

## POLICY NOTE

### THE EDUCATION (SCOTLAND) ACT 1980 (MODIFICATION) REGULATIONS 2021

#### SSI 2021/210

The above instrument was made in exercise of the powers conferred by section 53(8)(a)(i) and (ii)<sup>(1)</sup> of the Education (Scotland) Act 1980 (the “1980 Act”). This instrument is subject to negative procedure.

The purpose of the instrument is to modify section 53(7)(aa) of the 1980 Act, relating to eligibility for free school meals, by increasing the income threshold for parents, guardians or pupils in receipt of Child Tax Credit and Working Tax Credit from £7,330 to £7,500. This modification is required as a result of the increase in the National Living Wage which took effect in April 2021 and will protect eligibility for those pupils or parents who are in receipt of both Child Tax Credit and Working Tax Credit.

This instrument also modifies section 53(7) to insert provision which was previously set out in the Education (School Lunches) (Scotland) Regulations 2009 (“the 2009 Regulations”)<sup>2</sup> relating to receipt of universal credit. The monthly earned income threshold for parents, guardians or pupils in receipt of Universal Credit is increased from £610 to £625 to align with the eligibility threshold for those in receipt of both Child Tax Credit and Working Tax Credit.

#### Policy Objectives

Free school lunch is a “passport benefit”, where the entitlement depends on a child or young person being an “eligible child or young person”, where their parent(s) or guardian(s), or the young person themselves, are in receipt of certain benefits as prescribed in section 53 of the 1980 Act.

Section 53(2) of the 1980 Act provides that an education authority must provide or secure the provision of a school lunch free of charge to pupils falling within section 53(7). A school lunch is defined by section 53(12) of the 1980 Act.

This instrument will amend paragraph (aa) of section 53(7), which requires provision of a free lunch to a pupil if the parent(s) of the pupil are in receipt of Child Tax Credit and Working Tax Credit and their combined annual household income is not more than £7,330. The amendment will increase this income threshold to £7,500. This protects eligibility for those who are affected by the proposed increase to National Living Wage. Further detail is provided below.

There is a separate eligibility criterion for those in receipt of Child Tax Credit only, which has an annual income threshold of less than £16,105<sup>3</sup>. We are not changing this criterion as

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<sup>1</sup> Section 53 of the Education (Scotland) Act 1980 was substituted by section 22 of the Education (Scotland) 2016 (asp 8).

<sup>2</sup> [The Education \(School Lunches\) \(Scotland\) Regulations 2009 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

<sup>3</sup> This provision is set out in regulation 3 of the 2009 Regulations.

the income threshold is higher and the increase in the National Living Wage does not affect this part of the eligible population.

This instrument also modifies section 53(7) of the 1980 Act to require provision of a free school lunch to pupils where the pupil, their parents or guardians are in receipt of Universal Credit and have a monthly earned income of no more than £625, which is equivalent to £7,500 per year. This provision was previously set out in the 2009 Regulations<sup>4</sup> with a lower income threshold of £610. The increase to £625, made in light of the increase to the National Living Wage, brings the earnings threshold for families in receipt of Universal Credit into line with that for families in receipt of both Child Tax Credit and Working Tax Credit.

## **Background**

### *Impact of Changes to the National Living Wage on recipients of both Child Tax Credit and Working Tax Credit*

Since the introduction of the 2009 Regulations, any child or young person has been eligible for a free school lunch where their parent(s) or guardian(s) received both Child Tax Credit and Working Tax Credit up until the 2018-19 school year. At that point in time, both maximum Child Tax Credit and maximum Working Tax Credit is paid where annual income is less than £6,420. In the 2021-22 financial year this figure increased to an annual income of less than £6,565. Once income increases above this level, the amount paid in tax credits starts to taper off.

A combination of UK Government policies means that it would not be possible for anyone aged 23 or over, and in receipt of both Child Tax Credit and Working Tax Credit, to receive free school lunches if the eligibility threshold had been set at this level. These policies are:

- to increase annually the National Living Wage (this is the legal minimum wage for those aged 23 and over - not to be confused with the ‘real living wage’ as prescribed by the Living Wage Foundation); and
- the £6,565 threshold for receiving both maximum Child Tax Credit and maximum Working Tax Credit, which would be too low to allow families to receive free school lunches if they were currently eligible for them through this qualifying benefit.

The Education (Scotland) Act 1980 (Modification) Regulations 2020, which came into effect in August 2020, increased the income threshold for eligibility for free school lunches to £7,330. A further increase in the National Living Wage, effective from April 2021, means the income threshold in section 53(7)(aa) needs to be further amended. The increase in the income threshold to £7,500 will continue to protect eligibility for those households that have seen an increase in their earnings due to the increase in the National Living Wage. As it is anticipated that the National Living Wage will continue to rise until the roll-out of Universal Credit is completed, further increases to the income eligibility threshold will be required in subsequent years.

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<sup>4</sup> Regulation 4A of the 2009 Regulations, which contained the provision on Universal Credit, is omitted by regulation 3 of this instrument.

We have set an income threshold of £7,500, for recipients of both Child Tax Credit and Working Tax Credit, since it will protect the eligibility of the existing cohort of households which are currently entitled to a free school lunch.

### *Impact of Changes to the National Living Wage on recipients of Universal Credit*

Universal Credit has been a qualifying benefit for free school lunches since April 2013. As the roll-out of Universal Credit became more widespread, it became necessary to introduce a monthly earned income threshold. This threshold was set at £610 per month from 1 August 2017<sup>5</sup>.

This instrument revises the monthly earned income threshold for recipients of Universal Credit upwards to £625, in line with the recent increase in the National Living Wage.

We will continue to monitor the monthly earned income threshold for recipients of Universal Credit to take account of future increases in the National Living Wage in order to protect the eligibility of the existing cohort of households which are currently eligible to a free school lunch.

### **Consultation**

This amendments made by this instrument protect existing eligible households, through modifying eligibility criteria for recipients of both Child Tax Credit and Working Tax Credit, and Universal Credit, in response to UK Government policies. There is no statutory requirement to conduct a consultation and no public consultation was carried out.

We have discussed our proposed annual income threshold of £7,500 for recipients of both Child Tax Credit and Working Tax Credit, and our proposed monthly earned income threshold of £625 for recipients of Universal Credit, with the Convention of Scottish Local Authorities in order to inform them of our intention to protect the eligibility of all households currently entitled to a free school lunch.

### **Impact Assessments**

An Equality Impact Assessment and a Childrens' Right and Wellbeing Impact Assessment have been completed on the provisions of this instrument. It is not considered that this instrument will be discriminatory on the basis of age, disability, race, religion or belief, sex, sexual orientation or gender reassignment. There is no negative impact on children's rights and wellbeing and we do not consider there to be any impacts on privacy or the environment.

### **Financial Effects**

A Business and Regulatory Impact Assessment has been completed and is attached. The income threshold proposed is based on cost-neutral estimates which will protect the current levels of entitlement to a free school lunch for the 2021-22 school year. We will continue to review the threshold annually to take account of future increases in the National Living Wage.

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<sup>5</sup> [The Welfare Reform \(Consequential Amendments\) \(Scotland\) Regulations 2017 \(legislation.gov.uk\)](https://legislation.gov.uk)

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