

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report follows from the information previously presented to the Schools Forum, in July and September, to provide an update on the financial implications for the DSG and schools and other providers resulting from COVID-19. This report also asks for the Forum's view on possible arrangements for the operation of our Early Years Single Funding Formula (EYSFF) in the spring term 2021.

Date (s) of any Previous Discussion at the Forum

Document LR was presented to the Forum on 8 July 2020. Document LV was presented on 16 September.

Background / Context

The report presented to the Forum in July gave an initial assessment of the impact of COVID-19 on the DSG and on schools, academies and other providers. It introduced key themes and identified issues to monitor. Members identified that the DfE's national exceptional and additional costs fund, as it applies to schools and academies, is very limited. We indicated that we will need to further consider highlighted issues as we move into autumn and spring. We also indicated that the Forum may find that it is approached by schools, academies and other providers for financial support and so may need to agree its general position in relation to such requests.

An update on a number of matters was provided on 16 September (Document LV):

- We presented our methodology for the calculation of EYSFF early years entitlement funding in the autumn, which included protection and a temporary £0.20 per uplift in funding rates. We indicated that the position for the spring term will need to be considered further in the light of further guidance from the DfE.
- We explained that the DSG settlement levels that have been announced so far are in line with previous DfE commitments, so COVID-19 has not affected these. It is also clear, in what has been announced so far, that the DfE has sought to avoid unnecessary technical changes in formula funding arrangements next year. The extent to which progress to National Funding Formula has been affected is not clear yet, but this comes within the context of an expected announcement soon about the transition to hard NFF.
- We presented some information about financial impact on maintained schools in the summer term and said that we would continue to monitor this.
- We presented some information about the status of the national support schemes as they were currently known at the time.
- Members continued to raise their significant concerns about the financial impact of COVID-19 measures on schools budgets. The Deputy Director, Education and Learning, reported that she continues to raise with the DfE the issues and concerns that have been communicated to her by schools (by email) regarding the financial implications of COVID-19 across a number of factors. The DfE in response has said that it will raise these with ministers and will seek to make these concerns 'a national issue'.
- A request was made to look at the options that might be available to adjust 2021/22 formula funding allocations to recognise that pupils may be placed in primary schools and academies following appeals concluded after the October 2020 Census is taken.
- A matter raised by schools was presented concerning the impact of COVID-19 on SEND provision and SEND funding.

We explained to the Forum on 14 October that there was nothing new of significance to report regarding the key issues that have been raised (in particular around on-going cost implications and early years funding and income impact). There have been no major announcements about specific school or early years support funding or a second window opening for claims. There was no new guidance at this time from the DfE about early years funding for the spring term.

- We responded to the specific request around whether there are options for moving AWPU funding between primary schools where schools admit pupils on appeal after the October Census is taken and suggested a way forward with this (using the Reception Uplift factor in 2022/23).
- We highlighted an issue concerning the distortion in the number of meals taken on October census day and the potential impact of this on UIFSM allocations, which we said we would highlight for the primary sector.

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Short Updates

To update the Forum quickly on a number of matters:

- The previously announced second window for summer term-based claims against the school's Exceptional Costs Fund has still to open (at time of writing this report). In recent regional meetings, the ESFA has not been able to provide details of when this window will open. We are also aware that a number of schools and academies are still waiting for confirmation that their initial claims made in the summer will be paid.
- School colleagues have continued to provide feedback to the Authority about the escalation of costs incurred in the autumn term, including in covering staff absences. Although, on preliminary information collected from maintained schools at the end of quarter 2, private income streams (from e.g. childcare activities) have recovered from their summer term lows, in most cases income is still lower than it would otherwise normally have been. The extension of the furlough scheme to March 2021 will help in a small number of circumstances, where furloughing has been an option.
- The DfE announced on 27 November a new additional fund to support exceptionally high absence cover costs incurred this term as result of COVID-19. Further details are to follow but this announcement gives a sense of what the eligibility criteria for claims will be (in particular schools must have reserves lower than 4% of income) and the period this fund will cover (which is the beginning of November to the end of term).
- The Government has also allocated to the Authority a 'Winter Grant' (Food and Fuel Poverty) to cover the period December 2020 to Easter 2021. The Authority is currently finalising plans for the allocation of this grant, including in support of children within schools (and their families).
- There have been no announcements to date about support funding being made available for schools, academies and other providers continuing into the 2021/22 financial year. In the absence of further announcements, schools should begin to plan to meet any additional continuing COVID response costs from core formula funding allocations.
- The first tranche (of three) of COVID Catch Up Premium has been paid. It is confirmed that the COVID Catch Up Premium replaces the previous Year 7 Catch Up Premium (so for the secondary phase the COVID Catch Up Premium is not fully new money). Schools and academies are required to publish a report on their websites setting out their uses of this new Premium.
- A number of maintained primary schools have recorded significantly lower levels of take up of meals on October Census day, despite the flexibility that the DfE provided for schools to use a different 'normal' day in this academic year. We expect that this is an issue also for some primary academies. The flexibility to use a different day has not helped where schools / parents have moved to packed lunches. This potentially will significantly reduce UIFSM allocations in 2020/21, compounded because this issue is likely to be present again in the January 2021 Census (both October and January Census data is used to calculate UIFSM allocations). It may well be that the DfE sees this as a national issue and adjusts the UIFSM methodology to protect normal levels of funding. However, the DfE's position on this is not yet known and this is a point to closely monitor.
- We ask the Forum to consider the retention of the primary phase Schools Block £GUF balance held at 31 March 2020 to support the use of the reception uplift factor in 2022/23. This is in response to the matter previously raised regarding the placement of new children on appeal into primary schools and academies in the autumn term after the October Census 2020 has been taken. This is discussed further in Document MH.

EYSFF Spring Term 2021

We expect the DfE to announce its early years funding arrangements for spring term 2021 before the 9 December Forum meeting. Therefore, we hope to be able to substantially add detail when this report is considered so that the Forum can give us a view.

We presented to the Forum on 16 September our methodology for the calculation of EYSFF entitlement funding in the autumn, which included protection as well as a temporary £0.20 per uplift in funding rates. We indicated that the position for the spring term 2021 will need to be considered further in the light of guidance from the DfE. It is this guidance that we are still waiting for but expect to be available for the 9 December meeting.

EYSFF allocations for all schools and early years providers have now been protected in both the summer and the autumn terms. For the autumn term, we guaranteed that every existing setting would be funded for at

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least the number of entitlement hours that they were funded for in autumn 2019. Settings that have exceeded their autumn 2019 hours have been funded for their actual autumn 2020 delivery. The DfE has supported the additional cost of this protection, in part, by adjusting their Early Years Block methodology so that the Early Years Block is funded for the autumn term using January 2020 Census numbers rather than January 2021 Census numbers. This was done with the understanding that numbers may remain lower than normal in the January 2021 Census. This change in methodology has contributed £0.99m to the additional cost of our autumn 2020 arrangements.

Our autumn term arrangements however, have cost a further £1.64m, with £0.56m of this a result of the planned £0.20 per hour rate uplift and £1.08m a result of protecting hours at autumn 2019 minimums, whilst also funding settings for their actual delivery where this has been higher than their minimums. The £1.64m cost is reflected in the forecast that is provided in Document MH.

The £1.08m additional cost of delivery is higher than we projected and is the result of a greater volume of hours, including protected hours, being funded. It was anticipated that actual delivery in most schools and PVI providers would be reasonably close to their autumn 2019 'normal' positions. However, actual delivery in a more significant number of settings is either substantially lower or substantially higher than their autumn 2019 delivery. This has resulted in additional cost (where we are protecting a setting for their autumn 2019 delivery but where some of this delivery, due to COVID-19 related factors, is with another setting and being funded there at least for this term).

This position is a natural consequence of protecting settings facing challenging circumstances whilst allowing flexibility in how parents can take the entitlements for their children and in how settings can react to this. Our aims have been to financially protect settings, to protect entitlement capacity for the medium to longer terms and to ensure the sufficiency of places for parents to access in the short term. We feel that our arrangements have supported these aims. However, the reality is that a protection arrangement of this kind is expensive and is a short term measure – it is not affordable within the DSG in its current form and on the current autumn term pattern of entitlement delivery to extend such a protection over the medium to longer terms without funding from the DfE. The cost is being met currently through the deployment of our reserves, which our modelling warns may be rapidly depleted.

In this context, we likely will not be in a financial position to uplift funding rates again in the spring term 2021. Therefore, settings will likely be funded on their original 2020/21 funding rates.

We will then need to consider closely the protection we will provide for the spring term if this is permitted and / or required by the DfE. For example, we estimate that, after combining the current pattern of provision with previous trends for the typical increases that are seen in delivery between the autumn and the spring terms, if we protect spring 2021 by guaranteeing all settings funding for the higher of spring 2021 or spring 2020 delivery, this will cost an additional £1.76m. If the DfE adjusts the Early Years Block methodology so that January 2020 numbers are again used to fund spring term 2021 (rather than January 2021) the net additional cost to us is estimated to be £1.01m. We must stress that this is an estimate, possibly a worst-case scenario, and also that we do not yet know what the DfE's adjustments and guidance are for the spring term 2021.

For reference and context, we currently forecast in Document MH that the Early Years Block will overspend by £0.75m and that we will hold a balance of £3.85m at the end of 2020/21. A spring term 2021 protection option, which references spring 2020 delivery, for example, is estimated to increase the over spend to £1.76m and to reduce the balance held at the end of 2020/21 to £2.85m. We also estimate at this time that the Early Years Block planned budget may then overspend by a further £1.4m in 2021/22. This is before we consider any further possible COVID-19 implications that may continue into 2021/22. However, to add a note of caution here, the DfE's announcement about whether the January 2020 Census (or something else) will be used instead of the January 2021 Census to fund the Early Years Block is a crucial factor in these figures both for 2020/21 and for 2021/22 and we may see (substantial) improvement – a reduction in the impact especially in 2021/22 - depending on what is announced.

We had hoped to present within this report more certain figures for the Forum to consider, but the absence of the DfE's announcements has prevented this. This report instead seeks to introduce the mixture of concerns that the Authority has pending modelling of spring term 2021 options using more certain information.

We would like to stress that the Authority understands the importance of protecting settings, if permitted to do so, where their delivery is lower than it would otherwise have been due to COVID-19. We will need to develop options for spring term 2021 that are in line with the DfE's guidance, are in line with what we would have expected had circumstances been normal (which is not necessarily the same as funding on spring 2020 actuals), and with sight of the impact (and the knock on consequences) of these arrangements on the financial position of the Early Years Block. These obviously are significant issues that require more detailed consideration and consultation. We hope to be able to provide more details to the Schools Forum on 9 December for further discussion. These discussions can also then be had in more detail with the Early Years Working Group.

Implications for the Dedicated Schools Grant (DSG) (if any)

As set out in the report (this is an item for information).

Recommendations

Recommended –

- (1) The Schools Forum is asked to consider and to note the information provided and to present any further points of concern or feedback for the Forum's awareness and consideration.**
- (2) The Schools Forum is asked for its views on possible EYSFF spring term 2021 arrangements.**

List of Supporting Appendices / Papers (where applicable)

None

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