

REPORT TO: Schools Forum

DATE: 18th June 2020

REPORTING OFFICER: Operational Director - Finance

SUBJECT: Update from North West LMS meeting

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

To report to the Schools Forum key issues discussed at the recent regional meeting.

2.0 RECOMMENDATION: That

2.1 The report is noted.

3.0 SUPPORTING INFORMATION

3.1 NW LMS Group

The NW LMS group is made up of representatives from each local authority in the North West region, specifically those dealing with school funding/Dedicated Schools Grant. At some meetings we have representatives from the Department for Education and/or the Education Skills Funding Agency.

3.2 Virtual meeting held on 12th May 2020

A virtual meeting took place with just one representative from most LAs plus a representative from the ESFA.

The ESFA are committed to moving towards a “hard” National Funding Formula but this will not be in place for 2021-22. We will continue with the “soft” formula as currently in place. The guidance for 2021-22 is due to be released in early July.

Teachers Pay Grant and Teachers Pension Grant will be rolled into the DSG from 2021-22 onwards. For mainstream primary and secondary schools the grants are already paid on a per pupil basis so will be added to the Basic Entitlement factor. There will be a blanket exclusion from the Minimum Funding Guarantee to ensure this change will not have an adverse impact on an individual school’s budget. The Minimum Funding Level will also be increased to take account of these additions. For the PRU and Special schools, maintained nursery schools and centrally employed teachers, the additional funds will be calculated and added to the relevant DSG blocks.

The regulations are being changed to allow for virtual Schools Forum meetings, to be laid before Parliament at the end of May. The amended regulations came into effect on 18th June.

The DSG outturn for 2019-20 reporting requirements have changed. Local authorities with a deficit balance will have to submit a recovery plan to the ESFA in the same way as last year, but local authorities whose surplus balance has significantly reduced will now also be required to submit a recovery plan. It is uncertain as yet if Halton will be required to do so.

The ESFA hope to issue an update in late July on the £13bn/3year increase in funding and how it is being split across the DSG blocks.

The maintained nursery schools protection funding is under review and the outcome will hopefully be included in the July guidance.

3.3 Covid-19

Several themes were discussed regarding the impact of the pandemic. Loss of income – issues regarding balancing school budgets was identified as being a key regional issue. The DfE have set up a financial support package for schools for which further guidance will be issued when the system goes live.

A series of questions were put to the ESFA representative to follow up, questions and answers as below:

Q. Can local authorities still charge Service Level Agreement costs to schools/academies for buy back services?

A. Whilst schools are receiving the same income if they had signed up to SLAs they should be honoured, SLAs would normally correspond to public funded salaries and these are not expected to be furloughed.

Q. Clarity is required on the Early Years census and how the funding will follow.

A. As you'll be aware our Early Years funding to LAs is based on the January (spring) census count, therefore summer term numbers should not affect our funding to the LA. We are still planning to update LA's 2020-21 funding allocation with the updated census figures from the January 2020 census as normal practice, but we're still wanting to be cautious in case the January 2020 figures creates any big drops in funding allocations for any LAs (more variance than we would normally expect to see with the usual annual updates). So we're still waiting to see the impact of the January 2020 census figures before we can confirm, but we're not really expecting to see any issues with the Jan 2020 figures as the census was taken before COVID-19 impact.

Therefore, in our guidance we've said we 'expect' to update the EY allocations – this is the current wording in our guidance:

“We will continue to pay local authorities their early years DSG as normal. It is expected that the initial early years dedicated schools grant (DSG) allocations for 2020 to 2021, announced in December 2019, will be updated to provisional allocations in July 2020 in the usual way (that is, using the January 2020 early years census and schools census.”

Although we think the January 2021 census is likely to be the bigger issue if the impact of COVID-19 is still seen by the time the January 2021 count is taken. So we are looking into that and will keep under review.

Q. Clarity on the additional costs for schools who must run classroom lessons and virtual lessons. This will incur a cost for some schools – are they expected to manage? The guidance says speak to your LA.

A. The school will need to manage under their current staffing arrangements. Guidance has been provided outlining flexibility of staffing requirements so that support staff can cover where lessons are being taught over multiple classrooms/ virtually.

The 'get in touch with your LA' was intended to be more around facilitating space solutions rather than funding. So for example if you had an infant school next to a junior school, the LA may ask if the Year 1 pupils to be taught in the junior school to allow them to use more classes for the younger age group in the infants. Please come back to us if you think that there is likely to be more costs involved that we have not considered.

Schools will continue to receive their budgets for the coming year, as usual, regardless of any periods of partial or complete closure. That will ensure that they are able to continue to pay their staff, and meet their other regular financial commitments, as we move through these extraordinary times.

The exceptional costs fund for schools does not cover remote learning devices for staff or pupils. All schools and local authority children's social care services, including those that have bought additional devices already, can benefit from the devices scheme.

Q. Clarity on furloughing staff for after/before school clubs. Some of these staff are paid entirely by contributions from parents and the rules are unclear on if they are able to be furloughed. Coupled with guidance from HMRC it's unclear the rules around this, including staff on second and third contracts.

A. We do not, in general, expect schools to furlough staff. However, we understand that, in some instances, schools may have a separate private income stream (for example, catering, sports facilities lettings, or boarding provision funded by parents in state boarding schools). Where this income has either stopped or been reduced and there are staff that are typically paid from those private income streams, it may be appropriate to furlough staff.

Schools should first seek to make the necessary savings from their existing budget or consider options to redeploy these staff before furloughing them. Only after all other potential options have been fully considered should schools furlough those members of staff and seek support through the Coronavirus Job Retention Scheme.

Further information is available in the coronavirus (COVID-19): financial support for education, early years and children's social care guidance on gov.uk in the 'State-funded schools' section.

HMRC updated the guidance Coronavirus job retention scheme on 14 May. This provides greater clarity on the rules around engaging staff who have been furloughed. The guidance is available [here](#).

Q. Voucher scheme – Clarity around the recovery of costs for Free School Meal vouchers outside of the Edenred scheme. LA's using other schemes have had confirmation that costs can be reclaimed through the [exceptional costs associated with coronavirus \(COVID-19\)](#). However, the email made specific reference to the claim upper limits in the guidance and the fact that schools cannot claim if they expect to add to their reserves in 2020/21. This seems to disadvantage schools who have gone with their own scheme rather than Edenred as with Edenred **all** costs are fully funded. Also clarification about whether the LA will submit the claim or each individual school would also be helpful.

A. With the exceptional costs fund, we have confirmed in our guidance that schools are able to claim for additional costs incurred in supporting free school meal pupils where the national voucher scheme is not an appropriate approach.

We have always been clear that schools are free to consider what is the best solution for providing support to their free school meal pupils during the current circumstances and that this is subject to certain criteria, including a ceiling on the overall total cost that can be claimed and an expectation that schools would not claim if they will add further to any historic reserves.

We know that some schools will have continued to provide food parcels and/or prepared meals, many have used the national voucher scheme, and others will have used alternative voucher schemes locally. We would like to reassure you that these conditions do not prevent schools

from working with the others suppliers, or for being fully reimbursed where this will have a negative impact on their financial position.

Q: A colleague from the group has interpreted the exceptional costs guidance as follows:

“Where the guidance talks about surplus balances, adding to reserves etc., I’ve always taken that to mean that reserves should not grow as a direct result of any claim, either from the Job Retention Scheme or the other pot. So the claim itself should not create a surplus. Essentially, schools shouldn’t be seeking to profit from the support being offered. As long as claims don’t exceed the cost pressures caused by the Coronavirus then I think they are valid.”

Can you agree that this approach is acceptable?

A: Apologies for the delay, we are having to pass everything through policy at the moment. Your colleague has interpreted the policy in exactly the right way. The approach that you set out is what we would expect.

3.4 A further meeting is being set up for July to take place after the 2021-22 guidance is issued.

4.0 FINANCIAL IMPLICATIONS

4.1 DSG budgets for 2021-22 will be based on the guidance issued in July. Further guidance will be issued when the financial support package for schools which should reimburse the additional costs incurred due to Covid-19. As yet, it is thought this will not cover loss of income which will result in additional financial pressures for some schools.

5.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

5.1 Children & Young People in Halton

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None.

5.4 A Safer Halton

None.

5.5 Halton’s Urban Renewal

None.

6.0 RISK ANALYSIS

- 6.1 There is a clear risk that schools will not be able to recover all of the additional costs/loss of income incurred due to Covid-19 which will increase financial pressures.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.