the time Universal Credit is fully rolled out (compared to 16 per cent in January 2018).

The Welsh Government remains deeply concerned about the fundamental flaws of Universal Credit and has called for a pause in its roll out until these are addressed. New claimants of Universal Credit are having to seek assistance, in some cases, for help from foodbanks whilst they await their first payment of Universal Credit which can take up to five weeks or longer. The UK Government has indicated that they will be piloting more frequent payments, however, there is no definite confirmation about timescales or when this be made available to all claimants.

*The earned income threshold that will be in place from April 2019*

From 1 April 2019 we will introduce an annualised net earned income threshold of £7,400 to assess the eligibility of Universal Credit claimants for free school meals<sup>4</sup>. Depending on their individual circumstances, a typical family earning around £7,400 per annum would have a total household income of between £18,000 and £24,000 per annum once benefits are taken into account<sup>5</sup>.

Our most up-to-date central estimate is that, overall, an annualised net earnings threshold of £7,400 will increase the number of children benefitting from free school meals in Wales by around 3,000 by the time Universal Credit is fully rolled out in 2023-24<sup>6</sup>. This represents the estimated net change in the cohort size and is relative to the estimated number of children that would have received free school meals under the benefit system that Universal Credit is replacing. This estimate excludes the impact of transitional protection.

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<sup>3</sup> The legacy benefits that are being replaced by Universal Credit are Income Support, Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, Child Tax Credit, Working Tax Credit, and Housing Benefit.

<sup>4</sup> A Written Ministerial Statement, announcing the Welsh Government's plans, was published on 6 December 2018:

<https://beta.gov.wales/written-statement-revised-eligibility-criteria-free-school-meals-wales-due-rollout-universal-0>

<sup>5</sup> 'Eligibility for free school meals, the early years pupil premium and the free early education entitlement for two-year-olds under Universal Credit, Government Consultation Response' (March 2018):

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/692644/Government\\_response\\_FSM\\_and\\_EY\\_entitlements\\_under\\_Universal\\_Credit.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692644/Government_response_FSM_and_EY_entitlements_under_Universal_Credit.pdf)

<sup>6</sup> Our estimates are subject to change as data, economic forecasts, and analytical models are updated.

### *Transitional Protection*

Under our transitional protection measures, the following pupils will be protected against losing their free school meals:

- From 1 April 2019, all existing free school meals claimants would continue to receive free school meals whilst Universal Credit is rolled out. This would apply even if they no longer meet the eligibility criteria period (e.g. if their earnings rise above the new threshold) at a later point during this period.
- Any pupil gaining eligibility for free school meals after 1 April 2019 would be protected against losing free school meals during the Universal Credit rollout period. This would still be the case even if they no longer meet the eligibility criteria at a later point during the rollout period.
- Following the completion of the roll out of Universal Credit, any existing pupil that no longer meets the eligibility criteria at that point (e.g. if their parent(s) earn above the threshold or are no longer entitled to Universal Credit) will continue to receive free school meals until the end of their child's current phase of education (i.e. primary or secondary).
- Transitional protection will not be extended to claimants who are not on Universal Credit or legacy benefits, and are therefore unaffected by the change in free school meals eligibility criteria.

We estimate the total number of children receiving transitional protection in any given year during the Universal Credit rollout period will be in the tens of thousands.

### *Funding*

No additional funding has been provided for the Welsh Government to mitigate the impact of the rollout of Universal Credit under the UK Government on free school meals.

Nonetheless, the [Welsh Government's Final Budget 2019-20](#) showed that an additional £7 million will be made available through the Local Government Settlement in 2019-20. This additional funding is to cover the estimated cost associated with providing meals for the additional number of pupils estimated to be eligible for free school meals as a result of the threshold and transitional protection.