

A Guide to the School Milk Subsidy Scheme in Northern Ireland



Department of
**Agriculture, Environment
and Rural Affairs**

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Part A: Introduction

1. General

The rules and obligations described in this Guide arise from European Union legislation which is binding in the United Kingdom. These may be subject to alteration. Whilst every effort is made to ensure that the information given is complete and accurate, this cannot be guaranteed as delays can occur both in publication and in the issue of amendments.

The latest version of this Guide may be accessed on our website – www.daera-ni.gov.uk. If you encounter any difficulties please contact us.

There are time limits that apply to many of the procedures that are described in this Guide. It is important that you meet them, as failure to do so will result in loss of entitlement to subsidy.

2. DAERA Privacy Notice

The Department of Agriculture, Environment and Rural Affairs (“DAERA”) takes data protection, freedom of information and environmental information issues seriously. It takes care to ensure that any personal information supplied to it is dealt with in a way which complies with the requirements of the Data Protection Act 1998. This means that any personal information you supply will be processed principally for the purpose for which it has been provided. However, DAERA is under a duty to protect the public funds it administers, and to this end may use the information you have provided for this purpose. It may also share this information with other bodies responsible for the audit or administration of public funds, in order to prevent and detect fraud.

In addition, DAERA may also use it for other legitimate purposes in line with the Data Protection Act 1998, Freedom of Information Act 2000 and Environmental Information Regulations 2004.

3. About this Guide

This Guide gives an outline of the School Milk Subsidy Scheme in Northern Ireland and explains how it works. It sets out the requirements that apply to the Education Authority (EA) regions in Northern Ireland and the schools they claim for.

In England, Scotland and Wales the Rural Payments Agency (RPA) has responsibility for the administration of the Scheme. The RPA may be contacted on (0191) 2265050 or by e-mail: Trader@rpa.gsi.gov.uk

4. DAERA's role

DAERA administers the Scheme in Northern Ireland and is responsible for -

- approving those who claim subsidy;
- providing claim forms and paying the claims submitted;
- visiting claimants and schools to ensure that the rules of the Scheme are complied with;
- publicising changes to Scheme rules;

- recovering aid that has been incorrectly claimed and applying penalties where Scheme rules have not been complied with.

We are happy to deal with any questions about the Scheme – contact details are at page 1 of this Guide.

5. Education Authority (EA) Regions role

EA regions have been approved by DAERA to claim subsidy for certain products distributed in schools in their area.

Each EA region organises the tendering for the supply of subsidised milk and yoghurt to schools in the Scheme and is responsible for ensuring that those schools comply with the Scheme rules and for record keeping.

Part B : Information on the Scheme

1. General information

This section sets out the main rules and information that you must know about the Scheme.

The aim of the School Milk Subsidy Scheme is to -

- maintain or increase the consumption of milk products by school children; and
- encourage school children to form a life-long habit of consuming milk products.

The Scheme enables EA regions and schools to provide drinking milk and plain yoghurt (see paragraph 4 below) at a reduced price to pupils.

Subsidy can only be claimed by an EA region applying on behalf of schools in its area. All five EA regions in Northern Ireland are approved claimants.

The rules about the EU School Milk Subsidy Scheme are set out in -

- European Parliament and Council Regulation (EU) No 1308/2013, Articles 22 – 25 and 217;
- Commission Implementing Regulation (EC) 2017/39;
- Commission Delegated Regulation (EC) 2017/40;
- European Council Regulation (EU) 1370/2013, Article 5;
- The Milk and Milk Products (Pupils in Educational Establishments) (England and Northern Ireland) Regulations 2017 No 734 (as amended).

2. Schools covered by the Scheme

The beneficiaries of the scheme are pupils who regularly attend –

- nursery schools
- primary schools; or
- secondary schools.

The above includes special schools.

Note – see 3 below – subsidy cannot be claimed for free milk supplied to children under 5 through the Department of Health's Day Care Foods Scheme.

3. Not covered by the Scheme

The Scheme does not cover -

- children under 5 receiving free milk under the Department of Health's Day Care Foods Scheme;
- pupils in further education colleges;
- pupils in higher education colleges or universities;
- pupils in holiday camps; and
- boarding pupils on days when they are not receiving formal education.

4. Products covered by the Scheme

The following products from cows, goats and sheep are eligible for subsidy -

- whole or semi-skimmed heat treated milk;
- whole or semi-skimmed heat treated flavoured milk, containing at least 90% by weight of milk and a maximum of 7% added sugar and/or honey;
- whole or semi-skimmed plain yoghurt;
- lactose free or lactose reduced milk;
- UHT milk.

To be eligible, products must be of EU origin and comply with Regulation (EC) No 852/2004 and Regulation 853/2004. These include the rules on preparing the products in an approved establishment and the identification markings the products must have.

5. Products not covered by the Scheme

The following products are not eligible for subsidy -

- milk other than from cows, goats or sheep (such as soya or rice milk);
- powdered or reconstituted milk;
- products used as ingredients in the preparation of meals
- products that have been consumed by staff or visitors;
- products that have been delivered but disposed of;
- products containing more than 5 mg of added fluorine per kg (if added as sodium fluoride this equates to 11 mg of sodium fluoride per kg).

6. Technical standards for subsidised products

Products must comply with the requirements of European Parliament and Council Regulation (EC) No 852/2004 and European Parliament and Council Regulation (EC) No 853/2004 including rules on preparing the products in an approved establishment and the identification markings the products must have.

7. Maximum entitlement

Eligible pupils may receive up to 250ml of subsidised products each school day.

To calculate maximum entitlement multiply:

- the number of school days in the claim period when curricular education takes place; by
- the number of children on the school roll (taking no account of absences); and then by

- 0.00025 (this represents 250ml – the maximum daily allowance);
- finally round to 3 decimal places.

For the number of children on the school roll either use school records or use the number of children at participating schools (as reported annually in the schools' census by the Department of Education). Remember to exclude children under 5 receiving free milk under the Department of Health's Day Care Foods Scheme.

Claims must only be made for quantities that were actually distributed to eligible school children during the claim period, and must not exceed the maximum entitlement. The maximum entitlement must not be exceeded at individual school level, even if the total claim is within the maximum entitlement.

8. Selling prices

Children are the beneficiaries of the Scheme, not the EA region or school, so the subsidy must be used to reduce the cost of the product for pupils.

Subsidy is considered to have been passed on to pupils when products are provided free of charge.

Subsidy may only be claimed for milk or yoghurt which is served as a separate identifiable part of a meal, and where it can be clearly demonstrated that the subsidy is used to reduce the price of the meal.

If products are included in school fees, schools must pass on the subsidy by using it to reduce school fees. Where an extra fee is charged for food or snacks on top of fees, schools should be able to clearly show that the subsidy is being passed on. Reductions made as a result of the subsidy should be clearly shown on school fee bills, or receipts, or mentioned in school literature.

The 'maximum price' which may be charged is set out in the Appendix.

9. Subsidy rates

The EU aid rate is €186.945 per kilolitre for milk and yoghurt. This rate is converted to sterling using the exchange rate applicable on the 1 January preceding the school year concerned.

In addition to the EU aid DAERA pays a top-up subsidy of £39.855 per kilolitre.

10. If you do not keep to the rules of the scheme

DAERA may suspend or withdraw approval of any EA region if the region (or any school(s) they claim for) does not abide by the rules of the Scheme. Suspensions may be for one to twelve months, depending on the gravity of the irregularity. If approval is withdrawn, they can re-apply for approval after a minimum period of twelve months.

11. Advertise subsidised milk products in schools

Schools taking part in the Scheme must display a poster advertising their participation in the Scheme. The poster must be permanently situated in a clearly visible and readable place at the main entrance of the school.

The EA region or school can design their own poster but it must comply with the requirements in Article 16 of Regulation (EC) No. 657/2008. Alternatively a poster meeting the minimum requirements can be downloaded from the DAERA website - www.daera-ni.gov.uk .

12. Educational measures

The aid scheme is intended to improve the distribution of agricultural products and improve children's eating habits. The EU regulations provide that the distribution of products shall be accompanied with educational measures in order to reconnect children to agriculture.

To meet the requirement for educational measures a poster is available for display in classrooms which promotes healthy choices and benefits of drinking milk, the importance of good nutrition and explains how milk is produced. The poster provides messages in relation to milk and dairy products and the dairy industry, and highlights the links with the food and health experiences

Part C : Making a claim

1. How to claim subsidy

EA regions should claim subsidy using form SCM/1 which is available from DAERA.

A template spreadsheet for school information to support claims (which includes a calculator to convert volumes to kilolitres) is available from DAERA.

2. Claim periods

Claims must be made in arrears for the school term rounded to whole months.

3. Deadlines for submitting claims

Each EA region should submit to DAERA one claim covering all schools that it claims for at the end of each claim period.

Claims must be received by the end of the 3rd month following the end of the claim period. For example:

| Claim period ends | Deadline for receipt |
|--------------------------|-----------------------------|
| 31 March | 30 June |
| 30 April | 31 July |
| 30 June | 30 September |
| 31 December | 31 March |

When a deadline falls on a public holiday or weekend the deadline will be the end of the next working day.

4. Penalties for late claims

Claims which are received late will be reduced by -

- 5% if received 1 – 30 days late;
- 10% if received 31 – 60 days late; and
- Claims received more 60 calendar days late shall be further reduced by 1% per each additional day, calculated over the remaining balance.

EA regions should make sure that claims are sent on time and where appropriate they have proof of posting. Claims may be submitted by e-mail which will be accepted as proof of posting – in this case a hard copy must also be posted on the same day. DAERA cannot process a claim until it receives the original claim form by post.

5. Compiling claims

EA regions must make sure that claim forms sent to DAERA -

- are fully completed, accurate and legible;
- are accompanied by a breakdown by school (see para 6);
- are signed by a senior manager who is accountable for the claim;
- do not exceed the maximum entitlement for any school;
- only include eligible products which have been distributed to eligible pupils in the claim period;
- only include products that you have paid the supplier for and retained proof of payment;
- are not calculated purely on the basis of invoices received or paid;
- do not include products consumed on non-school days (for example on Sundays by boarding pupils);

Overpayments will be recovered and interest may be charged on such recoveries. In cases of fraud, an additional penalty will be recovered. If you make inaccurate claims we may suspend or withdraw approval to claim.

6. Information EA regions must supply with the claim

The following details are required as an Annex to each claim for subsidy -

- name of school(s) covered by claim;
- the number of school days for each school;
- the number of eligible pupils for each school (as on the annual school census or the school roll);
- the maximum entitlement for each school in kilolitres to 3 decimal places;
- the amount in kilolitres of each type of product claimed by each school to 3 decimal places;
- a total of each type of product claimed for all schools in kilolitres to 3 decimal places; and
- a grand total of all products claimed for all schools in kilolitres to 3 decimal places.

If an EA region is claiming for pupils in nursery/primary schools and secondary schools please submit two Annexes to support the claim – one for pupils receiving nursery/primary education and one for pupils receiving secondary education.

Pupils receiving nursery/primary education in any special school should be included in the claim and Annex for primary schools.

A template of the spreadsheet with all the information DAERA requires is available by contacting DAERA.

7. Paying the subsidy

DAERA aims to pay 96% of claims within 28 days of receipt of a fully complete claim, including all supporting documents.

8. Under-claims

If an EA region under-claims, it may submit a supplementary or corrected claim, but where the deadline for submitting the original claim is not met a penalty will apply.

9. Over- claims

An EA region will be asked to repay to DAERA subsidies where we find that it had over-claimed or if it, or any of the schools it has claimed for, have not followed the rules of the Scheme. Penalties may also be applied. Each EA Region should inform DAERA as soon as possible if it has over-claimed or made a mistake on their claim form.

EA regions may wish to obtain an indemnity from the schools they claim for.

Part D : Record keeping and procedures for checking records

1. Who must keep records?

EA regions and schools must keep records to prove compliance with scheme rules and entitlement to the subsidy claimed.

2. How long must records be kept?

Records must be kept for at least 3 complete years after the end of the calendar year in which they were drawn up.

3. Allowing us to check your records

Under EU legislation DAERA must be able to check records at any reasonable time. DAERA inspectors regularly make visits to EA regions and during such visits may select a number of schools for tracer visits. All visits to EA regions and schools are solely for the purpose of checking that they are abiding by the rules of the Scheme.

DAERA will make appointments when it wishes to inspect your records. DAERA may also visit and inspect the records of your suppliers.

DAERA, the RPA or other EU officials will want to check records to make sure that -

- the subsidy claimed was correct;
- the subsidy was used to reduce the price of eligible milk and yoghurt for eligible pupils; and
- you kept to maximum selling prices set out in the Appendix.

EA regions are responsible for producing records and supplying any commercial documents or other additional information in their possession or under their control, relating to claims, as required by an authorised DAERA, RPA or EU official.

Failure to produce the documents, or information, required is an offence under regulation 8.1a and b of the Common Agricultural Policy (Protection of Community Arrangements) Regulations 1992 – Statutory Instrument 1992 No 314 (as amended) – which attracts a maximum fine of £1,000.

4. Compliance Audit visits to EA regions and schools

In addition to DAERA inspections EU legislation requires that each year a number of claimants in the UK are visited by RPA Compliance Audit Officers. They will carry out detailed systems checks to establish the accuracy of EA regions' claims and the correct operation of the Scheme. These Officers may also visit schools and suppliers.

5. Visits by EU officials to EA regions and schools

Occasionally EA regions and schools may be visited by EU officials to check the accuracy of claims and the correct operation of the Scheme. EU officials will always be accompanied by a DAERA representative.

6. Records that you must keep

The records you keep must be sufficient to prove:-

- eligibility for all subsidy claimed;
- that maximum selling price rules were met;
- that quantities claimed were correct and were only supplied to eligible pupils;
- that milk products were not used as ingredients in the preparation of meals.

EA regions should keep records such as -

- invoices that show the products supplied and the price of each product;
- receipts/proof of payment(s) to suppliers;
- credit notes (which must be deducted from the correct invoice/claim);
- delivery notes (where available);
- details of each school claimed for;
- evidence of the quantities actually delivered to each school and distributed to eligible pupils as drinking milk or yoghurt (for example delivery notes or returns from schools);
- evidence of prices charged for each product, their calculation and justification for those prices;
- copies of claim forms and any amendments to them;
- evidence of eligible pupil numbers, term dates, numbers of school days at each school you claim for;
- any other documents which show how EA regions manage the Scheme.

EA regions must make sure that all relevant records -

- are kept up to date, complete and accurate; and
- provide a clear audit trail showing that amounts claimed are fully substantiated.

If records are not available to fully support a claim the EA region may be subject to recovery of some or all of the money paid to it, together with interest. Penalties such as suspension or withdrawal of approval to claim may also apply.

7. Paperless records

EA regions can also keep records:-

- in digital format (e.g. computer);
- on microfilm;
- on microfiche.

If paperless records are kept EA regions must ensure that records are as thorough as any system based on traditional bookkeeping and that they can be easily checked. Paperless records must meet British Standard BIP 0008 (BIP 0008 Legal Admissibility and record retention). This sets out what is required to make sure records are still legally valid when documents are scanned and paper records are converted to electronic records

Appendix: Maximum prices which may be charged

Maximum selling price calculation

The maximum selling price to pupils for any product for which subsidy is to be claimed must be calculated as follows -

- purchase price (net of discount but excluding any delivery charges); *less*
- subsidy; *plus*
- up to 7p per serving for administration and distribution to cover the costs of operating the Scheme – please see further details below.

Products will not be eligible for subsidy if the administration and distribution costs –

- are not justified expenditure in operating the Scheme;
- exceed 7p per serving.

The selling price calculation may apply to a term or a whole school year.

Purchase price

The purchase price EA regions must use to calculate the selling price must be net of any discount and must not include overheads, delivery charges or other incidentals.

An average purchase price may be used (by dividing the total cost by the total volume) where products are purchased from more than one supplier and the prices paid vary.

Administration and distribution costs

EA regions may include an amount up to 7p per serving to cover the administration and distribution costs incurred in operating the scheme.

Records must be available to show how the charge per serving is justified. Where the charge is 4p or more per serving, EA regions will need to send DAERA justification for it before DAERA pays any claim.

If some costs are incurred centrally by an EA region, whilst others are met from a school's budget, the admin charge may be shared as agreed locally, provided you are able to show this in your records.

You must be able to justify any administration and distribution costs in your calculation by showing they are -

- reasonable;
- clearly defined.

Examples of what can be covered by the charge are -

- school and EA region staff time spent distributing milk, dealing with suppliers, compiling claims, paying supplier invoices, maintaining records to support claims, management checking of claims, supervising pupils while they consume milk, stocking milk, removing refuse, cleaning refrigerators, etc;

- refrigeration costs – purchase, leasing, maintenance, running costs (electricity), etc;
- administrative costs, including those incurred in promoting the scheme – paper, envelopes, postage, telephone costs, printing, etc;
- cleaning materials – washing-up liquid, etc;
- beakers, cups, straws, etc;
- additional refuse disposal costs – provision of extra waste containers, cost of waste collection, etc;
- storage of invoices and other records for the required minimum 3 year period, or their transfer to microfiche or electronic record.

Rounding

Round figures as necessary to whole numbers -

- round *down* figures of less than 0.5;
- round *up* figures of 0.5 or more.