

<b>Date of meeting:</b>	Thursday 21 May 2020
<b>Title of report:</b>	<b>Covid-19 School Finance Update</b>
<b>Type of report:</b> Delete as required	For information
<b>Executive summary:</b> Including reason for submission	This paper provides an update on the financial implications for schools of the Covid-19 crisis and the associated Government guidance and the LA response.
<b>Budget / Risk implications:</b>	N/A
<b>Recommendations:</b>	The North Yorkshire Schools Forum notes the contents of this paper
<b>Voting requirements:</b>	N/A
<b>Appendices:</b> To be attached	None
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## 1.0 PURPOSE OF THE REPORT

- 1.1 This paper provides an update on the financial implications for schools of the Covid-19 crisis and the associated Government guidance and the LA response.

## 2.0 BACKGROUND

- 2.1 As part of the national response to the Covid-19 crisis the Government announced that Schools, Colleges and Early Years Settings would close from at the end of the day on the 20<sup>th</sup> March 2020 except for the children of key workers and vulnerable children.
- 2.2 The Covid-19 crisis has provided an unprecedented situation for the DfE, the Local Authority and schools with a requirement to rapidly develop policy to respond to events which have never previously been faced before. In this respect, plans have had to continually evolve in response to the many and varied challenges encountered as the crisis has unfolded and as recovery plans are announced.
- 2.3 The financial impact of the Covid-19 crisis on schools has been focussed on the following areas:
- Additional expenditure and loss of income
  - Business continuity planning with respect to school financial processes

## 3.0 ADDITIONAL EXPENDITURE AND LOSS OF INCOME

- 3.1 The DfE have confirmed that schools and academies will continue to receive their core budget funding throughout the Covid-19 crisis period regardless of whether they are either partially closed or completely closed. In this respect there is a requirement for schools to continue to pay their staff and meet their regular financial commitments which are resourced from the public funding received.
- 3.2 The DfE have recognised that there will be instances where schools that remain open will face additional costs as a result of Covid-19 which they may not be able to cover from their existing resources. The DfE have identified these costs as typically relating to premises related costs associated with the opening of schools during the Easter holiday period and at weekends for the children of critical workers and vulnerable children, provision of free school meals for eligible children who are not attending school either before the national voucher scheme was implemented or where it is inappropriate to use the national voucher scheme, and for additional cleaning over and above the normal cleaning process due to a confirmed or suspected Covid-19 case. The DfE have stated that funding will be available to schools that are unable to meet these additional costs from their existing resources, or which they could only meet by drawing down on reserves and undermining their long-term financial sustainability. Maximum claim limits of between £25k and £75k for an individual school, based on pupil numbers, have been stipulated by the DfE. There is, however, still uncertainty as to whether additional expenditure incurred related to areas where there have been problems nationally with systems e.g. the national FSM voucher scheme, will be reclaimable. It is expected that the DfE will provide further guidance on the claiming process in June 2020.

- 3.3 Schools have been requested to remain open for the children of critical workers and vulnerable children during the Easter holiday and summer half term holiday periods. Within North Yorkshire a number Hub facilities have also been operating offering provision on a weekend and bank holidays. The DfE expectation is this provision is resourced using a staffing rota system and offering staff time off in lieu of these periods worked with no additional staffing costs being incurred. Whilst in the majority of instances this has been achieved, it has been necessary to pay additional hours in some cases in order to ensure that the required provision is available. At this stage, it is considered unlikely that these costs will be reclaimable from the DfE and will need be reimbursed by the Local Authority to schools – this may impact on available DSG.
- 3.4 Government guidance has confirmed that there are some limited circumstances where schools may be able to furlough staff and access the funding from the Coronavirus Job Retention Scheme (CJRS) to support up to 80% of an employees' usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contribution and minimum automatic enrolment employer pension contribution on that wage. This support is accessible where privately generated income has either stopped or been reduced and there are staff that are typically paid from these private income streams. The DfE guidance indicates that schools should first seek to make the necessary savings from their existing budget or consider options to redeploy these staff before furloughing them and should only seek support through the CJRS after all options have been considered. 41 maintained schools with North Yorkshire have furloughed staff and have submitted a CJRS claim via NYCC to the HMRC for financial support. Typically, financial support has been claimed for staff delivering before and after school provision, privately funded early years' provision and catering provision.
- 4.0 SCHOOL FINANCIAL PROCESSES DURING THE COVID-19 CRISIS
- 4.1 In the period from early March up to schools closing on the 20<sup>th</sup> March work was undertaken with schools by LA Officers and the FMS Team traded service in order to ensure school business continuity plans were up to date and financial processes could be maintained during the Covid-19 period of disruption. Work focussed on the supplier payment process, staff salary payments and maintenance of financial controls in a remote working context. The Local Authority has also implemented the Anycomms Plus system to enable school staff working from home to securely access individual school financial statements produced by the Local Authority.
- 4.2 The 2019/20 financial year end closedown process was required to be undertaken during April 2020. All school financial year end returns were received by the Local Authority by the required deadline to enable LA maintained school accounts to be finalised within the planned timescale. Consistent Financial Reporting returns and Statement of Reconciliations are currently being completed by individual schools.
- 4.3 The DfE have issued guidance in relation to reducing burdens on educational and care settings in terms of cancelling or pausing all but the most essential data collections, services and requests until the end of June 2020. NYCC has reviewed and considered the guidance. Based on feedback from the sector, it is considered reasonable to retain the original pre-Covid-19 timetable for the completion of 2019/20 Consistent Financial Reporting returns and the submission of 2020/21 Start Budgets.

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- 4.4 The Chief Financial Officer (CFO) statement in respect of the School Financial Value Standard (SFVS) which the DfE requires Local Authorities to submit has been cancelled. In this regard, NYCC is pursuing the collection of any outstanding 2019/20 SFVS returns; 85% of schools have submitted their assessment. At this stage, the position is not clear as to whether the CFO statement will be required for 2020/21. The Local Authority views the completion of the SFVS as good financial practice for schools and encourages School Governing Bodies to continue to undertake the self-assessment of their school's financial management practices.
- 4.5 The Summer 2020 term Admin & Finance Conference has had to be cancelled due to the Covid-19 restrictions. An alternative Skype Conference is being provided with an emphasis on the Covid-19 impact on school resource management.
- 5.0 RECOMMENDATIONS
- 5.1 The North Yorkshire Schools Forum is asked to note the contents of this report.

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Corporate Director – Children and Young People's Service