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## Research and Information Service Research Paper

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# Measuring deprivation in education, Universal Credit and free school meals

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This research paper explores approaches to measuring deprivation in other jurisdictions, and considers the potential implications of the planned introduction of Universal Credit for free school meals.



## Key Points

- Free School Meal Entitlement (FSME) is the main measure used to identify children from disadvantaged backgrounds; while it is known to be an imperfect measure, it is thought to be the best currently available;
- England, Scotland and Wales also tend to use FSME in this regard. In the Republic of Ireland deprivation is measured at the school-level based on a range of factors;
- In Australia parents are asked about their education and occupation when their child enrolls in a school. However, additional funding tends to be based on more 'blunt' measures such as language background;
- PISA uses an internationally comparable index for measuring socio-economic status, based on information gathered from students on parents' education, occupational status and home possessions;
- There are a number of possible alternatives to FSME, however many of these centre on obtaining information on family background;
- This presents a number of challenges, including how to obtain the data, accuracy of responses, non-response to questionnaires and significant resource implications;
- Possible measures include parental education (a stable and strong predictor of outcomes); parental income and occupation and resources within the home;
- The introduction of Universal Credit will require new arrangements for FSM;
- The Department's new approach to eligibility criteria is likely to involve entitlement to Universal Credit and a certain income threshold;
- A potential challenge with this approach is that it may present a 'cliff edge' when FSME is withdrawn where costs exceed the benefits of earning additional income;
- Consultation has found support for a tapering approach for passported benefits;
- Areas for further consideration might include:
  - Alternative measures of deprivation, their advantages, disadvantages and viability in practice, particularly in comparison to FSME;
  - The approaches used elsewhere;
  - The potential implications of the introduction of Universal Credit for free school meals, including the possibility of a 'cliff edge';
  - Whether consultation is required on the proposed changes;
  - Whether transitional arrangements will be put into place to support any families that lose FSME under Universal Credit.



# Executive Summary

## Introduction

There is a well-known link between socio-economic background and educational outcomes. In NI, Free School Meal Entitlement (FSME) is the main proxy measure used to identify children from disadvantaged backgrounds. While it is known to be an imperfect measure, it is thought to be the best currently available.

This research paper explores approaches to measuring deprivation in other jurisdictions, and considers the potential implications of the planned introduction of Universal Credit for free school meals.

## Measures of deprivation at school level in other jurisdictions

In England, Scotland and Wales FSME tends to be used as a proxy measure for deprivation. In the Republic of Ireland, the approach differs in that disadvantage is identified at the school-level rather than the pupil-level. A 2005 survey of schools assessed levels of disadvantage faced by individual schools based on a range of factors including levels of unemployment.

In the US educational research typically uses pupils' eligibility for a free or reduced price school lunch as a measure of socio-economic background. However, the evidence suggests that this is a 'weak' measure due to issues around eligibility criteria.

In Australia parents are asked about their education and occupation when their child enrolls in the school. An index categorises schools based on this information, and draws on census data to identify factors within geographical areas where the data provided is inadequate. However, additional funding for schools for disadvantage has often been based on 'blunt' measures such as language background and disability.

The PISA study has developed an internationally comparable index for measuring socio-economic background. This approach involves asking students for information on their parents' education, occupational status and home possessions.

## Alternative measures

The recent *Review of the Common Funding Scheme* found that FSME provides an indication of the level of disadvantage within in a school in a way that no other indicator seems to do. However, it recommended investigation into alternative approaches.

A number of different ways of measuring socio-economic background are possible, as is a composite approach combining a range of measures. However, many of these centre on obtaining information on family background.

There are a number of challenges around obtaining this information. These include whether to ask students or parents for the data; issues around the accuracy of data provided; non-response to questionnaires; and variables (such as income) changing

over time. In addition, gathering data on family background is likely to be resource intensive, both in terms of administration and in the coding of responses.

**Table 1: Potential alternative measures**

Measure	Evidence
<b>Parents' education</b>	<ul style="list-style-type: none"> <li>• Research suggests a strong correlation between parents' education and outcomes for children; it is also closely linked to parental income</li> <li>• One of the most stable aspects of socio-economic status</li> <li>• A stronger predictor of outcomes than family income or occupation</li> </ul>
<b>Parents' income</b>	<ul style="list-style-type: none"> <li>• The evidence points to a strong link between parental income and educational outcomes</li> <li>• However questions on income tend to have a higher non-response rate than other variables</li> </ul>
<b>Parents' occupation</b>	<ul style="list-style-type: none"> <li>• Studies such as PISA and PIRLS demonstrate a strong link between parental occupation and educational outcomes</li> <li>• Coding and categorising responses likely to be resource intensive</li> </ul>
<b>Home resources</b>	<ul style="list-style-type: none"> <li>• Has been described as a 'somewhat' likely approach to measuring socioeconomic background</li> </ul>

### **Universal Credit**

Universal Credit will replace a number of existing forms of income-related support when implemented in Northern Ireland from April 2014. Claimants entitled to out-of-work means-tested benefits may also be eligible for other forms of support, including free school meals and health benefits. These are known as 'passport benefits'.

New arrangements for free school meals will have to be introduced when Universal Credit is implemented. Work is underway by the Department of Education (the Department) to develop new eligibility criteria and its reported priority is to ensure that free school meals continue to provide support to families most in need.

### **Implications for free school meals**

Some stakeholders have suggested that the introduction of Universal Credit presents an opportunity to review the eligibility criteria, for example, to ensure that it aligns with the Executive's priorities or to extend eligibility.

It has been suggested that the introduction of Universal Credit could bring about a 'cliff edge' whereby if a claimant exceeds a certain income, they would lose eligibility for free school meals and the cost of this may exceed the benefits associated with the

additional income. This 'cliff edge' has been described as a potential disincentive to work.

Currently, while parents lose entitlement to free school meals when they exceed a certain income, the loss is partially offset by the additional income received through Working Tax Credit. Under Universal Credit the loss may not be alleviated by other benefits, as support is tapered away smoothly – so there is no obvious point at which to withdraw a passported benefit without creating a 'cliff edge'.<sup>1</sup>

### **Potential options for free school meals under Universal Credit**

Whatever approach to providing free school meals is implemented, it is possible that there will be winners and losers with some of those currently entitled to receive free meals losing their entitlement and others gaining entitlement.

The Department states that its new eligibility criteria are likely to involve eligibility for Universal Credit and a specific earnings threshold. The advantages of this approach include that it is easily understood and relatively straightforward to deliver. However, this approach may retain a 'cliff edge' when the income threshold is reached.

In research commissioned by the Department of Work and Pensions there was support for a tapering approach whereby the passported benefit is progressively reduced rather than removed entirely upon receiving a certain income. Another suggested approach is to allow entitlement to a benefit to 'run-on' for a period of time after eligibility has ceased to avoid the sudden loss of a passported benefit.

### **Conclusion**

This paper has highlighted a range of areas that could be given further consideration. These include:

- Alternative measures of deprivation, their advantages, disadvantages and viability in practice, particularly in comparison to FSME;
- The approaches used elsewhere, for example, approaches in Australia and the PISA, PIRLS and TIMSS studies;
- The potential implications of the introduction of Universal Credit for free school meals, including the possibility of a 'cliff edge';
- Whether consultation is required on the proposed changes;
- Whether transitional arrangements will be put into place to support any families that lose FSME under Universal Credit.

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<sup>1</sup> Under Universal Credit household income increases gradually as earnings increase - so there will not be a threshold at which the family gains a substantial increase in benefits income that may offset the loss of FSME





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## 1 Introduction

Socio-economic background is known to be closely correlated with student outcomes in education.<sup>2</sup> In Northern Ireland Free School Meal Entitlement (FSME) is the main measure used for identifying deprivation among school pupils. FSME is known to be an imperfect proxy measure of deprivation, however research has suggested that it is currently the best available.<sup>3</sup> For further information please see Paper 191/10: [Free School Meal Entitlement as a measure of deprivation](#).

Nonetheless, some literature (including the recent *Independent Review of the Common Funding Formula*) recommends continuing to investigate possible alternatives.<sup>4</sup> This paper considers the measures used to identify deprivation among students in other jurisdictions and considers the potential implications of the introduction of Universal Credit for free school meals.

## 2 Measures of deprivation at school level in other jurisdictions

### England, Scotland and Wales

These jurisdictions use a similar approach to identifying levels of deprivation to that in place in Northern Ireland. FSME is used as a proxy for deprivation, and tends to be based on broadly similar eligibility criteria as in NI.

A key difference is the inclusion of Working Tax Credit in NI as an eligibility criterion (introduced in 2010/11) for nursery and primary pupils. This is not an eligibility criterion in England or Wales. In Scotland this benefit does allow eligibility for free school meals at both primary and post-primary, but at a 'substantially lower' income threshold than NI.<sup>5</sup>

In England the Pupil Premium provides additional funding to schools for each pupil with FSME in an effort to reduce underlying inequalities. In 2013/14 schools will receive an additional £900 for each disadvantaged child.<sup>6</sup>

### Republic of Ireland

The Delivering Equality of Opportunity in Schools (DEIS) Action Plan on Educational Inclusion is the Department of Education and Skills' policy instrument for addressing

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<sup>2</sup> OECD (2010) *PISA 2009 Results: Overcoming social background – equity in learning opportunities and outcomes* OECD Publishing

<sup>3</sup> Gorard, S. (2012) "Who is eligible for free school meals? Characterising free school meals as a measure of disadvantage in England" *British Educational Research Journal* Vol.38, No. 6, pp. 1003-1017

<sup>4</sup> *Independent Review of the Common Funding Scheme* (2013) Bangor: Department of Education

<sup>5</sup> Information provided by the Department of Education, May 2013

<sup>6</sup> Department for Education (2013) *Pupil Premium* [online] Available at: <http://www.education.gov.uk/schools/pupilsupport/premium>

disadvantage. DEIS represents the Department's approach both to identifying disadvantage within schools and for targeting additional funding.<sup>7</sup>

DEIS includes a standardised system for identifying levels of disadvantage and a School Support Programme. The School Support Programme includes a grant paid based on levels of deprivation and enrolment, access to the School Meals Programme and additional funding under the School Books Grant Scheme.<sup>8</sup>

The Educational Research Centre (ERC) identified which schools were facing particular educational disadvantage in 2005. For primary schools the ERC conducted a survey of schools in 2005 using a number of factors thought to predict achievement. Schools were asked to provide the information based on their knowledge of the school's population. Schools were chosen for participation in the School Support Programme as a result of the survey. The factors were:<sup>9</sup>

- Unemployment;
- Proportion of local authority accommodation;
- Proportion of lone parenthood;
- Proportion of Travellers;
- Proportion of large families (five or more children);
- Proportion of pupils eligible for free books.

At post-primary schools were selected using centrally-held data including Junior and Leaving Certificate retention rates by school and Junior Certificate exam results.<sup>10</sup>

The schools identified in 2005 make up the 864 schools participating in the programme – there has been no review of schools' deprivation levels since. There are no plans to review which schools take part.<sup>11</sup>

## US

### ***Free school lunch eligibility***

Educational research in the US commonly uses eligibility for a free or reduced price lunch as a measure of socio-economic background. It is also used as a school

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<sup>7</sup> Department of Education and Skills *DEIS: Delivering Equality of Opportunity in Schools* [online] Available at: <http://www.education.ie/en/Schools-Colleges/Services/DEIS-Delivering-Equality-of-Opportunity-in-Schools-/#sthash.qJKO1sIK.dpuf>

<sup>8</sup> Department of Education and Skills *Supports to DEIS Schools* [online] Available at: <http://www.education.ie/en/Schools-Colleges/Services/DEIS-Delivering-Equality-of-Opportunity-in-Schools-/DEIS-Supporting-Information/Supports-to-DEIS-Schools.html>

<sup>9</sup> Department of Education and Skills *DEIS: Delivering Equality of Opportunity in Schools* [online] Available at: <http://www.education.ie/en/Schools-Colleges/Services/DEIS-Delivering-Equality-of-Opportunity-in-Schools-/FAQs.html#sthash.Wp34s6Or.dpuf>

<sup>10</sup> As above

<sup>11</sup> Information provided by the Department of Education and Skills, April 2013

performance accountability measure within the 2002 No Child Left Behind legislation. Eligibility is as follows:<sup>12</sup>

- Students whose household income is less than 185% of the federal poverty guidelines are eligible for a reduced price lunch;
- Students whose household income is less than 130% of the poverty guidelines are eligible for a free lunch (The official poverty guideline for a family of four is an annual income of \$23,550 or around £15,500);
- Households in receipt of food stamps, with foster children or that participate in a least one federally funded assistance programme are also eligible (social service agencies work with schools to identify such students).

This is a commonly used measure due to its simplicity and convenience. However, research indicates that eligibility for reduced price or free lunches is a weak measure of a student's access to economic resources.<sup>13</sup> In addition, there are issues around lack of take-up among some families and the extent to which it provides a valid indication of deprivation given the eligibility criteria.<sup>14</sup>

### ***Title I funding***

Title I is a funding mechanism by which additional money is allocated to schools that serve high concentrations of disadvantaged students. The funding must be spent on disadvantaged pupils and schools must set aside 10% of the funding for professional development, and 1% for parental involvement programmes.<sup>15</sup>

Under this programme local education authorities set an 'eligibility' cut-off for poverty – equal to the average child poverty rate in the district. If a school falls below this threshold, it receives no Title I funding (even if it has disadvantaged students). In eligible schools all disadvantaged students are eligible to receive services.<sup>16</sup>

Additional funding for disadvantaged students in New York City Schools is provided for pupils in receipt of a free school lunch, and for pupils with limited proficiency in English. One study found that while this allowed schools serving high proportions of disadvantaged students to recruit more teachers, the teachers tended to be less educated and less experienced.<sup>17</sup>

<sup>12</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>13</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>14</sup> Kurki, A., Boyle, A., Aladjem, D.K. (2005) *Beyond Free Lunch: alternative poverty measures in educational research and program evaluation* Washington D.C.: American Institutes for Research

<sup>15</sup> Weinstein, M.G., Stiefel, L., Schwartz, A.E., Chalico, L. (2009) *Does Title I Increase Spending and Improve Performance? Evidence from New York City* New York: NYU Steinhardt

<sup>16</sup> As above

<sup>17</sup> Rubenstein, R., Schwartz, A.E., Stiefel, L., Amor, H.B.H. (2007) "From districts to schools: The distribution of resources across schools in big city school districts" *Economics of Education Review* 26. pp.532-545

## Australia

### ***Identifying socio-economic status***

A 2011 report noted that there was no nationally consistent approach to identifying students from a disadvantaged background. However, the Index of Community Socio-Educational Advantage (ICSEA) provides a scale representing the influence of family background factors (data first published in 2010).<sup>18</sup>

Within the Index, the socio-educational advantage (SEA) measure is based on the parental occupation and education status of parents. When enrolling a child in a school all parents are asked about their occupation, school education and non-school education levels achieved (the guidance states that although this is not updated throughout school, it remains 'reasonably accurate'). The Index also uses census data to identify factors within geographical areas where direct information about students is insufficient.<sup>19</sup>

**Table 2: Variables used to provide direct information on students**

Parental occupation	School education level	Non-school education level
<ul style="list-style-type: none"> <li>• Senior management in business, government administration and defence and qualified professionals</li> <li>• Other business managers, arts/media/ sportspersons and associate professionals</li> <li>• Tradesmen/women, clerks and skilled office, sales and service staff</li> <li>• Machine operators, hospitality staff, assistants, labourers and related workers</li> <li>• Not in paid work in last 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• Year 12 (or equivalent)</li> <li>• Year 11</li> <li>• Year 10</li> <li>• Year 9 (or equivalent or below)</li> </ul>	<ul style="list-style-type: none"> <li>• Bachelor degree or above</li> <li>• Advanced diploma/Diploma</li> <li>• Certificate I to IV (including trade certificate)</li> <li>• No non-school qualification</li> </ul>

Using the Index each school is given a value on a scale representing a range of relative disadvantage through to relative advantage. This is available on the 'My School' website. The information is used for a number of tasks, including.<sup>20</sup>

<sup>18</sup> Gonski, D., Boston, K., Greiner, K. (2011) *Review of Funding for Schooling: Final Report* Canberra: Australian Government

<sup>19</sup> Australian Curriculum, Assessment and Reporting Authority (2012) *Guide to Understanding ICSEA* Sydney: ACARA

<sup>20</sup> As above

- To give contextual information about the socio-educational composition of a school's population;
- To identify statistically similar schools (to provide opportunities for comparison);
- To support schools and teachers in developing interventions and initiatives;

### ***Funding for disadvantage***

Australian Government and state and territory governments provide funding for disadvantaged students in differing ways. Many such programmes or initiatives are based on relatively 'blunt' measures, such as language background other than English (LBOTE) and disability. Funding for disadvantaged students differs according to school sector.<sup>21</sup>

- **Government schools:** state and territory governments are the major funders of disadvantaged students – approaches vary considerably; Government funding is 'rolled into' a global funding allocation and so it is difficult to quantify;
- **Non-government schools:** through a number of discrete programmes including Recurrent Assistance which is based on a school's socioeconomic score.

Funding for disadvantaged students and schools can include additional staffing, weightings or loadings to a school's base budget, grant payments, or a combination of these arrangements. Research has found inadequate national data to ascertain the effectiveness of funding for disadvantaged students.<sup>22</sup>

### ***Funding review***

A major review of school funding was commissioned by the Australian Government in 2010. The review highlighted variations in how disadvantaged students are funded by the Australian Government and state and territory governments.<sup>23</sup>

The funding review highlighted five factors of disadvantage that have an impact on educational outcomes in Australia:

- Socio-economic status;
- English language proficiency;
- Indigeneity;
- Disability;
- School remoteness.

<sup>21</sup> Gonski, D., Boston, K., Greiner, K. (2011) *Review of Funding for Schooling: Final Report* Canberra: Australian Government

<sup>22</sup> As above

<sup>23</sup> Gonski, D., Boston, K., Greiner, K. (2011) *Review of Funding for Schooling: Final Report* Canberra: Australian Government

Its recommendations included significantly increasing support to schools with high concentrations of disadvantaged students and moving to a more outcomes-based approach to funding disadvantage.<sup>24</sup>

In September 2012 the Government announced that the new school funding model is to be implemented over a six year transition period. Schools with children from low income backgrounds would be provided with additional funding. Additional funding is also to be provided for children with a disability; children with limited English skills; and for rural and remote schools.<sup>25</sup>

The additional funding aims to pay for resources such as teaching assistants and literacy and numeracy coaches, and is intended to remove the need for grants or short-term programmes.<sup>26</sup>

## **PISA**

The Programme for International Student Assessment (PISA) has developed an internationally comparable system measuring students' socio-economic background - its index of economic, social and cultural status (ESCS). The index is based on student responses to questions about:<sup>27</sup>

- Occupational status of either the father or the mother (whichever is higher);
- The level of education of either the father or the mother (whichever is higher) converted into years of schooling;
- Home possessions (for example a quiet place to study; internet connection; books, works of art; a dictionary; a dishwasher; and the number of televisions, computers and cars at home).

Using this index, participating students are distributed into quartiles of socioeconomic background representing a scale of relative disadvantage (bottom quartile) through to relative advantage (top quartile).

## **TIMSS and PIRLS**

In the Progress in International Reading Literacy Study (PIRLS) and the Trends in International Maths and Science Study (TIMSS) information on family background is also collected from students. Parental questionnaires are optional and countries may choose to use them if they wish.<sup>28</sup>

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<sup>24</sup> Gonski, D., Boston, K., Greiner, K. (2011) *Review of Funding for Schooling: Final Report* Canberra: Australian Government

<sup>25</sup> Minister's Media Centre (2012) *Better Schools: A National Plan for School Improvement* [online] Available at: <http://ministers.deewr.gov.au/gillard/better-schools-national-plan-school-improvement>

<sup>26</sup> As above

<sup>27</sup> OECD (2010) *PISA 2009 Results: Overcoming social background – equity in learning opportunities and outcomes* OECD Publishing

<sup>28</sup> Jerrim, J., Micklewright, J. (2012) *Socioeconomic gradients in children's cognitive skills: Are cross-country comparisons robust to who reports family background?* London: Institute of Education



In the 2011 survey in Northern Ireland questionnaires were administered asking parents about their education, occupation and the number of books in the home. Children were also asked to report on matters including the number of books in the home and the availability of study supports such as an internet connection and their own room. Students were scored according to their parents' and their own responses.<sup>29</sup>

### 3 Alternative measures

The recent *Review of the Common Funding Scheme* stated that free school meal entitlement data is available at the pupil level and is updated annually. It found that FSME gives “an indication of the relative concentration of potentially ‘disadvantaged’ pupils in a given school in a way that no other indicator currently seems to do”. Nonetheless, it recommended continuing investigation into alternative approaches.<sup>30</sup>

The literature suggests a number of potential measures of deprivation that could be used in place of free school meals. A composite approach combining a range of measures is also possible. Examples are considered in the following paragraphs.

#### Parents' education

The education of a child's parents is thought to be one of the most stable aspects of socio-economic status as it is established at an early age and does not tend to change over time. Research suggests a strong correlation between parents' education and their income (which in turn is linked to outcomes).<sup>31</sup>

International studies such as PISA and PIRLS have found a strong link between parents' education and outcomes for children. In addition, a recent study found that increasing parental education has a positive effect on children's outcomes that can be seen at the age of four, and continues up to and including high stakes exams at age 16.<sup>32</sup>

The evidence suggests that parental education is more important than parental income in this regard.<sup>33</sup> For example, evidence from the Effective Pre-school and Primary Education Project indicates that this variable is a much stronger predictor of outcomes than family income or occupational status.<sup>34</sup>

This is thought to be due to the general trend of higher levels of education leading to careers in higher paying professions, higher socioeconomic status, and more home

<sup>29</sup> Sturman, L., Twist, L., Burge, B. et al. (2012) *PIRLS and TIMSS 2011 in Northern Ireland: Reading, Mathematics and Science* Slough: NFER

<sup>30</sup> *Ibid*, p.95

<sup>31</sup> Sirin, S. (2005) “Socioeconomic status and academic achievement: A meta-analytic review of research” *Review of Educational Research* Vol. 75, No. 3, pp. 417-453

<sup>32</sup> Dickson, M., Gregg, P., Robinson, H. (2013) *Early, late or never? When does parental education impact child outcomes?* Bristol: Centre for Market and Public Organisation

<sup>33</sup> Karagiannaki, E. (2012) *The effect of parental wealth on children's outcomes in early adulthood* London: London School of Economics

<sup>34</sup> Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I., Taggart, B. (2010) *Evidence from the Effective Pre-school and Primary Education Project* London and New York: Routledge

resources. Other factors could include parents' higher expectations and more positive attitudes to education.<sup>35</sup>

### Household income

The evidence indicates that household income is a credible measure of socio-economic background, as it covers access to economic resources.<sup>36</sup> Research suggests that there is a strong correlation between parental income and educational outcomes.<sup>37</sup>

The difficulties with this approach include changing income over time and challenges in obtaining the information.<sup>38</sup> The evidence indicates that questions on income have a higher non-response rate than other variables, as parents may regard this as sensitive information, while students may not know their parents' earnings.<sup>39</sup>

### Parents' occupation

Research suggests that household occupation is likely to be a valid measure of socio-economic status, as it adequately captures household economic resources.<sup>40</sup> Indeed, the PISA and PIRLS studies have identified a strong correlation between parents' occupation and their children's educational attainment.<sup>41</sup>

Challenges with this approach include the possibility of limited responses to a survey of parents,<sup>42</sup> as well as being likely to require significant resources to code and categorise responses.<sup>43</sup>

### Home resources

A checklist detailing a student's access to home resources, such as books and computers, is another possible approach. This has been described as 'somewhat' likely, depending to a great extent on the breadth and depth of checklist items. Again, the success of this approach would be dependent on response rates.<sup>44</sup>

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<sup>35</sup> Mullis, I.V.S., O'Martin, M., Foy, M., Drucke, K.T. (2012) *PIRLS 2011 International Results in Reading* Boston College: TIMSS and PIRLS International Study Centre

<sup>36</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>37</sup> Karagiannaki, E. (2012) *The effect of parental wealth on children's outcomes in early adulthood* London: London School of Economics

<sup>38</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>39</sup> Brese, F., Mirazchiyski, P. (2010) *Measuring Students' Family Background in Large-scale Education Studies* Paper for the 4<sup>th</sup> IEA International Research Conference

<sup>40</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>41</sup> Mullis, I.V.S., O'Martin, M., Foy, M., Drucke, K.T. (2012) *PIRLS 2011 International Results in Reading* Boston College: TIMSS and PIRLS International Study Centre

<sup>42</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>43</sup> Brese, F., Mirazchiyski, P. (2010) *Measuring Students' Family Background in Large-scale Education Studies* Paper for the 4<sup>th</sup> IEA International Research Conference

<sup>44</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

The findings from PIRLS and TIMSS show that pupils in Northern Ireland performed better if their parents had more resources for learning at home.<sup>45</sup> This is in line with findings internationally.<sup>46</sup>

### **Neighbourhood effects**

Another suggested approach is to consider the characteristics of a neighbourhood in assessing pupils' socio-economic status (for example, using Census data and the Northern Ireland Multiple Deprivation Measure). Research suggests that in areas with high poverty, the effects of family poverty can be augmented by wider factors related to concentrations of poverty including:<sup>47</sup>

- A lack of positive role models;
- Higher concentration of non-traditional families;
- A lack of economic opportunities;
- A lack of empowerment.

The challenge with this approach is that a neighbourhood or geographical area does not necessarily reflect the true socio-economic characteristics of the school in question. Indeed, there may be large socio-economic differences within an area that do not reflect the situation of individual pupils. In addition, a school's intake area is often socio-economically different from the area in which it is located.<sup>48</sup>

As such, area-based data is thought to be useful only in cases where the school is situated in a fairly homogenous area and taking a representative selection of pupils from the area in which it is sited.<sup>49</sup>

### **Collecting information on family background**

The method of collecting such information and the related challenges should also be considered. Studies such as PISA, TIMSS and PIRLS primarily capture this information from students, with optional parental questionnaires available. The following table considers some of the issues in this regard.

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<sup>45</sup> Sturman, L., Twist, L., Burge, B. et al. (2012) *PIRLS and TIMSS 2011 in Northern Ireland: Reading, Mathematics and Science* Slough: NFER

<sup>46</sup> Mullis, I.V.S., O'Martin, M., Foy, M., Drucke, K.T. (2012) *PIRLS 2011 International Results in Reading* Boston College: TIMSS and PIRLS International Study Centre

<sup>47</sup> Kurki, A., Boyle, A., Aladjem, D.K. (2005) *Beyond Free Lunch: alternative poverty measures in educational research and program evaluation* Washington D.C.: American Institutes for Research

<sup>48</sup> Styles, B. (2008) 'Moving on from free school meals: national census data can describe the socio-economic background of the intake of each school in England' *Educational Research*, Vol. 50:1 pp. 41-53

<sup>49</sup> DfES (2006) *Indicators of Deprivation for Use in School Funding: September Draft of Notes for Authorities* London: Department for Education and Skills

**Table 3: Issues around collecting information on family background**

Issue	Explanation
<b>Resourcing</b>	<ul style="list-style-type: none"> <li>Gathering data on family background can be resource intensive, both in terms of collection and in the coding of responses<sup>50</sup></li> </ul>
<b>Non-response</b>	<ul style="list-style-type: none"> <li>Non-response to parental questionnaires is much more common than from students</li> <li>Parents may regard information as sensitive while pupils may not know their parents' income or other factors<sup>51</sup></li> </ul>
<b>Accuracy of data</b>	<ul style="list-style-type: none"> <li>There may be differences between child and parental reports of family background</li> <li>The evidence suggests that older pupils are more likely to give reliable information on their parents' characteristics<sup>52</sup></li> <li>Research notes that parent and child reports tend to be the most similar for occupation ('substantial agreement'), and least similar for the number of books in the home ('much lower agreement')<sup>53</sup></li> <li>'Reasonable' consistency has been found between the information given by parents on parental education</li> <li>There may also be errors in parental reporting, for example where there is proxy reporting (such as the mother reporting about the father)<sup>54</sup></li> <li>Factors such as parental income may be prone to change<sup>55</sup></li> </ul>
<b>Consistency</b>	<ul style="list-style-type: none"> <li>Complex family structures may have an influence</li> <li>In PISA students are asked to answer based on the parents or guardians they spend the most time with, however no such guidance is included in the parental questionnaire<sup>56</sup></li> </ul>

<sup>50</sup> Brese, F., Mirazchyski, P. (2010) *Measuring Students' Family Background in Large-scale Education Studies* Paper for the 4<sup>th</sup> IEA International Research Conference

<sup>51</sup> Mullis, I.V.S., O'Martin, M., Foy, M., Drucke, K.T. (2012) *PIRLS 2011 International Results in Reading* Boston College: TIMSS and PIRLS International Study Centre

<sup>52</sup> Brese, F., Mirazchyski, P. (2010) *Measuring Students' Family Background in Large-scale Education Studies* Paper for the 4<sup>th</sup> IEA International Research Conference

<sup>53</sup> Jerrim, J., Micklewright, J. (2012) *Socioeconomic gradients in children's cognitive skills: Are cross-country comparisons robust to who reports family background?* London: Institute of Education

<sup>54</sup> As above

<sup>55</sup> Harwell, M., LeBeau, B. (2010) "Student eligibility for a free lunch as an SES measure in Education Research" *Educational Researcher* Vol.39, No. 2, pp. 120-131

<sup>56</sup> Jerrim, J., Micklewright, J. (2012) *Socioeconomic gradients in children's cognitive skills: Are cross-country comparisons robust to who reports family background?* London: Institute of Education

## 4 Universal Credit and free school meals

Universal Credit is a new approach to welfare which will replace the following current different forms of income-related support:

- Income Support;
- Income-based Job Seekers' Allowance;
- Income-related Employment and Support Allowance;
- Working Tax Credit; and
- Child Tax Credit.

It is to consist of a basic personal amount with additional amounts for disability, caring responsibilities, housing costs and children.<sup>57</sup> It is expected to be implemented on a phased basis in Northern Ireland from April 2014.<sup>58</sup>

### Passported benefits

Those who are entitled to out-of-work means-tested benefits or tax credits may also be eligible for a range of other support (including free school meals and health benefits) – these are known as passported benefits.

The Department for Work and Pensions commissioned the Social Security Advisory Committee (SSAC) to consider passported benefits linked to Universal Credit across the UK. Its report set out a number of principles to guide the revision of eligibility criteria for passported benefits:<sup>59</sup>

- **Simplification:** making eligibility easier to understand for claimants;
- **Auto-entitlement:** the Universal Credit IT system could automatically identify eligibility for passported benefits;
- **Information transfer:** data from the welfare IT systems should be shared across government departments;
- **Making work pay:** passported benefits should not create barriers or disincentives to work (consideration should be given to how to withdraw an entitlement when someone ceases to be eligible).

### Potential implications for free school meals

The present system of 'passported benefits' including free school meals is based on the current out-of-work means-tested benefits or tax credits. As these benefits will not

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<sup>57</sup> Department for Social Development (2013) *Northern Ireland Universal Credit Information Booklet* Belfast: Department for Social Development

<sup>58</sup> Information provided by the Department of Education, May 2013

<sup>59</sup> Department for Work and Pensions (2012) *Universal Credit: The impact on passported benefits* London: The Stationery Office

exist after the introduction of Universal Credit, new arrangements for free school meals will have to be implemented.<sup>60</sup>

The House of Commons Committee for Work and Pensions notes that finding a means of administering passported benefits under Universal Credit is complex. However it called for Government to implement 'fair and workable' criteria to avoid adding complexity and to reduce the risk of putting families off working.<sup>61</sup>

The Department of Education (the Department) states that the existing benefits act as the qualifying criteria for 99% of all claims for FSM in NI. As such, work is being carried out to develop new eligibility criteria to be implemented by April 2014. Objectives for the development of the criteria include:<sup>62</sup>

- Free school meals should continue to provide support to families most in need without disruption to delivery;
- New criteria should ensure that the application process is straightforward for families;
- The criteria should not place a heavy administrative burden on those undertaking assessment of eligibility;
- Transitional protection arrangements will be considered as part of the development of revised criteria.

The Minister for Education has discretion to change the eligibility criteria for free school meals without needing to make legislative amendments. This would be through an amendment to the Approved Arrangements for the Provision of Milk, Meals and Related Facilities.<sup>63</sup>

At present the arrangements are reviewed each year and amendments are made as required (for example, to reflect changes introduced by Her Majesty's Revenue and Customs). The Department states that the Minister is considering whether to undertake a consultation on the revised eligibility criteria.<sup>64</sup> The following paragraphs highlight some of the possible implications of the introduction of Universal Credit.

### ***Opportunity to alter entitlement***

A number of stakeholders have suggested that the introduction of Universal Credit presents an opportunity to review eligibility criteria.<sup>65</sup> For example, the Institute for Fiscal Studies has suggested that its introduction provides the Executive with an

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<sup>60</sup> Work and Pensions Committee (2012) *Third Report: Universal Credit implementation: meeting the needs of vulnerable claimants* London: The Stationery Office Limited

<sup>61</sup> As above

<sup>62</sup> Information provided by the Department of Education, May 2013

<sup>63</sup> As above

<sup>64</sup> As above

<sup>65</sup> Department for Work and Pensions (2012) *Universal Credit: The impact on passported benefits* London: The Stationery Office

opportunity to review the provision of means-tested support, including free school meals, to ensure measures support the Executive's priorities.<sup>66</sup>

The Children's Society suggests that its introduction provides an opportunity to improve eligibility criteria and delivery in order to extend provision to children of all families in receipt of Universal Credit.<sup>67</sup> The Pathfinder pilot of Universal Credit introduced in April 2013 allows all those in receipt of Universal Credit with children in school to claim free school meals. This was noted to be allowed due to the relatively small numbers involved.<sup>68</sup>

However, the UK Government's response to the House of Commons Work and Pensions Committee's Inquiry stated that it would not be possible to extend passported benefits to all those in receipt of Universal Credit due to the significant financial implications.<sup>69</sup>

### **'Cliff edge' - loss of FSME as a potential work disincentive**

FSM are available to parents of nursery and primary children in NI who are in receipt of Working Tax Credit and an income of less than £16,190 and to all parents in receipt of Child Tax Credit with an income of less than £16,190 (among other criteria). The Children's Society in England identifies the loss of entitlement to free school meals when a parent works a certain number of hours per week as a 'major' work disincentive.<sup>70</sup>

Under the current system, while parents lose entitlement to free school meals when they work a certain number of hours; this loss is partially reduced by the additional income provided through Working Tax Credit.<sup>71</sup>

Under Universal Credit however the loss of FSME may not be alleviated by other benefits, as there will not be a threshold at which the family gains a substantial increase in benefits income (household income increases gradually as earnings increase). This presents a 'cliff edge' whereby if a claimant exceeds a certain point, costs exceed the benefits.<sup>72</sup>

It is estimated that many families working or earning more would have to earn significantly more to recoup the loss of FSME. For example, a lone parent with three children earning no more than £7,500 per year would have to earn £12,000 annually before their overall income (including the value of FSM) reached the level it was at

<sup>66</sup> Browne, J., Roantree, B. (2013) *Universal Credit in Northern Ireland: what will its impact be, and what are the challenges?* London: Institute of Fiscal Studies

<sup>67</sup> Royston, S., Rodrigues, L., Hounsell, D. (2012) *A policy report on the future of free school meals* London: The Children's Society

<sup>68</sup> Work and Pensions Committee (2012) *Third Report: Universal Credit implementation: meeting the needs of vulnerable claimants* London: The Stationery Office Limited

<sup>69</sup> As above

<sup>70</sup> Royston, S., Rodrigues, L., Hounsell, D. (2012) *A policy report on the future of free school meals* London: The Children's Society

<sup>71</sup> As above

<sup>72</sup> As above

when their earnings were below £7,500. This does not take into account the loss of associated benefits such as school uniform allowance.<sup>73</sup>

**Potential for there to be winners and losers**

The Department acknowledges that changes to the eligibility criteria may result in families losing or gaining eligibility under the implementation of Universal Credit, and the range of pupils with FSME may change. However it emphasises that the Minister’s priority is to ensure that free school meals provide support to those most in need.<sup>74</sup>

**5 Potential options for free school meals under Universal Credit**

A number of potential options for the implementation of free school meals under Universal Credit have been put forward. These are considered in the following paragraphs.

**Setting an income threshold for eligibility**

A suggested approach for free school meals is to determine an income threshold within Universal Credit below which claimants would be eligible for free school meals. The Department states that it is likely that the new criteria in NI will involve eligibility for Universal Credit and a specific earnings threshold.<sup>75</sup>

The following table highlights the possible advantages and disadvantages of this approach.<sup>76</sup>

**Table 4: Advantages and disadvantages of setting an income threshold**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Readily understood</li> <li>• Would be cost-neutral if threshold supports the same number of children as the present system</li> <li>• Relatively straightforward to deliver</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for there to be winners and losers</li> <li>• Retains a ‘cliff edge’ when the income threshold is reached, which will not be offset via tax credits (may act as a disincentive to work)</li> </ul>

**Tapering and run-ons**

Research reported by the Department for Work and Pensions identified a consensus among respondents that passported benefits should not be lost entirely upon entry to

<sup>73</sup> Royston, S., Rodrigues, L., Hounsell, D. (2012) *A policy report on the future of free school meals* London: The Children’s Society

<sup>74</sup> Information provided by the Department of Education, May 2013

<sup>75</sup> As above

<sup>76</sup> Department for Work and Pensions (2012) *Universal Credit: The impact on passported benefits* London: The Stationery Office



work. Many stakeholders called for a tapering of benefits as opposed to a progressive withdrawal at different income levels.<sup>77</sup>

Another suggested approach to mitigate against a ‘cliff-edge’ withdrawal of benefits was to allow entitlement to a passported benefit to run on for a period of time after eligibility has ceased. This aims to avoid the sudden loss of a passported benefit.<sup>78</sup>

The Minister for Social Development is understood to be considering options for transitional protection for those who may lose their entitlement under Universal Credit.<sup>79</sup>

### “Cashing up”

In its report on passported benefits SSAC highlighted the option of replacing benefits in kind, such as free school meals, with a cash amount. However, it found that respondents viewed benefits-in-kind as particularly beneficial as they ensure that certain benefits are available ‘free’ at the point of need. There were concerns that replacing such benefits with cash may mean that services are not accessed and cash payments may not be used for the intended purpose.<sup>80</sup>

**Table 5: Advantages and disadvantages of replacing free meals with cash**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• May increase simplicity</li> <li>• Meets the objective of making work pay</li> <li>• Allows the benefit to be withdrawn smoothly (via a taper)</li> <li>• Gives households choice about how to spend the money</li> </ul>	<ul style="list-style-type: none"> <li>• Money may not be spent as intended</li> <li>• Could undermine the policy objectives of the passported benefit</li> <li>• Difficult to assign a cash value to all passported benefits and ensure the amount is in line with real prices</li> <li>• May allow creditors to regard passported benefits as income for debt recovery purposes</li> </ul>

### Reduced earnings disregard model

Earnings disregards under Universal Credit aim to enable claimants to keep more of their earnings and reduce their benefit more gradually as they move into work or increase their hours.<sup>81</sup>

<sup>77</sup> Department for Work and Pensions (2012) *Universal Credit: The impact on passported benefits* London: The Stationery Office

<sup>78</sup> As above

<sup>79</sup> Information provided by the Department of Education, May 2013

<sup>80</sup> Department for Work and Pensions (2012) *Universal Credit: The impact on passported benefits* London: The Stationery Office

<sup>81</sup> Work and Pensions Committee (2012) *Third Report: Universal Credit implementation: meeting the needs of vulnerable claimants* London: The Stationery Office Limited

Within a reduced earnings disregard model for school meals there would be a nominal reduced earnings disregard for each school-age child up to a maximum of three children. It would involve 'cashing up' free school meals, but would help to reduce costs as parents (except for those on the lowest incomes) would contribute to the cost of school meals.<sup>82</sup>

Specifically, a cash value equal to the cost of the school meal would be added to the family's Universal Credit award, but there would be a reduction in earnings disregards to make it cost neutral.

However, concerns around this approach include the potential complexity for families (who would be required to choose between funding for school meals and a higher disregard), and the variation in school meals costs across regions.<sup>83</sup>

### **Planned approaches in other jurisdictions**

#### ***England***

The Department for Education is working with other departments and councils to develop new criteria for free school meals to be implemented from 2014. It plans to continue providing free school meals as an actual benefit, rather than replacing it with a cash sum for families.<sup>84</sup>

The Department has stated that there will not be a reduction to the level of entitlement to free school meals among students under Universal Credit. The Free School Lunches and Milk (Universal Credit) (England) 2013 will ensure that claimants who would have previously been entitled to free school meals will retain the entitlement under Universal Credit.

#### ***Scotland***

Interim legislation, the Education (Schools Lunches) (Scotland) Amendment Regulations 2013, was implemented in April to ensure that anyone who would have been eligible to claim free school meals will not lose their entitlement during the early phases of its roll out.<sup>85</sup>

This legislation is expected to be replaced with a second regulation which will set out the substantive policy for free school meal entitlement in Scotland. A consultation around passported benefits was carried out by the Scottish Government. The impact of the Regulations will be kept under review and will help to inform the substantive arrangements.<sup>86</sup>

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<sup>82</sup> Department for Work and Pensions (2012) *Universal Credit: The impact on passported benefits* London: The Stationery Office

<sup>83</sup> As above

<sup>84</sup> Department for Education (2013) *Universal Credit and free school meals (FSM): Changes to FSM entitlement criteria* [online] Available at: <http://www.education.gov.uk/schools/pupilsupport/pastoralcare/b00202841/fsmcriteria/changes-fsm-entitlement>

<sup>85</sup> Legislation.gov.uk (2013) Policy Note The Education (Schools Lunches) (Scotland) Amendment Regulations 2013 [online] Available at: [http://www.legislation.gov.uk/ssi/2013/64/pdfs/ssipn\\_20130064\\_en.pdf](http://www.legislation.gov.uk/ssi/2013/64/pdfs/ssipn_20130064_en.pdf)

<sup>86</sup> Lyall, H. (2013) *Passported Benefits* SPICe Information Centre, the Scottish Parliament

## 6 Conclusion

This paper has highlighted a range of areas that could be given further consideration. These include:

- Alternative measures of deprivation, their advantages, disadvantages and viability in practice, particularly in comparison to FSME;
- The approaches used elsewhere, for example, the Australian approach of asking parents about family background when their child enrolls in a school; and the questioning of students on family factors in PISA, PIRLS and TIMSS;
- The potential implications of the introduction of Universal Credit for free school meals, including the possibility of a 'cliff edge' where costs may exceed benefits when a claimant earns over a certain amount;
- The approach to implementing free school meals under Universal Credit proposed by the Department and the eligibility criteria under development;
- Whether consultation is required on the proposed changes;
- Whether transitional arrangements will be put into place to support any families that lose FSME under Universal Credit.