

ANGUS COUNCIL
EDUCATION COMMITTEE

7 MARCH 2000

SCHOOL CLOTHING GRANTS AND THE INTRODUCTION OF WORKING FAMILIES TAX CREDIT
REPORT BY THE DIRECTOR OF EDUCATION

ABSTRACT

This report describes the impact of the introduction of Working Families Tax Credit on the Council's arrangements for awarding School Clothing Grants. Amendments to these arrangements are recommended.

1 RECOMMENDATIONS

It is recommended that the Education Committee:

- a approves the following amended criteria for a family's eligibility to receive a School Clothing Grant:
- receipt of Job Seekers Allowance (Income Based), or
 - receipt of Income Support, or
 - receipt of either the maximum amount of Working Families Tax Credit (WFTC) or receipt of WFTC reduced by no more than £70 per week.
- (This criterion should be amended as and when the Inland Revenue amend current arrangements to the contents of the standard WFTC Award letter to identify clearly entitlement to free NHS prescriptions - such entitlement also then automatically triggering entitlement to Clothing Grants for WFTC recipients)
- b notes that the above proposal is intended to ensure that (broadly speaking) the income levels which currently entitle families to Clothing Grants should continue to bear that entitlement
- c instructs me to monitor the proposed arrangements for awarding School Clothing Grants, and to report back to the Committee should these arrangements require any further consideration in the light of experience.

2 BACKGROUND

- 2.1 Section 54 of the Education (Scotland) Act 1980 confers a power on education authorities to make provision for pupils to ensure they are sufficiently and suitably clad during such periods as they are attending school.

- 2.2 At present Angus Council discharges that statutory power by awarding an annual School Clothing Grant of £45 to an eligible family for each school child under 10 years of age and of £50 to an eligible family for each school child in the family who is over 10 years of age. These Grants are normally paid to parents in the period May to August in advance of the school session to which the Grant pertains.
- 2.3 Until recently, in order to be eligible for a Clothing Grant, a family had to produce documentary evidence that they were in receipt of at least one of the undernoted government welfare benefits:
- Job Seekers Allowance (Income Based)
 - Income Support
 - Family Credit.
- 2.4 Some of these families are eligible also to receive Free School Meals, although the criteria are more restrictive - the only families qualifying for Free School Meals being those in receipt of either Job Seekers Allowance (Income Based) or Income Support.
- 2.5 In the current school session (1999/2000) approximately 3,850 Angus pupils (some 23.1% of the Angus school population) have received a School Clothing Grant (only 1,680 children are currently claiming Free School Meals); total expenditure on Clothing Grants in the current financial year is projected to be £182,700.

3 AMENDMENTS TO GOVERNMENT WELFARE BENEFITS

- 3.1 Last year the government introduced a new benefit - Working Families Tax Credit. This benefit replaced Family Credit with effect from 5 October 1999. It is more generous than Family Credit, is intended to assist unemployed people who find work, and as a result many people who were not entitled to Family Credit have now become entitled to Working Families Tax Credit, which is being administered by the Inland Revenue.
- 3.2 Since Clothing Grants are normally paid in the period May to August, there has been no requirement to make any immediate adjustments to current arrangements. However, it will be necessary for the Council to decide on a new approach in light of the disappearance of Family Credit and in anticipation of the forthcoming arrangements for session 2000/2001.

4 POSSIBLE APPROACHES

Three broad approaches are outlined below.

- 4.1 Option 1 - Designate Receipt of Working Families Tax Credit as a Sufficient Criterion for the Award of a Clothing Grant
- 4.1.1 This approach would have the advantage of simplicity, and could be operated in exactly the same way as previous arrangements have operated.
- 4.1.2 It is impossible to predict with any accuracy how many families would qualify for Clothing Grants were this criterion to be adopted; what is certain is that significantly more families are eligible for receipt of Working Families Tax Credit than were eligible for Family Credit, and one very rough estimate suggests that perhaps as many as 8,000 pupils in Angus schools come from families who are entitled to receive Working Families Tax Credit.
- 4.1.3 As indicated in paragraph 2.5 above some 3,850 Angus pupils currently receive Clothing Grants - at a total annual cost to the Council of £182,700. It would appear as if this option has the capacity to increase significantly that level of expenditure; at a time when continuing very severe constraints are being placed on local government expenditure this option is clearly unsustainable and cannot be considered as a realistic option.
- 4.2 Option 2 - Designate a Certain Level of Working Families Tax Credit as Sufficient Criterion for the Award of a Clothing Grant

- 4.2.1 The weekly WFTC payable to families varies according to circumstances; obviously those families which are earning more are paid less WFTC, and those families being paid the greatest amount of WFTC are likely to be in greatest need. It may be possible for the Council to designate a certain income level, to translate that into an equivalent WFTC level and to agree to pay a Clothing Grant only to these families who fall below the designated income threshold.
- 4.2.2 This approach would require families to provide the Council with a copy of the detailed calculation undertaken by the Inland Revenue for entitlement to Working Families Tax Credit. However, it is understood that - from October 2000 - the Inland Revenue award letter will also carry an indication as to whether or not the level of WFTC payable carries with it an entitlement to free NHS prescriptions; this level could usefully be designated also as a threshold governing payment of Clothing Grants.
- 4.2.3 This approach - if it could be efficiently and effectively implemented - would result in approximately the same number of children receiving Clothing Grants as at present, and would therefore be broadly cost neutral.
- 4.2.4 The initial impression of this approach is that it would generate some increase in bureaucratic procedures (and possibly in future a requirement for additional staff to be recruited); there would also appear to be potential for differing interpretations leading to challenge and frustration (for staff and parents alike). However, if it is correct that future WFTC Award letters are (from October 2000) to contain a clear indication where the Award confers entitlement to free NHS prescriptions, then this would - if implemented - remove most of these initial reservations about excessive bureaucracy and subjective interpretation.
- 4.2.5 There are some minor reservations about the initial practicability of this approach but otherwise it is worthy of sympathetic consideration.
- 4.3 Option 3 - Restrict Eligibility to Clothing Grants to Families in Receipt of Job Seekers Allowance (Income Based) or Income Support
- 4.3.1 This approach would reduce the number of eligible families, with only those families in most need continuing to receive Clothing Grants.
- 4.3.2 This approach would mean that entitlement to Free School Meals and to Clothing Grants would be identical. This in itself could have several advantages, including:-
- the potential to simplify arrangements for claimants, with a single claim being sufficient to trigger entitlement to two different benefits
 - the ability to ensure that greater encouragement is given to families to claim the benefits to which they are entitled (at present there are some eligible families - many with children in secondary school - who do not claim Free School Meals).
- 4.3.3 Although it is understood that most Councils have until now used similar criteria to determine eligibility to Clothing Grants, there are some variations between Councils and in particular it is believed that at least one Scottish Council has for some time been applying the stricter eligibility criteria which this particular approach would entail.
- 4.3.4 This approach would be very straightforward to implement. Although it would result in a smaller number of families being eligible for Clothing Grants than at present, there are some potential advantages for the least well off, particularly if the approach is combined with a concerted effort to increase the uptake of Free School Meals (and, by implication, Clothing Grants) by all eligible families.
- 4.3.5 The main disadvantage of this approach is that it would mean that some families who would currently receive Clothing Grants would no longer be eligible to receive these Grants.

5 FINANCIAL IMPLICATIONS

- 5.1 The financial implications of adopting the first approach outlined above (4.1) cannot be precisely quantified but various estimates suggest that additional annual expenditure of up to £180,000 may be incurred.
- 5.2 Adopting the second approach outlined above (4.2) would be cost neutral, although it is possible that this approach may generate a requirement in future for additional staffing resources in order to cater for what may become a more complex claims procedure.
- 5.3 If the third approach (4.3 above) were to be adopted and combined with a successful campaign to increase the uptake of Free School Meals (and Clothing Grants) by eligible families, the nett saving in a full financial year would be likely to be of the order of approximately £65,000.

6 CONSULTATION

In accordance with the Standing Orders of the Council, this report has been the subject of consultation with the Chief Executive, the Director of Finance and the Director of Law & Administration. The Director of Social Work has also been consulted.

7 CONCLUSIONS

- 7.1 Changes to the government's system of welfare benefits mean that the Council has no choice but to amend its criteria for determining eligibility for Clothing Grants.
- 7.2 Although theoretically there are three broad approaches which could be adopted, realistically only two of these are viable options.
- 7.3 One of the viable options would be to award Clothing Grants to families whose financial circumstances are broadly similar to those families currently eligible to receive Clothing Grants.
- 7.4 The second viable option is to restrict eligibility to Clothing Grants to those families whose financial circumstances make them eligible for Free School Meals. This would enable the Council to continue to target those families most in need.
- 7.5 On balance, the approach described in Option 2 (section 4.2 above) is recommended - with eligibility for a Clothing Grant being conferred on any family receiving either the maximum amount of Working Family Tax Credit or maximum WFTC reduced by no more than £70 per week; this arrangement should be reviewed in October 2000, at which time - if WFTC Award letters then carry a clear indication of entitlement or otherwise to free NHS prescriptions - the entitlement of WFTC families to free NHS prescriptions should become the criterion for awarding a Clothing Grant. This somewhat complex proposal is intended to ensure that - broadly speaking - the income level which currently entitles a family to a Clothing Grant should continue to bear the same entitlement.
- 7.6 Given the uncertainty governing operation of amended procedures, the proposed arrangements should be carefully monitored.

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NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

JAA/RB/CJ