

Neil Parish MP  
Chair, EFRA Committee  
Houses of Parliament  
London  
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11 June 2020

Dear Mr Parish

### **COVID-19 and Food Supply Inquiry: Free School Meals Vouchers**

I am writing to you as a matter of urgency because the current implementation of the COVID-19 voucher scheme for children in receipt of free school meals is not working as Government intended. The scheme, as currently designed, fails to ensure that schools who purchase vouchers direct from retailers can be confident that they will be reimbursed in full. This is in contrast to schools who purchase vouchers via the DfE's National Voucher Scheme run by Edenred. Andrew Opie of the BRC and James Lowman of the ACS highlighted this issue in your committee's evidence session on 5 June and I wanted to write to you directly to share further detail.

As Chief Executive of one of the UK's leading food retailers I am acutely aware of the responsibility my business has at this time of international crisis. As a community retailer, the Co-op plays a critical role in supporting families and individuals, given our presence in every postal area in the UK. This has been especially true over recent weeks and months. I'm incredibly proud of my colleagues across the Co-op who have worked tirelessly and with an unwavering commitment to the communities we serve.

The Co-op had led the way in the UK on supporting families in receipt of Free School Meals. We see it as a crucial part of the wide range of steps we've taken as part of our COVID-19 response. Our physical gift card scheme, which was up and running before the crisis began, has now been used to support families in receipt of free school meals within the Co-operative Academies Trust plus hundreds of other schools who have directly come to us.

We approached DfE before they launched their National Voucher Scheme to make them aware of our scheme and we offered to work with them to design a solution suitable for all schools and retailers. As we are the sponsor of the Co-operative Academies Trust – comprising 25 schools - we were particularly focussed on what could be done to support disadvantaged pupils in our own academies. For this reason we announced in March that we would provide a £20 voucher for 6,500 pupils in our academies while schools were closed (£5 more a week than the DfE offers). Our Gift Card solution can be remotely topped up each week.

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[coop.co.uk](http://coop.co.uk)

Co-op stores are designed to redeem physical gift cards – a solution that we know works well because it has already been adopted by many families since the crisis began. The cards are sent to schools and then shared with families and reloaded with money by Co-op each week. When Co-op first began discussions with Edenred our gift card system was explained in full and thousands of Co-op gift cards were set aside in readiness to despatch to schools across the UK. Co-op made a practical and scalable offer to both the Department for Education and Edenred before the National Voucher Scheme was launched.

Edenred, we understand, were chosen as they were already a Government supplier and had existing relationships with a number of retailers so could go live immediately. The drawback, however, in proceeding with Edenred, was that a number of retailers who would have been the most obvious choice for families in receipt of FSM were not included (retailers in close proximity to families homes or offering the cheapest products – Co-op, Aldi and Lidl at that time). The issue of proximity can be particularly acute in rural areas where access to a choice of retailers may be limited (Cumbria is a good example of this for the Co-op).

We have worked constructively with both Edenred and DfE to become part of the National Voucher Scheme. After weeks of discussions we identified a number of challenges that we knew would take many weeks to overcome so we came to the conclusion that the interests of the schools and families we wanted to support would be best served by offering Co-op giftcards for sale to schools.

Since the onset of the crisis we have sold giftcards to schools who have approached us. Many have come direct to us because we are the nearest and most convenient store for their families. The current DfE guidance states that schools *can* choose to make alternative arrangements if they need to. We were comfortable selling our giftcards to schools on this basis. However, we are now concerned that some schools who have bought vouchers from us directly may be financially penalised relative to schools who have used the Edenred scheme.

DfE has imposed conditions on schools claiming back exceptional costs as a result of COVID (including claiming for the purchase of FSM vouchers). We have asked DfE to change their official guidance to make it clear that schools who have historic surpluses will still be able to claim back the cost of FSM vouchers. It is unfair that schools that who have managed their finances well will be penalised for doing so – particularly as those hardest hit will be those schools who serve the most disadvantaged communities. The Emergency Fund established by the DfE is designed to cover all exceptional COVID costs but is cash limited and takes no account of the number of children in receipt of FSMs in each school.

When he appeared before the Education Select Committee on 29 April, the Secretary of State for Education suggested that schools purchasing vouchers outside of the National Voucher Scheme would be compensated in full.

The Minister said: *“if schools are serving a community where the only store is a co-operative they have the ability and will be fully reimbursed and fully refunded in order to be able to procure vouchers from that co-operative” and “we recognised we need to give schools the flexibility to do that, and that’s why they have a flexibility so if they need to work with the co-operative and want to work with the co-operative they can procure vouchers in that manner.”*

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In summary, the current position is that those schools who choose to purchase vouchers direct from a retailer outside of the Edenred scheme, including but not limited to the Co-op, may not be fully compensated for the costs incurred. This is a situation which we hope the DfE will resolve by amending their guidance. Many schools have told us that the Co-op Group has been the only reasonable choice for their families during the pandemic it is only right that those schools should be compensated in full if they purchase vouchers directly from the Co-op.

I trust this makes the situation clear to you but please do let me know if your Committee would find any further information useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'JW', written in a cursive style.

Jo Whitfield  
CEO, Co-op Food

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