



Briefing

UPDATED ADVICE ON A FREE SCHOOL LUNCH PROGRAMME

To: Rt Hon Jacinda Ardern, Prime Minister, Minister for Child Poverty Reduction
Hon Chris Hipkins, Minister of Education
Hon Tracey Martin, Minister for Children

Date	9/04/2019	Priority	HIGH
Deadline	11/04/2019	Briefing Number	DPMC-2018/19-1116 METIS: 1185263

Purpose

To provide you with updated advice on a Budget 2019 proposal for a free school lunch programme.

Recommendations

1. **Agree** to an updated free school lunch programme, which would:
 - a. begin in some select 'early adopter' schools in Term 3 2019
 - b. reach up to 21,000 students (approximately 120 participating schools) by the beginning of the 2021 school year
 - c. test different models of delivery, in different regions, and within different types of schools
 - d. be evaluated real-time, allowing for timely adaptation where practical
 - e. be time-limited for 2.5 years.

Prime Minister Ardern **Agree / Disagree**

Minister Hipkins **Agree / Disagree**

Minister Martin **Agree / Disagree**

2. **Agree** that the programme:
 - a. gather on-the-ground information to support future policy decisions
 - b. assist in the development of a robust implementation design

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- c. help to ensure children in the participating schools have their basic needs met, by directly addressing food insecurity at school.

Prime Minister Ardern **Agree / Disagree** Minister Hipkins **Agree / Disagree**
Minister Martin **Agree / Disagree**

3. **Agree** that the schools selected as part of the programme would all be within the 20 percent of schools with the highest concentrations of disadvantage, and that free school lunches would be provided to all students in Years 1 to 8 in the participating schools.

Prime Minister Ardern **Agree / Disagree** Minister Hipkins **Agree / Disagree**
Minister Martin **Agree / Disagree**

4. **Note** that schools selected for the programme would include:
- a. schools in different regions
 - b. schools with different attributes that may impact on cost structures (e.g. some urban and some rural schools)
 - c. schools that have existing arrangements in place to provide lunch to students (which they may wish to build on), as well as some that do not.
5. **Note** that we have costed this proposal based on:
- d. \$5.00 per student, per day
 - e. up to 10,000 students (approximately 60 schools), during Terms 3 and 4 of 2019 and for the 2020 school year
 - f. around 21,000 students (approximately 120 schools) for the 2021 school year
 - g. 9(2)(f)(iv) for initial implementation, including technical design development
 - h. 9(2)(f)(iv) for project management and evaluation costs
 - i. \$0.828m capex to support schools for relevant capital expenditure.

6. **Note** that the financial implications of this proposal would be:

Item	2019/20	2020/21	2020/21	2020/21	Total
Opex	13.593	18.006	12.056	0.000	43.656
Capex	0.360	0.396	0.072	0.000	0.828
Total	13.953	18.402	12.128	0.000	44.484

7. **Note** that a key risk of this approach is raising expectations about a wider rollout (or extending the rollout in participating schools beyond 2021), but we believe this risk can be managed through clear Budget communications and expectation management.

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8. **Agree**, subject to final Budget decisions, to officials entering into confidential discussions (supported by signed non-disclosure agreements) with selected school leaders, and non-government and private sector organisations, in order to obtain information and expertise to support the detailed development and implementation of the initiative.

Prime Minister Ardern **Agree / Disagree**

Minister Hipkins **Agree / Disagree**

Minister Martin **Agree / Disagree**

Kristie Carter
Director
Child Poverty Unit

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Rt Hon Jacinda Ardern
Prime Minister
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Contact for telephone discussion if required:

Name	Position	Telephone		1st contact
Kristie Carter	Director, Child Poverty Unit	9(2)(a)		✓

Minister's office comments:

- ☐ Noted
- ☐ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to

UPDATED ADVICE ON A FREE SCHOOL LUNCH PROGRAMME

Background

1. The Minister for Child Poverty Reduction has asked officials to re-scope and cost an initiative within 2019 Budget allocations, which tests different models of delivery of a free school lunch programme.

Proposal

2. The proposed programme would provide universal free school lunches in up to 120 schools within the 20 percent of schools with the highest concentrations of disadvantage. The programme would:
 - a) gather on-the-ground information to support future policy decisions
 - b) assist in the development of a robust implementation design
 - c) help to ensure children in the participating schools have their basic needs met, by directly addressing food insecurity at school.
3. The programme would allow us to test and adapt different models over the period to identify what works best for different types of schools.
4. We have re-scoped and costed the Budget 2019 initiative on the following basis:
 - a) begin in some select 'early adopter' schools in Term 3, 2019
 - b) reach up to 21,000 students (approximately 120 participating schools) by the beginning of the 2021 school year
 - c) test different models of delivery, and in different regions and types of schools
 - d) be evaluated real-time, allowing for timely adaptation where practical.
5. Free school lunches would be provided to all students in Years 1 to 8 in the participating schools for a time-limited period of 2.5 years.

Matters to explore or test

6. As noted above, this programme would allow us to test and adapt various programme parameters that would inform future advice on whether and how to implement a wider rollout. Matters to test could include operating and funding mechanisms, the approach to monitoring and accountability, and student and parental preferences.
7. Models of delivery to explore or test include:
 - a) *clustering* – e.g. central government provides funding to schools, who then cluster together and procure a provider jointly

- b) *school-by-school* – e.g. central government provides funding to individual schools, who independently procure a provider
 - c) *government provision* – e.g. central government procures one or more providers around the country (or, alternatively, central government procures a corporate to procure the providers) and schools can opt-in.
8. As part of this work, we would seek to identify and assess a range of different opportunities for partnership and co-funding. This could involve a 'start-up support service', helping schools to identify and establish local partnership arrangements. We would also explore opportunities for partnership arrangements between central government and business and/or philanthropic organisations.
9. Real-time evaluation, and timely adaptation where practical, would allow us to quickly understand what is working and what is not. This would require working closely with schools, providers, and others, and seeking feedback / input from students and parents at relevant stages.

Identifying schools

10. The Ministry of Education and the Child Poverty Unit would work together to identify potential 'early adopter' schools to start the programme in Terms 3 or 4, 2019. Officials would approach potential schools as soon as practical following Budget 2019 announcements, to test their interest in becoming 'early adopters' of the programme.
11. Schools selected for the programme would include:
- a) schools in different regions
 - b) schools with different attributes that may impact on cost structures (e.g. some urban and some rural schools)
 - c) schools that already have some arrangements in place to provide lunch to students, as well as some that do not.
12. Over the second half of 2019, officials would identify and begin to work with the additional schools to include in the programme from Term 1, 2020. During 2020 officials would identify and work with the remaining schools as part of the wider rollout from Term 1, 2021.

Indicative financial implications

13. The financial implications of this proposal would be:

Item	2019/20	2020/21	2020/21	2020/21	Total
Opex	13.593	18.006	12.056	0.000	43.656
Capex	0.360	0.396	0.072	0.000	0.828
Total	13.953	18.402	12.128	0.000	44.484

14. The total cost of **\$44.484m** over four years includes:
- a) \$43.656m operating expenditure, including:
 - i) **9(2)(f)(v)** to support technical design and development, and initial implementation
 - ii) **9(2)(f)(v)** would support project management and real-time evaluation of the programme
 - b) \$0.828m capital expenditure, to support participating schools' capital requirements that arise as part of the programme.
15. We have costed the programme on the basis that it would:
- a) have a unit price of \$5.00 per student, per day
 - b) provide lunches for up to 10,000 students (approximately 60 schools) during Terms 3 and 4 of 2019, and for the 2020 school year
 - c) provide lunches for around 21,000 students (approximately 120 schools) for the 2021 school year
 - d) be time-limited until the end of the 2021 school year.
16. The \$5.00 unit price would remain flexible across different types of schools, regions, and models. It is intended that the funding would cover all input costs, including raw ingredients, preparation, packaging, distribution, storage, administrative overheads (e.g. ordering, procurement, and contract management), and any profit margins (as some schools may wish to contract with local or large-scale businesses to provide lunches).
17. Given the importance of real-time evaluation to the programme, the proposed funding would allow us to procure these services from an organisation with specialist expertise in this area. The proposed funding for initial implementation would also allow us to procure services to support development and implementation, and support rollout of a variety of approaches.
18. This work can assist with future Budget decision-making, but would not pre-commit funding beyond Budget 2019.

Engagement with schools and others

19. As noted above, we will need to work closely with schools, providers, and other experts – both in the development and rollout of the different models.

Confidential discussions with a small number of stakeholders and experts

20. Given the tight timeframes to have some 'early adopter' schools implementing a free school lunch programme for Term 3, 2019, officials are seeking Ministerial agreement to have confidential discussions with a small number of stakeholders and experts prior to Budget day on 30 May 2019 (but after final Budget decisions are made). The confidential discussions would be subject to non-disclosure agreements.

21. The purpose of these discussions would be to gather information and draw on expertise to inform the detailed operational design and rollout of the initiative. They would also inform further work regarding the potential opportunities, and risks and benefits, of leveraging financial and non-financial contributions and support from non-government sources.
22. Officials would keep Ministers informed of the parties that we enter into confidential discussions with, and the outcomes of these discussions.

Risks and opportunities

23. We note that a key risk of this approach is raising expectations about a wider rollout (or extending the rollout in participating schools beyond 2021), but we believe this risk can be managed through clear communications and expectation management. Officials would be clear with participating schools and others that the funding is time-limited.
24. The programme would allow us to gather on-the-ground information, with real-time evaluation, to support future policy decisions. Officials would be required to adapt and learn 'as we go'. A Project Manager would be brought on board to manage the further development and implementation of the programme, including engagement with the relevant sectors.

Next steps

25. Subject to Ministerial approval, officials will confirm costs and relevant parameters with the Treasury for Budget 2019 decisions.
26. Subject to final Budget decisions, the following is an indicative timeline for undertaking the further work outlined in this paper:
 - **Late June 2019:** Joint Ministers to seek Cabinet approval of policy and implementation decisions for the programme.
 - **Mid-July 2019:** Identification of 'early adopter' schools, and preparation for Term 3, 2019 rollout.
 - **Early-mid October 2019:** Report to joint Ministers on lessons learnt through the initial work with schools and others.
 - **December 2019:** Report to joint Ministers on the results of the evaluation to date, and advice on whether and how to implement a wider rollout.