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# NORTH AYRSHIRE COUNCIL

21 June 2023

## North Ayrshire Council

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**Title:** School Meals Debt

**Purpose:** To provide options to Council in response to the Council motion on 17 May 2023 to 'scrap all school meal debt by the start of the 2023-24 school year'.

**Recommendation:** It is proposed that Council considers the options contained within this report in response to the Council motion of 17 May 2023 to 'scrap all school meal debt by the start of the 2023-24 school year'.

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### 1. Executive Summary

- 1.1 At the Council meeting on 17<sup>th</sup> May 2023, it was agreed 'in principle to scrap all school meal debt by the start of the 2023-24 school year; and that a report be brought to the June 2023 meeting of the Council outlining options including financial implications on how to achieve this aim.'
- 1.2 This report sets out the background to this issue and provides options for Council to consider.

### 2. Background

#### Good Practice Principles for School Meal Debt Management

- 2.1 Good Practice Principles for School Meal Debt Management have been developed by COSLA, with partners from across Local Government (ADES, ADES Resources Network, ASSIST FM, Directors of Finance, and IRRV). The purpose of these principles is to promote good practice in the management of school meal debt, whilst retaining a level of flexibility to enable local authorities to design and implement approaches which align with the unique needs and circumstances of their communities. Decisions around school meal debt management, including all aspects of policy and practice, remain at the discretion of each local authority.
- 2.2 COSLA, in partnership with ASSIST FM, ADES, ADES Resources Network, Directors of Finance, and IRRV, developed a survey for councils to complete on the subject of school meal debt, with the intention of gaining a better understanding of the situation and context surrounding school meal debt policy and practice; the level of need across the country; and the use of the power to grant discretionary free school meals.

2.3 28 local authorities responded by the end of September 2022, with key findings from this exercise including the following:

- Councils are aware of the issue of school meal debt, and many are currently actively considering how best to approach this in terms of policy and practice.
- A small number of local authorities have recently chosen to write off existing school meal debt in their area.
- School meal debt management spans departments. Education, catering, and finance departments within local authorities, as well as individual school staff, can play a role in how this is approached.
- Whilst in the majority of cases school meal debt accrues because families are experiencing financial hardship, it was identified that this is not the case in every situation. A number of other reasons behind the accrual of debt were highlighted, including pupils forgetting or losing money, and families waiting to make large, one-off payments to clear debt.
- Some councils exercise their ability to grant discretionary free school meals, in instances where a family does not meet the eligibility criteria but is in need. Cost and budgetary constraints were identified as barriers to this being used by some areas.

#### Development of Good Practice Principles

2.4 In November 2022, COSLA's Children and Young People Board considered the issues of school meal debt, including the research and reports outlined above and the findings from the Local Government survey, and agreed to the development of good practice principles.

2.5 COSLA highlighted that whilst Local Government is fully committed to ensuring positive and effective approaches are in place to support children, young people and their families, the current financial and budgetary pressures facing councils are severe and will necessarily impact on what is possible. The Scottish Government's Resource Spending Review presented a flat cash position for Local Government, with no additional core funding for Local Government in the next three years. The 2023/24 Budget also indicates a continuation of the significant funding pressure faced by Local Government for at least the past decade.

2.6 The pressure on core budgets as a result of these real-terms cuts and increased demand, compounded by inflation, the cost-of-living crisis, and the impact of Covid-19, is becoming increasingly visible and leaves councils with no alternative than to make difficult choices about service funding levels. This will necessarily impact on what funds can be made available to support families in the context of school meal debt, though this remains a priority.

#### 2.7 COSLA Good Practice Principles

North Ayrshire Council adheres to and in some cases exceeds the recommendations of the COSLA guidelines. The good practice principles are listed here, accompanied by the North Ayrshire status in relation to each principle:

- 1) **COSLA:** Meeting the needs; upholding the rights; and supporting the welfare of children, young people, and their families in line with their individual circumstances should be of paramount concern in the design and implementation of local authorities' school meal debt policy and practice. Consideration should be given to how the views of children, young people and their families can be sought and drawn upon to help shape local authority policy and practice.

**North Ayrshire:** The primary school procedure and the recently revised procedure for management of secondary school meals debt are aligned to the good practice principles. As such the processes quickly identify those pupils who accrue debt via school meals and alerts Welfare Support staff in schools. This allows for early interventions to take place by contacting the family and arranging supports which may be required e.g., support to complete a free school meal application, referral to Money Advice services, Customer Services or help with Housing support.

- 2) **COSLA:** Local authorities' approaches to school meal debt management, including all aspects of policy and practice, should be compassionate, proportionate and seek to minimise as far as possible the stigmatisation of children, young people, and their families.

**North Ayrshire:** As above, the debt management policies for primary and secondary schools meet the requirements of this principle. There is also no interaction at the till point to identify any pupil who has insufficient credit in their account for a meal.

- 3) **COSLA** Processes for school meal debt management should be as clear and accessible as possible. Where barriers are identified, e.g., parents/carers face difficulty navigating online systems, consideration should be given to what support can be provided to address this.

**North Ayrshire:** Support is available from schools, including School Welfare Officers and notably, Customer Services, for those parents and carers who experience barriers. This is widely publicised through a variety of channels.

- 4) **COSLA:** A co-ordinated approach should be taken to designing and implementing school meal debt policy and practice. The appropriate role of relevant departments (e.g., education, catering, finance, and revenues & benefits) within local authorities, as well as individual school staff, should be considered, as well as how they should work together.

**North Ayrshire:** A realignment of the Facilities Management (FM) service into the Communities and Education directorate was designed to integrate and improve how relevant services work together to ensure better outcomes for children, young people, and their families. The revised debt management policy for secondary schools has been co-produced between Education and Facilities Management to ensure a dignified meal provision is in place and all aspects of the process have been considered.

- 5) **COSLA:** Local authorities should consider setting a threshold at which unpaid sums will formally become 'debt' and be treated as such. A threshold of around one month's worth of meals is suggested, based on the fact that some families choose to clear debt after each pay-day.

**North Ayrshire:** The Council no longer formally raises debt as this ceased during the roll out of universal free school meals (UFSM). All primary school meal debt on the debtors' ledger has already been written off. Debt does accrue on our online payments system for those not covered by UFSMs (primary 6 & 7s), and the Council issues weekly texts to act as reminders to parents/carers to top up their accounts. This text is designed to include information to encourage access financial support if required.

- 6) **COSLA:** Local authorities should consider undertaking a routine review of families' summary debt position, to reduce the risk of families accumulating large debts without the authority or school being aware of this and enable the timely provision of support where this is needed.

**North Ayrshire:** The intervention at secondary school level allows conversations/early intervention by Welfare Officers with parents/guardians. The approach recommended is "No Wrong Door" which allows signposting or referrals to other services to assist the family as required.

- 7) **COSLA:** Consideration should be given to effective communication practices to ensure that parents/carers receive the right information, at the right time, in an accessible manner, from the most suitable person.

**North Ayrshire:** For primary school debt (primary 6 & 7 pupils) a weekly text is issued noting the debt balance but also provides contact details for those requiring financial support. As noted above secondary schools have a personal intervention via Welfare Officers directly with the families accruing debt.

- 8) **COSLA:** Consideration should be given and efforts made to promote, maximise and address any barriers to take-up of free school meals (and other available support e.g. the school clothing grant; free bus travel for under 22s) for those families who are eligible. A number of local authorities have auto-award systems in place whereby free school meals are automatically applied to families who receive other qualifying benefits, and this approach should be considered as a way to support access and take-up. The Child Poverty Action Group's [Cost Of The School Day](#) project also provides practical tips, training and materials to reduce costs for families.

**North Ayrshire:** From this year due to the changes in relation to the DWP Memorandum of Understanding in relation to data sharing, the Council now requires to to revert to asking customers to provide proof of their income for eligibility. This will now be the case for all local authorities. Customers can be supported over the telephone and at our customer service centres. Emails and text messages will be sent out to existing applicants encouraging them to apply as well as communications via Council social media and website. We will also be hosting further drop-in sessions over the summer months to

assist people to apply for Free School Meals, School Clothing Grants, Education Maintenance Allowance and Under 22 Travel.

9) **COSLA:** When staff become aware that a household is facing financial or other difficulties, efforts should be made to ensure that wherever possible families are signposted to, and, if appropriate, supported to access, available sources of support which are relevant to their needs. This could include:

- Financial advice and support services
- Income maximisation/ welfare rights support
- Cost of living support, including cash payments
- Employability support
- Social work or care support
- Support for unpaid carers

**North Ayrshire:** The revised debt management procedure for secondary schools supports this principle. The primary school approach encourages families to contact the Customer Contact Centre where a wide range of support is available.

10) **COSLA:** All local authorities have the power to grant discretionary free school meals to pupils who do not meet the national eligibility criteria, where families are experiencing financial hardship. Consideration should be given to whether and/or how the local authority will use the provision of discretionary free school meals as a mechanism for supporting families facing financial hardship who are ineligible for free school meals.

**North Ayrshire:** North Ayrshire has a policy that no child will miss a meal due to lack of funds.

11) **COSLA:** Decisions on clearing school meal debt across an authority should remain at the discretion of each local authority.

**North Ayrshire:** All debt for primary 1 - primary 5 pupils was written off as the roll out of UFSMs continued. Aged debt for primary 6 & 7 pupils has also been written off. The debt on the online payments system for primary 6 & 7 is currently around £80k. Debt is not pursued. Decisions on debt for secondary schools is at the discretion of the school whilst assessing individual family circumstances and putting supports in place as required.

12) **COSLA:** Consideration should be given to the range of approaches and mechanisms that could be used to support families or clear debts in particular cases where a need is identified, within the flexibilities and discretion afforded to local authorities and Head Teachers. For example, consideration could be given to:

12a) **COSLA:** Using school hardship funds or Pupil Equity Funding (PEF) to support discretionary meal provision or debt clearance in particular cases.

**North Ayrshire:** Schools do not have specific hardship funds. They can of course use their general school fund accounts for these reasons, at the discretion of the school. They can also choose to use their PEF allocation, which is set on a multi-year basis.

- 12b) **COSLA:** Flexible use of available free school meals, accounting for absence and take-up rates amongst pupils who are registered for FSM.

**North Ayrshire:** The Council has an approach that no child or young person will go hungry therefore anyone presenting at the till with a meal will be served whether they have credit in their account or not. As a result, the Council is already funding meals for those who do not have credit to pay for a meal. Debt in primary schools is currently around £80k. This has accrued due to pupils presenting for a meal however they are not registered for a FSM and do not have sufficient credit in their account. Debt in secondary schools is currently around £14k.

#### Current Situation in North Ayrshire

- 2.8 Under current arrangements children from low-income families are already eligible for free school meals, including those whose parents are in receipt of Universal Credit, Income Support, Child Tax Credits, or other income-based allowances:
- Universal Free School Meals (UFSMs) (applies currently to all primary 1 – primary 5 pupils: 6617.
  - Free School Meals (FSMs) applications for primary 6 & 7: 902 (30% of school roll).
  - FSMs for secondary: 2020 (26% of school roll).
- 2.9 For those who have built up school meal debt, which in some cases will be ongoing legacy of the Covid pandemic, the Council follows the principles detailed in COSLA's Good Practice Principles for School Meal Debt Management.
- 2.10 Under our revised procedures a number of actions have been progressed, including:
- Debts in relation to Primary 1-5 pupils have already been written off, reflecting their entitlement to universal free school meals.
  - Facilities Management works closely with Customer Services, who advise the Service of any new free school meal applicants following an assessed need.
  - New applicants for free school meals have any historical debt written off.
  - Aged debt which was on the debtors' ledger in relation to Primary 6-7 pupils has also now been written off following the anticipated roll-out of Free School Meals for these year groups.
  - All correspondence with families in relation to informing them about the balance of their school meals account is based on a positive interaction which informs and directs them to the Council's Customer Contact Centre number where they will receive advice, support and guidance about their financial situation, and referral to Money Matters should they require it. This is an important means of communication with families who may need support and are unaware of how to access it or are reluctant to do so. Ongoing contact with families via this mechanism ensures that we maintain contact with them, and thus our ability to offer opportunities to support them.

- 2.11 Irrespective of entitlement or debt levels, the current Council approach in relation to discretionary school meals ensures all pupils (primary and secondary) who present for a meal will be provided with a meal regardless of financial capability. This is a seamless and discreet service, including through in-schools and partner referrals, with no identifiers for those who are either entitled to free school meals or who do pay but have no credit in their accounts.

### Financial Position

- 2.12 The value of school meal debt at 31 March 2023 was £80,139 for primary schools (P6/7 only) and £13,902 for secondary schools. This compares to total income for the year of £151,232 for primary schools and £788,093 for secondary schools.
- 2.13 Any action to write off existing school meals debt could present risks to the Council in its ability to collect future revenue in respect of school meals resulting in additional budget pressures through non-recovery of current or future income.

### Primary schools

- 2.14 The value of school meal debt at 31 March 2023 was £80,139 for primary schools in comparison to a total income for the year of £151,232. This process is managed centrally by the Council.
- 2.15 Consideration has been given to the options in the COSLA Good Practice Principles that school meals debt could be funded through PEF. However not all schools are in receipt of PEF and some schools receive low levels of funding. PEF is devolved to individual schools and there would therefore need to be local consultation and agreement at school level on any use of PEF allocations in this way.
- 2.16 Consideration has also been given to the options in the COSLA Good Practice Principles that school meals debt could be funded through school funds. However, adequate levels of individual school fund resources cannot be guaranteed due to local variations, including reliance on fundraising to support this approach and this proposal would also require consultation with individual school communities, including parent councils.
- 2.17 The writing off of aged debt (historical invoices raised) in relation to Primary 6-7 pupils has been funded through earmarked funds within FM.

### Options to fund the write off existing primary school meal debt

#### **2.18 Option 1**

In recognition that school meals debt is in many cases a residual impact of the effects of the Covid pandemic, the funds currently earmarked from FM's revenue budget for debt clearances on Ipayimpact (online system) could be used to fund the write off of the majority of the existing primary school meals debt. The current debt is c. £80,000 and the current earmarked funds are £65,000. Primary school debt increases at between £5,000 and £10,000 per month throughout the year, for which consideration continues to be made within the FM budget. The current gap to write off existing debt

would therefore be c. £20,000. This could be met from the Early Intervention and Prevention Fund for Child Poverty and Cost of Living, PEF or relevant Communities and Education directorate budgets.

## 2.19 **Option 2**

Continue the current approach which meets or exceeds the COSLA Good Practice guidance by making financial provision through earmarking funds on an ongoing basis to fund the write-off of primary school debt aligned to the roll out of universal free school meals, maintaining supportive contact with families. This removes the risk of increased future non-payment of school meals due to a perception that the Council has discontinued its monitoring of unpaid school meals.

### Future considerations and risks: primary schools

- 2.20 The commitment by Scottish Government to the future roll out universal free school meals to P6 and P7 children will remove the need to pay and will therefore remove the issue of school meal debt at primary school level.
- 2.21 In the interim, any future non-payment of primary school meals would require to be resourced until the introduction of P6/7 UFSMs. This would create a budget pressure of up to the value of current income (£151,232 p.a.) due to a possible unintended consequence resulting in debt increasing if there is a perception that debt is not pursued/written off, resulting in those who can pay not topping up their credit and accruing debt. There are currently no additional resources to address this risk, resulting in a potential budget pressure in the context of a potential £17m budget gap for the next financial year.

### Secondary schools

- 2.22 The value of school meal debt at 31 March 2023 in secondary schools was £13,902 in comparison to a total income for the year of £788,093. These debts are currently managed at individual school level and increase on a monthly basis throughout the year. Debts are significantly smaller in secondary schools as pupils have a wider range of options than to take a school meal.
- 2.23 Debts are currently managed at a school level and contact with parents/carers is done via phone calls or text, on an individual basis. This allows a managed intervention via a Welfare Rights Officer or Pupil Support Team to discreetly liaise with families to ensure they are receiving all of the supports available, not just in respect of school meals, but for wider signposting to other council services who may be able to assist the family in other ways. They also discuss and share the Customer Services Contact Centre number and the range of supports available. Secondary schools, in many cases, absorb the debt in their own school funds. This early intervention is key to supporting the pupils and families and debt accrual is one way of identifying those who may need this support.

## Options to fund the write off existing secondary school meal debt

### 2.24 **Option 1**

In recognition that school meals debt is in many cases a residual impact of the effects of the Covid pandemic, the Early Intervention and Prevention Fund for Child Poverty and Cost of Living, PEF or relevant Communities and Education directorate budgets could be used to fund the write off existing secondary school meals debt (c. £15,000).

### 2.25 **Option 2**

Continue the current approach which meets or exceeds the COSLA Good Practice guidance, by making provision on an ongoing basis to fund the write-off by addressing it within secondary school budgets, maintaining supportive contact with families and removes the risk of increased future non-payment of school meals due to a perception that the Council has discontinued its monitoring of unpaid school meals.

## Future considerations and risks: secondary schools

- 2.26 There is currently no expectation that funding for universal free school meals will be extended to secondary school pupils, therefore the debt situation will continue. There is also a possible unintended consequence of debt increasing if there is a perception that debt is not pursued/written off and this may result in those who can pay not topping up their credit and accruing debt. Current income from secondary school meals is £788,093, therefore the financial risk is assessed to be significant. There are currently no additional resources to address this risk, resulting in a potential budget pressure in the context of a potential £17m budget gap for the next financial year.

## **3. Proposals**

- 3.1 It is proposed that Council considers the options contained within this report in response to the Council motion of 17<sup>th</sup> May 2023 to 'scrap all school meal debt by the start of the 2023-24 school year.'

## **4. Implications/Socio-economic Duty**

### Financial

- 4.1 Option 1 to fund the write off of existing primary school meals debt would require £65,000 of earmarked funding from FM budgets and c. £20,000 from the Early Intervention and Prevention Fund for Child Poverty and Cost of Living, PEF or relevant Communities and Education directorate budgets.
- 4.2 Option 1 to fund the write off of existing secondary school meals debt would require c. £15,000 from the Early Intervention and Prevention Fund for Child Poverty and Cost of Living, PEF or relevant Communities and Education directorate budgets.
- 4.3 The total income in 2022-23 from school meals was c. £151,000 for primary schools and c. £788,000 for secondary schools. Writing off existing school meals debt presents a risk whereby income budgets may reduce due to a perception that the Council is no

longer managing school meals debt. There is no provision within the Council budget for a loss or reduction of this income.

### **Human Resources**

4.2 None.

### **Legal**

4.3 The Council follows CIPFA and other guidance in relation to making financial provision to fund debt which accrues through non-payment of school meals.

### **Equality/Socio-economic**

4.4 North Ayrshire Council promotes equity and tackles inequalities and poverty as part of its mission to be Fair for All. Current practice in relation to school meals debt exceeds the COSLA Good Practice Principles and maintains supportive contact with those families who are unable to pay for school meals.

### **Climate Change and Carbon**

4.5 None.

### **Key Priorities**

4.6 The content of this report aligns to the following priorities:

- North Ayrshire's vision that Children and young people experience the best start in life; and
- North Ayrshire's residents and communities enjoy good life-long health and wellbeing.

### **Community Wealth Building**

4.7 None.

## **5. Consultation**

5.1 A range of Council services has participated in the preparation of this report. Since the report is the result of a Council motion, wider consultation has not been appropriate.

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For further information please contact **Audrey Sutton, Executive Director**, on **01294 324414**.

## **Background Papers**