



Schools Forum

Date: Monday 19th January 2015

Time: 4.00pm

Venue: Scrutiny Room

Everyone is welcome to attend this committee meeting.

Membership of the Forum

Secondary Sector Headteachers (1) Gillian Houghton

Secondary Sector Governors (2) Fergus Kilroy, Fiaz Riasat

Primary Sector Headteachers (4) Patricia Adams, Mike Cooke, Sarah Navin, Saeeda Ishaq

Primary Sector Governors (4) vacancy x 2, Robin Pinner, John Janulewski

Special School Headteachers (1) Bernice Kostic.

Special School Governor (1) Peter Tite

Academy Representative (5) Vacancy, Andy Park, Liza Carr, Ian Fenn, Collette Plant

Pupil Referral Unit Representative (1) Helen McAndrew

Nursery School Representative (1) Mary Metcalf

Non-School Members (9) Amanda Corcoran, Councillor Stone, Harry Spooner, Steve Scott, Mary Hunter, Cath Baggaley, Joshua Rowe, John Morgan, vacancy

Agenda

1. Urgent business
To consider any items which the Chair has agreed to have submitted as urgent.
2. Appeals
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.
3. Minutes
To approve as a correct record the minutes and notes of the meeting held on 17th November 2014 (enclosed).
4. Budget Report
5. Council Savings
6. Date of next meetings :
 - 23rd February 2015
 - 18th May 2015
 - 15th June 2015
 - 13th July 2015
7. Any other business

Information about the Forum

Schools are represented on the Forum by headteachers and school governors, elected to reflect all categories of school. In Manchester; there are non-school representatives from the teacher associations; additional non-voting places are reserved for invited elected members and representatives of other interested bodies.

The Forum members work together to provide a clear consensus of professional advice to education decision-makers, to achieve a transparent deployment of available resources. The Forum provides a formal channel of communication between the Council and schools for consultation concerning the funding of schools, and aims to agree recommendations which present the best possible compromise between competing claims on limited resources; has strategic oversight of ALL funding decisions affecting schools, and is involved in annual consultation in respect of the Council's functions relating to the schools budget in connection with the following:

- pupils with SEN (Special Educational Needs)
- early years
- revisions to the Council's scheme for the financing of schools
- administration of central government grants to schools including Standards Funds
- arrangements for free school meals

The Forum must be consulted on any proposed changes to the Council's school funding formula, and the financial effects of any proposed changes.

Sir Howard Bernstein
Chief Executive
Town Hall, Albert Square
Manchester, M60 2LA

Further Information

For help, advice and information about this meeting please contact:

Carolyn Whewell

Tel: 0161 234 3011

Email: c.whewell@manchester.gov.uk

Manchester Schools Forum

Minutes of the meeting held on 17 November 2014

Present:

Members of the Forum

Secondary Sector Head Teachers: Gillian Houghton

Secondary Sector Governors: Fiaz Riasat

Primary Sector Head Teachers: Samatha Offord, Mike Cooke

Primary Sector Governors: John Janulewski

Special School Head teacher: Bernice Kostick

Special School Governor: Phillip Massey

Academy Representatives: Ian Fenn (in the Chair), Andy Park, Colette Plant

Pupil Referral Unit Representative: Helen McAndrew

Non-School Members: Harry Spooner, Cath Baggaley, Amanda Corcoran, Steve Scott, Councillor Bernard Stone

Executive Members:

Councillor Sheila Newman (Executive Member for Children's Services), Councillor Rabnawaz Akbar (Assistant Executive Member for Children's Services)

Council Officers:

John Edwards, Director, Education and Skills

Rachel Rosewell, Head of Finance, Children and Families

Reena Kohli, Directorate Financial Lead, Children and Families

Carolyn Whewell, Governance and Scrutiny Support Unit

Adel White, Senior Finance Manager, Children and Families

Richard Shirley, Senior Finance Manager, Children and Families

Apologies: Mary Hunter, Liza Carr, Elizabeth Fritchley, Fergus Kilroy, Patricia Adams and Robin Pinner.

FF/14/27 Appointment of Chair and Vice Chair

The Forum agreed to appoint Ian Fenn to Chair the Forum for the next year. Andy Park was also appointed as Vice Chair.

FF/14/28 Membership

The officers reported that a number of new members had been elected and appointed.

Gillian Houghton – Secondary Sector Headteacher,

Fiaz Riasat – Primary Sector Governor

Collette Plant – Academy Governor

Steve Scott and Cath Baggaley appointed as non school members.

Three resignations had also been received from Jayne Kennedy, Angela Henry and Stuart Wild. Elections to fill these positions would be held in the near future.

The Forum discussed the balance of teaching and non union teaching

representatives, noting that the current balance excluded one of the major teaching unions from the Forum. A member suggested that the terminology should not state that a union representative is elected, as this was not the case. Members agreed that this would be reviewed when the Forum considered its constitution later on the agenda.

Decision

To welcome the new members to the Forum.

FF/14/29 Minutes

The minutes of the last meeting were submitted for approval. As the meeting was not quorate, it could not formally make any decisions. The notes of the subsequent discussion of the agenda items were also submitted. The Forum agreed the notes with one amendment to the attendance.

Decision

To approve the formal minutes and the notes of the Schools Forum meeting on 22 September 2014 subject to removing Maureen Curley from the attendance list.

FF/14/30 DSG Schools Budget 2015/16

The Dedicated Schools Grants (DSG) is made up of three funding blocks, which are the schools, early years, and high needs blocks. The 2015/16 DSG settlement from the Department for Education will be published week commencing the 15th December. The anticipated funding levels in the three DSG funding blocks, as well as the decisions required were set out in detail in the report.

The Council was not seeking to change any of the funding formula for schools, early years providers or specialist providers. In order to set the budgets early in 2015 the Council required a number of decisions from the Forum such as permission to vary pupil numbers in the schools block formula and setting of Growth Fund budget. It also requires Forum to confirm that the level of certain DSG budgets the Local Authority holds has not changed since 2013/14

The Forum discussed the proposed de-delegation of the trade union facility arrangements budget. This budget stood at £279k and was likely to breakeven this year as 13 academies had agreed to buy into the service. The Forum was concerned about academies that had not bought the service and felt that more should be done to encourage these schools. Officers clarified it was at the discretion of academies and that DfE regulations would not allow de-delegation for academies, special schools, nursery schools and pupil referral units (PRUs). Officers said that they would check if special schools, nursery schools and PRUs could be charged on the same basis as academies.

The Local Authority will review the DSG budget following December's confirmation of the updated pupil data and DSG settlement. The final schools funding formula will be considered at the January 2015 School Forum meeting following December's

settlement. This report seeks key approvals to the proposed 2015/16 DSG budget so that work can progress on calculating school budgets for next year.

Decision

1. To note the annual redistribution of Early Years Block funding formerly used to fund the targeted full time early years funding (£10m) back to primary schools in the Schools Block funding formula for primary schools.
2. To approve the de-delegation of the Trade Union duties (£278k which at current pupil levels equates to £6.59 per school aged pupil).

(this was voted on by the primary and secondary sector school members in accordance with the Schools Forum regulations)

(Samatha Offord and Ian Fenn declared a personal interest in this item)

3. To confirm the following amounts to be retained at the 2013/14 and 2014/15 levels:
 - Admissions team £1,582k – Budget for Admissions Team
 - Schools Forum £5k - Associated cost of operating Forum
 - Capital Expenditure from Revenue £737k
 - SEN transport costs £500k
4. To centrally retain the Growth Fund budget of £2.5m

FF/14/31 Section 251 Benchmarking

The Forum considered a report of the Head of Finance, Children and Families Directorate which gave details of benchmarking data published by the Department for Education (DfE). The report outlined the DfE budget data collection return and provided a summary of the current benchmarking information produced by the DfE from returns submitted by each local authority. This was provided for information.

Officers answered questions from Forum members about various aspects of the data including the reasons why spend on school admissions was so high in comparison to other authorities and the impact of policy changes to the independent travel training funding budget.

The Forum discussed the proposed budget cuts that would affect the Council funding of children's services. Although schools budgets would not be reduced, they would be indirectly affected as the Council would not be able to provide the same level of services as currently. Specific examples included school uniform grants and travel support. The Forum requested a report on the cumulative impact of the budget proposals to a later meeting, once the government settlement was known. They anticipated that the January meeting would be a suitable time.

Decision

To note the report

FF/14/32 Schools Forum Constitution

The draft revised constitution and procedural rules for the Schools Forum were submitted for consideration. The constitution was updated to reflect changes in the regulations for the operation of school forums, changes in the balance of membership and the terms of office of the membership.

The Forum discussed the composition of the membership including a proposal to appoint representatives from diocese run schools in Manchester. They agreed that such representation was advisable and agreed to the addition of one member to represent all faith schools. They also agreed to amend the union representation and change the term of office of schools forum members. In response to a query, officers clarified that the term of office dates for members would be taken up with individual members, but they would ensure that any end of term dates would be staggered for continuity.

Decision

1. To approve the draft constitution subject to the following changes:
 - To amend the composition of the union membership to two teaching unions and one non teaching union representatives.
 - To add one member in the non school membership section to represent faith schools.
2. To agree to change the term of office for members from three to four years.

FF/14/33 Growth Fund Criteria Proposal

At the last meeting, the Forum received a report on the business case for additional funding at Gorton Mount Primary Academy and the forum requested a more detailed report to this meeting. The Growth Fund contingency fund allows the Council to allocate funding to support schools that are expanding. Gorton Mount Primary Academy requested that changes were made to the way the formula was calculated. This report summarised the business case for the school and provided the details of the level of impact a change to the growth fund criteria would have on the Dedicated Schools Grant. The report also set out the options for changing how the formula was calculated and the impact of this on school budgets. The Forum was asked to comment on the implications of changing the Growth Fund criteria.

Growth funding for pupils was set at a level that aimed to minimise the overall impact on school budgets. Schools are currently funded for all extra pupils but this was allocated retrospectively.

Officers recommended that no change was to be made to the Growth Fund criteria as the requested change would be difficult to deliver. The Forum agreed but also noted that many schools had seen substantial growth in pupil numbers recently and had taken on additional pupils that were not immediately funded. Consequently it was important that continued growth was planned for effectively in the long term so

schools were not adversely affected.

Decision

To approve the continued use of the current Growth Fund formula.

(Ian Fenn and Cllr Stone declared personal interests in this item as representatives of growing schools)

FF/14/34 Date of Next meetings

The Chair informed the Forum that the following dates were approved for meetings over the next academic year:

- 15th December 2014
- 19th January 2015
- 23rd February 2015
- 18th May 2015
- 15th June 2015
- 13th July 2015

**Manchester City Council
Report for Resolution**

Report to: **Schools Forum**

Subject: **2015/16 Dedicated Schools Grant**

Report of: Head of Finance - Directorate for Children and Families

Summary

The Dedicated Schools Grant is the source of funding for the majority of school related operational expenditure. It comprises schools, early years and high needs funding blocks.

This report details the 2015/16 Dedicated Schools Grant (DSG) settlement received on the 17 December 2014. This report contains proposal to distribute £1.877m of unallocated DSG to deal with growth in pupil numbers. The DSG settlement and proposed budget is scheduled to be presented to the Council's Executive for approval in February 2015.

Recommendations

Schools Forum is requested to note:

- The 2015/16 Dedicated Schools Grant settlement
- Need to clarify the operation of the cash transfer of 'non recoupment' academies and potential impact on level of unallocated DSG
- Notification of funding for the two year old offer will be received in June 2015
- Potential risk with the high needs budget for 2015/16 due to Department for Education not fully recognising pressures.

All Schools Forum members are recommended to agree:

- The proposal for allocation of £1.877m of unallocated DSG funding to the Growth Fund
 - Additional special school places and increase in SEN Statements/Education, Health and Care plan (EHC) budgets
-

Contact Officers:

Name: Rachel Rosewell
Position: Head of Finance (Children and Families)
Telephone: 0161 234 1325
E-mail: r.rosewell@manchester.gov.uk

Reena Kohli

Position: Directorate Finance Lead (Children and Families)

Telephone: 0161 234 4235

E-mail: r.kohli@manchester.gov.uk

Richard Shirley

Position: Senior Finance Manager (School Funding)

Telephone: 0161 234 1463

E-mail: r.shirley@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. INTRODUCTION

- 1.1 Local authorities receive funding for education and educational establishments through Dedicated Schools Grant (DSG), Pupil Premium and Education Services Grant. DSG funds mainstream schools, special schools, early years provision and alternative provision (such as pupil referral units). The government provides the DSG to local authorities and each local authority distributes the grant to the local educational establishments based on the local funding formula.
- 1.2 This report sets out the proposed use of the DSG in 2015/16 in applying the locally agreed formula to fund Manchester schools and largely recurrent funding for centrally retained DSG budgets.
- 1.3 The report also provides an update on the Early Years pupil premium which will be funded from DSG April 2015 onwards.

2. DEDICATED SCHOOLS GRANT 2013/14 – 2015/16

- 2.1 The Government started the reforms to the school funding system in April 2013. The reforms are intended to ensure that all schools are funded in accordance with a simpler, more consistent funding framework as a transitional arrangement towards a national funding formula. The first stage of Dedicated Schools Grant funding, provision of grant to local authorities is split in three blocks: schools block, early years block and high needs block.
- 2.2 Prior to these reforms Manchester received £5,875.61 per child on January census. It now receives: £5,088.30 per compulsory school aged child based on October census; £5,822.91 for early years children on roll at January census and £63m block for children and young learners with high level of needs. Manchester's 2015/16 DSG, as notified on the 17 December 2014 currently totals £445.15m; this does not include the two year old offer funding.
- 2.3 In 2015/16 at a national level DSG funding for schools has not recognised inflationary pressures. Schools are reporting that inflationary increases are being experienced in both pay and non-pay related costs.
- 2.4 In addition to this, pressures are being faced by some schools with post 16 provision, where the DfE are bringing funding rates in line with colleges. A significant number of primary schools face an on-going budget reduction as the 98.5% minimum funding guarantee steadily erodes the historic protection from previous formula changes. Academies are reporting a number of academy specific budget protections are being reduced.

DSG 2015/16 Allocation to Local Authority

- 2.5 Local authorities receive the DSG for all maintained schools and academies in their areas. The key movements in the DSG between 2013/14 - 2015/16 are mainly as a result of demographics, transfer of functions, new responsibilities for the two year old offer and post-16 SEN. Please see table one below:

Table one – DSG Movements 2013/14 - 2015/16

Dedicated Schools Grant Movements	13/14 £m	14/15 £m	15/16 £m
Previous years' DSG	382.75	403.03	418.63
Two year old offer funding (not yet notified)			-12.5
Changes to LA Responsibilities			
Non recoupment academies			25.80
Early years pupil premium			0.89
Post 16 high needs duties	1.98	1.59	
Carbon Reduction Commitment		-0.41	-0.48
Change in two year old funding	8.94	3.57	TBC
Demographic			
Pupil number increases	8.23	9.18	11.85
High needs block increases	1.13	1.67	0.96
DSG allocation	403.03	418.63	445.15

- 2.6 **Two year old offer funding** – This part of DSG will be based on actual children that take up the offer, using the January 2015 pupil census rather than DfE estimates. In 2014/15 Manchester received £12.5m from a national total of £525m with an estimate of 4,680 two year old places. It is estimated that 3,000 two year olds will take up the offer in January 2015; this will lead to an estimated reduction in two year old funding of £3.3m. This part of DSG will be confirmed in June 2015 and as such has been removed from the 2015/16 grant breakdown provided above.
- 2.7 **Non recoupment academies** - Funding for most academies (around 90%) is currently included in the DSG, for these academies the EFA recoup the academies share of the DSG from each local authority in order to pay the academy. Funding for around 10% of academies known as 'non recoupment academies' (including free schools) has not previously been included in each local authority's DSG. From 2015/16 all non recoupment academies will be converted to recoupment academies. The EFA will add £25.78m to the Manchester's DSG to cover the cost of this additional recoupment. The situation for free schools will be the same except a new free school will be funded by the DfE in the first year of opening.
- 2.8 **Early Years pupil premium (EYPP)** - will be introduced in the next financial year. The premium has been set at a national hourly rate of 53p per hour or £302.10 per annum. This will be paid to providers alongside the early years entitlement base rate. Whilst local authorities cannot set restrictions on how providers spend their EYPP, Ofsted will update the inspection framework to set out that effective use and impact of the EYPP will be assessed under the leadership and management judgement. Manchester's EYPP totals £890k.
- 2.9 **Carbon Reduction Commitment** - The DfE has confirmed that from 2015/16 it will reduce each local authority's funding per pupil by £7.51 to cover the cost

of carbon reduction allowances. This will reduce DSG by an additional £68k on top of the annual £410k grant reduction applied previously.

- 2.10 **Pupil Number Increases** - The schools block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11 and a number of services and costs in support of education in schools. The grant for 2015/16 will be based on pupil numbers in Manchester as at October 2014, multiplied by a unit rate of £5,088.30. Manchester's pupil numbers increased between October 2013 and October 2014 by 2,316. The change in compulsory school age pupil numbers is shown in table two below:

Table two - October Census 5-16 year olds

Sector	pupil numbers on roll			
	2013/14	2014/15	2015/16	change 2015/16 - 2014/15
	Oct-12	Oct-13	Oct-14	
Primary	40,198	41,925	43,897	1,972
Secondary	19,696	19,564	19,926	362
Alternative Provision	16	2	-	-2
Resource Units	-233	-113	-129	-16
Total	59,677	61,378	63,694	2,316

- 2.11 The 1,972 increase in the primary sector, 362 increase in the secondary sector, less 18 resource units and alternative provision places adjustment as at October census, leads to a £11.8m increase in the schools block funding allocation.
- 2.12 The change in early years three and four year olds is shown below. Unlike the schools block this is based on January census.

Table three – January census three and four year olds

Sector	pupil numbers on roll			
	2013/14	2014/15	2015/16	change 2015/16 – 2014/15
	Jan 12 Census	Jan 13 census	Jan 14 census	
Primary	3,673	3,682	3,769	87
Private, Voluntary & Independent Sector	1,308	1,455	1,463	8
Total	4,981	5,137	5,232	95

- 2.13 The early years block will be used to fund three and four year olds early education in schools and private, voluntary and independent settings. The indicative grant allocation is based on the number of three and four year olds on the January 2014 census multiplied by a figure of £5,822.91 per full time equivalent pupil. The funding for the 2015/16 financial year will not be finalised until after the end of the year, but numbers are expected to continue to increase once the January 2015 and January 2016 numbers are confirmed.

- 2.14 The high needs block allocation is based on historical allocations for pupils with special educational needs (SEN) with a partial update for post-16 learner numbers with SEN. The high needs block allocation increased by £1.8m in 2014/15. A business case for an increase in funding for high needs based on a growth in demand for special school places was submitted to DfE. The DfE has recently confirmed that Manchester will not receive any additional place funding as a result of the business case for growth. It will only receive £0.97m in recognition of demographic changes in the 2-19 year old population and part year change in academic year 2014/15 place numbers. Given this outcome the budget will be difficult to manage in 2015/16.

Manchester's DSG Budget to Schools and other Education Providers

- 2.15 In addition to changing the way local authorities are funded the DfE has also placed limitations on the schools formula, which has been traditionally set a local authority level. These limitations have resulted in changes to each school's budget allocation. Locally in order to limit the impact of these changes, provide stability and keep within funding levels available, gains on revised 5-16 years old formula for schools has been capped and protection has been applied at individual school level. In the past Schools Forum endorsed that the Council seeks to minimise turbulence to individual schools when modelling.
- 2.16 The Council is not seeking to change the 2015/16 schools and early years formula. The 2014/15 and proposed 2015/16 schools block and early years formula unit values and allocations are provided in appendix one of this report.
- 2.17 In December 2013 the Council's Executive agreed that from September 2014 the funding previously passed to schools to fund the additional 10 hours for full-time nursery places will remain within the school block budgets and was to be distributed based on deprivation indicators relating to pupils in individual schools. This enabled schools to continue to opt to continue to use this funding to provide full-time nursery places, in addition to the free entitlement of 15 hours per week to which all three and four year olds are entitled. In addition to the £6.1m already transferred for autumn 2014 and spring 2015 terms in 2014/15 an additional £3.1m is being transferred in 2015/16 for the summer 2015 term.
- 2.18 The central government national funding reforms are still on going. The DfE has stated that the government is committed to introducing a national funding formula for schools over the next parliament. An outline of the DSG budget 2015/16 is set out below:

Table four – Dedicated Schools Grant budget 2014/15 and 2015/16

	14/15 Annual Budget £'000	15/16 Annual Budget £'000	Difference
School Delegated Budgets (inc de-delegation)			
Early years budgets	35,015	20,132	(14,883)
Primary and secondary school budgets	312,527	351,538	39,011
Special school budgets	36,961	37,552	590
Resource units in mainstream schools	2,488	2,431	(57)
Education element of Education Health and Care Plans	4,428	5,570	1,142
Free school meals eligibility	48	-	(48)
Museum and library services	91	-	(91)
Trade union facilities management	309	279	(30)
Total School Delegated Budgets	391,867	417,501	25,634
Centrally Retained Schools Block			
School admissions	1,582	1,582	-
Servicing of schools forums	5	5	-
Prudential borrowing costs	736	736	-
Growth fund	2,505	2,505	-
Copyright licenses	128	170	42
Total Centrally Retained Schools Block	4,956	4,998	42
Centrally Retained Early Years Block			
Central expenditure on children under 5	2,021	2,021	-
Total Centrally Retained Early Years Block	2,021	2,021	-
Centrally Retained High Needs Block			
In year education element of Education Health and Care Plans	3,468	2,501	(967)
Out of city placements	6,752	6,996	244
SEN transport	500	500	-
Post 16 placements	4,684	4,684	-
Support for inclusion	2,352	2,170	(182)
SEN support services	1,816	1,883	66
Other alternative provision	210	20	(190)
Total Centrally Retained High Needs Block	19,782	18,754	(1,028)
Income			
Schools block	(311,993)	(349,492)	(37,499)
High needs block	(63,337)	(64,306)	(969)
Early years block	(43,296)	(31,353)	11,943
Total Income	(418,626)	(445,151)	(26,525)
Income	(418,626)	(445,151)	(26,525)
Expenditure	418,626	443,274	24,648
Balance	-	(1,877)	(1,877)

Schools Delegated Budgets

- 2.19 Most of the DSG is delegated out to schools. Approximately £418m, 94% of the DSG will be allocated out to schools and other providers and the balance will be retained by the Council.
- 2.20 Early years budgets have reduced due to the removal of the two year old funding in this analysis provided above and transfer of £3.1m to the schools block.
- 2.21 Primary and secondary school budgets have increased due to inclusion of non recoupment academies into Manchester's DSG, transfer from the early years block and funding of 2,316 additional pupils in the schools block.
- 2.22 Manchester's population has already grown to well over 500,000 people making it the fastest growing city in the UK and if the existing projection of population growth continues the population of Manchester could be in excess of 600,000 by 2024. As stated earlier in the report the high needs block has increased by just under £1m as a result of this change in the City's demographics. The Council proposes to invest part of this increase in creating additional special school places and increasing the SEN statement budgets.

Centrally Retained Budgets

- 2.23 The key changes relate to the high needs block. The budget for providing funding to schools for pupils with SEN is being reduced due to additional money being allocated out schools in delegated budgets.
- 2.24 £190k of 'Education Other Than at School' budget will be commissioned through Key Stage 3 and 4 Pupil Referral Unit (PRU) next year and will transfer from a centrally retained budget to the delegated PRU budget.

Unallocated Schools Block DSG

- 2.25 There is unallocated budget, known as 'headroom', which is the balance of funding between the DSG allocation and the amount required to fund individual school budgets and other commitments. At this stage the 2015/16 headroom is estimated to be £1.877m.
- 2.26 The significant and rapid recent growth in the population of school age children over the last few years has presented a challenge for the Local Authority in meeting an increased demand year on year for school places. Over the last six years, more than 1,400 extra primary school places have been put into the system and this year, an additional 117 high school places were created at existing schools to meet increased demand for the current academic year, with a further 300 places being put into secondary schools for September 2015. It is recommended that the unallocated budget ('headroom') is allocated to the Growth Fund to increase capacity to meet the cost of pupil growth and demand for school places in the new academic year which is unfunded in the 2015/16 DSG allocation.

- 2.27 The recurrent £2.5m Growth Fund budget and proposed £1.877m DSG headroom for the fund should support the provision of approximately 460 school places from September 2015. Funding will be required to cover development and set-up of interim provision which includes installation and removal of temporary classrooms and teaching costs for the increase in pupil numbers.
- 2.28 Forum is also asked to note that there are uncertainties around the non recoupment academies transfer and subsequent recoupment may impact on the level of £1.877m headroom, an update will be provided to Forum once DfE provide clarification.

3. SCHOOL LEVEL BUDGETS PRESSURES

- 3.1 Schools face increasing cost pressures in relation to pay awards, incremental progression of staff up the pay scale, increasing employers' pension contributions and non-pay inflation costs.
- 3.2 **Teachers** - Unfunded pay awards in 2013/14 and 2014/15 have added a significant additional cost to schools. It is currently estimated that pay awards for the next two years will continue at a similar rate to those awarded in the last two years. In addition to the pay awards, the employer's contribution rate for teachers' pensions will increase by 2.38% in September 2015.
- 3.3 The removal of the contracted-out rebate for National Insurance in April 2016 means that employers will have to pay an additional 3.4% contribution for any staff in an occupational pension scheme. Most teaching staff are members of the teachers' pension scheme.
- 3.4 **Support Staff in Schools** - As with teachers, it is anticipated that further pay awards at similar levels will continue through the next two years. In addition, the employer contribution rate for the Local Government pension scheme will increase by an additional 0.8% in April 2015, and a further 0.8% in April 2016. As with Teachers, there will also be an additional cost of 3.4% for National Insurance contributions for any non teaching employees who are members of the Local Government pension scheme once the contracted-out rebate is removed in April 2016.
- 3.5 **Non-pay pressures** - In addition to these significant increases in pay costs, with general inflation currently running at 1%, it is anticipated that there will be other general inflationary pressures on schools. The most significant non-pay elements which will impact on school budgets are utility bills, these changes remains a real cost pressure, albeit at a less significant level than the increased costs of employment.
- 3.6 It is advised that schools should be aware of these impending budget pressures, in order that they can be factored into their medium term financial planning.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 This report provides a summary of DSG settlement for 2015/16 and a breakdown of:
- Schools block (5-16 year olds) and provides indicative individual school budgets
 - Early years block, high needs block, pre and post 16 and provides indicative individual special school, resource units and pupil referral unit budgets
- 4.2 The emerging pressures in the growth fund and high needs block are a concern to the Local Authority.
- 4.3 The proposed DSG budget for 2015/16 for each funding block is set out below:

Table five – proposed DSG 2015/16

Block	Grant Allocations £'000	Transfers £'000	Proposed Budget £'000		Total £'000
			Retained	Delegated	
Schools	(349,492)	(9,200)	4,998	351,817	347,615
Early Years (indicative)	(31,353)	9,200	2,021	20,132	31,353
High Needs including post 16 High Needs	(64,306)	-	18,754	45,552	64,306
Total Funding	(445,151)	-	25,773	417,501	443,274

- 4.4 Further information on proposed individual school budgets and the final allocation of the Dedicated Schools Grant will be provided at the Schools Forum on 19 January and presented to the Executive for approval in February 2015. The Council will also notify the Department for Education of individual school budgets, subject to approval by the Executive, by the deadline of 20 January 2015. Final school budgets will be issued to schools as soon as possible after Executive approval in February 2015.
- 4.5 Schools Forum is requested to note:
- The 2015/16 Dedicated Schools Grant settlement
 - Need to clarify the operation of the cash transfer of 'non recoupment' academies and potential impact on level of unallocated DSG
 - Notification of funding for the two year old offer will be received in June 2015
 - Potential risk with the high needs budget for 2015/16 due to Department for Education not fully recognising pressures on the high needs block budget.
- 4.6 All Schools Forum members are recommended to agree:
- The proposal for allocation of £1.877m of unallocated DSG funding to the Growth Fund
 - Additional special school places and increase in SEN Statements/Education, Health and Care plan (EHC) budgets

Appendix one: Schools Block		2014/15		2015/16		Difference	
	Description	Amount per pupil £		Amount per pupil £		Amount per pupil £	
Basic Entitlement	Primary (Years R-6)	3,104.00		3,106.00		2.00	
	Key Stage 3 (Years 7-9)	4,114.00		4,116.00		2.00	
	Key Stage 4 (Years 10-11)	4,729.00		4,731.00		2.00	
	Description	Primary amount per pupil £	Secondary amount per pupil £	Primary amount per pupil £	Secondary amount per pupil £	Primary amount per pupil £	Secondary amount per pupil £
2) Deprivation	FSM6 %	456.00	473.00	493.00	473.00	37.00	-
	IDACI Band 1	175.00	82.00	236.00	82.00	61.00	-
	IDACI Band 2	217.00	124.00	278.00	124.00	61.00	-
	IDACI Band 3	227.00	140.00	288.00	140.00	61.00	-
	IDACI Band 4	279.00	280.00	340.00	280.00	61.00	-
	IDACI Band 5	352.00	364.00	413.00	364.00	61.00	-
	IDACI Band 6	509.00	499.00	570.00	499.00	61.00	-
4) English as an Additional Language (EAL)	EAL 3	380.00	2,064.00	380.00	2,064.00	-	-
5) Mobility	Pupils starting school outside of normal entry dates	526.00	1,500.00	526.00	1,500.00	-	-
6) Prior attainment	Low prior attainment scores	1,308.00	2,801.00	1,308.00	2,801.00	-	-

Appendix two: Early Years Block	Applies to	2014/15 £	2015/16 £	Difference £
Base Rate	Nursery Schools	6.10	6.10	-
	Mainstream Schools	2.35	2.35	-
	Childminder	2.00	2.00	-
	Playgroup	2.05	2.05	-
	Day Nursery	2.30	2.30	-
Grants	Nursery Schools	1.21	1.21	-
Quality Supplement	All	1.15	1.15	-
IDACI supplement	All	0.00 - 0.25	0.00 - 0.25	-

**Manchester City Council
Report for Resolution**

Report to: **Schools Forum**

Subject: **Council Budget Savings Options**

Report of: Head of Finance - Directorate for Children and Families

Summary

The Forum requested a report on the impact of the savings budget options to be brought to the Schools Forum. This report details the savings options that are deemed to potentially impact on schools.

Recommendations

- Schools Forum is requested to note the report.

Contact Officers:

Name: Rachel Rosewell
Position: Head of Finance (Directorate for Children and Families)
Telephone: 0161 234 1325
E-mail: r.rosewell@manchester.gov.uk

Reena Kohli
Position: Directorate Finance Lead (Directorate for Children and Families)
Telephone: 0161 234 4235
E-mail: r.kohli@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. INTRODUCTION

- 1.1 In November 2014 Manchester City Council published details of options to address an estimated funding shortfall of £59m in 2015/16 estimated to rise to £91m in 2016/17.
- 1.2 The position of the Council following the receipt of the Provisional Financial Settlement and the application of the interim airport dividend has enabled the Council to relook at the savings options and has created capacity for £5.5million for investment in priority areas. This also includes a £3.5million investment in the Children and Families service. The Council is now expected to make £55.24m worth of savings in 2015/16 rising to £70.22m in 2016/17.
- 1.3 The Forum requested a report on the impact of the savings budget options that impact on school activity to be brought to Schools Forum.

2. BACKGROUND

- 2.1 The Council has a net revenue budget of £561m. The levies cover services provided at a Greater Manchester level, including waste disposal and transport. There is limited flexibility to reduce the levies, the capital financing costs or the historic pension liabilities, so the focus for spending reductions is on the Directorate budgets for Growth and Neighbourhoods, Children and Families and the Corporate Core.
- 2.2 The provisional local government finance settlement was released on 18 December 2014 and showed a 15.77% reduction from Manchester's adjusted 2014/15 Settlement Funding Assessment to the provisional 2015/16 figures. The settlement gave no indication of how local authorities will be affected in 2016/17 and beyond.
- 2.3 The change in the financial position has meant that the level of savings that the Council will need to deliver has reduced. Savings options of a lower amount of £55.244m, rising to £70.224m in total in 2016/17 can now be considered. The total for 2016/17 takes into account the full year effect of the 2015/16 options alongside £3.7m of options for 2016/17 identified as part of the savings options which it is recommended are progressed.
- 2.5 The revised amount of savings options are set out in the table below.

Total of savings proposals across Directorates

	2015/ 16	2016 / 17 (Ongoing Impact of 2015/16)	2016/17 New Options	Total Savings
	£'000	£'000	£'000	£'000
Children and Families	38,878	9,393	230	48,501
Growth and Neighbourhoods	4,471	1,238	3,075	8,784
Corporate Core	11,895	609	435	12,939
Total	55,244	11,240	3,740	70,224

3. SAVINGS IMPACTING ON SCHOOL ACTIVITY

3.1 This section of the report details the saving options deemed to potentially impact on schools. The Education and Skills options cover a wide range of functions. Some savings options relate to the development of transformed models of delivery, with associated efficiencies, whilst others constitute service reductions whilst sustaining the Council's core and statutory duties.

- The cessation of discretionary school clothing grants for school uniform for eligible secondary-age pupils to deliver saving of £267k.
- A reduction in free travel passes to school to the statutory minimum with saving of £40k in 2015/16 and £83k in 2016/17. This option could be scaled back from the £200k included in the November report so that the change can be introduced for all applicants for pupils starting at reception to the primary schools and year 7 at secondary schools. Those with existing grants would not then be affected.
- Home to school transport for children with Special Educational Needs saving of £464k in 2015/16 and £536k in 2016/17. This option would mean that transport is no longer provided free of charge for young people who are not covered by legislation. This proposal would therefore impact on children under five years old, post-16 learners and vulnerable children without a SEN statement or EHC plan. The option also outlines a new approach to making home to school transport arrangements which would look at identifying, where appropriate, support for travel to be put in place for those eligible rather than the direct provision of transport.
- Alternative arrangements for the Council to fulfill its statutory duties relating to school attendance, covering the issuing of penalty notices and prosecutions, would involve the development of an automated process for schools to complete the preparation of cases for statutory processing, and associated efficiency savings of £140k in 2015/16 and £360k in 2016/17. It is envisaged the impact of this

saving to schools is minimal as option would lead to an improvement in service delivery.

- Youth and Play, including current provision of Individual Advice and Guidance (IAG) for targeted young people and support for young carers. A number of budgets would be amalgamated, these cover commissioning for youth provision, commissioning for play provision, funding for youth hubs and youth inclusion leads and the commissioning of the targeted IAG service and the young carers service. The suggested saving for this option is £1m in 2015/16 and £433k in 2016/17. This option could be reduced from £2.170m in 2015/16 so that the changes required can be implemented more gradually and although the services would still be re-commissioned the amount available for commissioned services would not reduce.
- The November report included an option to save £250k by reducing the number of school crossing patrols. This option could be withdrawn to enable better consideration of individual crossing patrols on a case by case basis.
- A review of children's health services for school nursing, child accident and other prevention services in partnership with local NHS commissioners and providers would refocus provision on key priorities and ensure statutory and mandated responsibilities are delivered with a saving of £1.105m in 2015/16 and £1.011m in 2016/17. The transfer of funding and commissioning responsibilities for other public health services for 0-5s will strengthen the integrated approach to child health for 0-19 year olds.
- The Early Years options would achieve significant savings whilst continuing to secure, albeit at reduced level, the key benefits of the Early Years New Delivery Model (EYNDM), Sure Start Centres and high quality early learning and childcare across the City. The options in the November report included a saving of £1.12m by reducing the proportion of families receiving targeted parenting interventions when identified by the Early Years New Delivery Model which will be rolled out to the whole city from 2015/16. This option would reduce the proportion to 65%. The report also explained that an alternative option was to reduce the proportion to an 85% saving of £500k. In view of the importance of the Early Years New Delivery Model to the City's priorities for early intervention and to the Greater Manchester Devolution Agreement the lower level of saving of £500k is now an available option.
- Education Psychology saving option sought efficiencies and minor reductions within current contract. The 2016/17 £75k saving option could be withdrawn. The 2015/16 £40k saving option has been achieved early from contract efficiencies.

4. Schools Forum is asked to note the report.

Glossary of Terms and Acronyms

New additions to the glossary are coloured blue

Academies	Publicly funded independent schools that are free from local authority control. Other freedoms include setting their own pay and conditions for staff, freedoms concerning the delivery of the curriculum, and the ability to change the length of their terms and school days.
Alternative Provision (AP)	Education outside of school, when it is arranged by LAs or schools, is called alternative provision. It can range from pupil referral units (PRUs) and further education colleges to voluntary or private-sector projects.
Carbon Reduction Scheme (CRC)	The Carbon Reduction Commitment Energy Efficiency Scheme (often referred to as simply 'the CRC') is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. These organisations are responsible for around 10% of the UK's greenhouse gas emissions. The CRC affects large public and private sector organisations across the UK. Participants include supermarkets, water companies, banks, local authorities and all central government departments. The CRC will cease for schools from 2014-15.
Dedelegation	Under the new school funding arrangements it is the Government's intention to achieve maximum delegation of funding to schools, meaning that only in exceptional circumstances should funding be held centrally by the LA for the provision of central education services. In addition, schools can agree to return funding delegated to them to provide some services centrally; this is termed de-delegation. De-delegation takes place after calculation of the formula but before the budget has been provided to the school. It has the effect of giving money back to the LA to provide for some services centrally.
Dedicated Schools Grant (DSG)	The ring-fenced specific grant paid by the Department to local authorities from April 2006 in support of the Schools Budget. The money has either to be delegated to schools or used for centrally managed provision for pupils. It can only be spent on other children's services with the approval of the schools forum and where an educational benefit can be justified.
Department for Education (DfE)	UK government department with responsibility for infant, primary and secondary education.
Early Intervention Grant (EIG)	A grant from Government to local authorities in England to fund early intervention and preventative services. The grant is not ring-fenced and, subject to local decision making, the EIG can be used to support a full range of services for children, young people and families.
Education Funding Agency (EFA)	A new DfE executive agency that, from April 2012, will be responsible for capital and revenue funding for 3-19 education and training. The EFA will directly fund Academies, Free Schools, and 16-19 providers; it will fund local authorities for maintained primary and secondary schools; and it will be responsible for the distribution of capital funding and advice on capital projects.
Element 1 Element 2 Element 3	Element 1 is the basic entitlement every pupil receives, regardless of whether they are deemed to have 'high needs'. This varies by setting (special / mainstream schools) and key stage (KS1 and 2, KS3 and KS4). Element 2 is an additional £6,000 that schools contribute towards pupils with high needs. In special schools all pupils have high needs and receive this allocation. In mainstream schools is called the 'notional SEN' budget. Element 3 is the additional funding provided by the Council above element 1 + element 2.
Early Years Block	The new funding formula to be introduced in 2013/14 contains three funding blocks (Early Years, Schools and High Needs). The Early Years block will now fund all factors relating to 3 and 4 years olds in nurseries, PVI's and maintained schools. The funding consists of: <ul style="list-style-type: none"> • An hourly rate based on provider type • IDACI deprivation funding (by each child's postcode) • FSM eligibility • Mainstream grants (only applicable to Nurseries)
Early Years Single Funding Formula (EYSFF)	The single local funding formula that each local authority is required to develop and implement to fund all free entitlement to early education and care for 3 and 4 year olds.

Early Years Foundation Stage Profile	<p>The statutory means of recording each child's attainment against the early learning goals. An assessment of Nursery pupils completed at the end of the Early Years Foundation Stage. Based on ongoing observation and assessment in the three prime and four specific areas of learning:</p> <p>The prime areas of learning:</p> <ul style="list-style-type: none"> • communication and language • physical development • personal, social and emotional development <p>The specific areas of learning:</p> <ul style="list-style-type: none"> • literacy • mathematics • understanding the world • expressive arts and design <p>The learning characteristics:</p> <ul style="list-style-type: none"> • playing and exploring • active learning • creating and thinking critically
Free School Meals (FSM)	<p>Known eligibility for Free School Meals is commonly used as an indicator of deprivation. FSM eligibility is based on whether the child's parents are in receipt of certain non-work benefits, including Income Support, Job-Seeker's Allowance and Tax Credits.</p>
Education Services Grant (ESG)	<p>The Education Services Grant (ESG) is paid to local authorities and academies and is intended to provide various education services. In 2014/15, the ESG totals £1 billion nationally, with around £200m allocated to academies and £800m to local authorities. In 2014/15, Manchester City Council received an initial ESG allocation of £8.1m.</p>
Executive	<p>The Executive is the main decision making body of the Council, responsible for implementing the budgetary and policy framework of the Council. In Manchester each of the 9 members also has individual special responsibility for a particular area of the Council's services and policies.</p>
Free Schools	<p>All-ability state-funded schools set up in response to what local people say they want and need in order to improve education for children in their community. These new schools have the same legal requirements as Academies and enjoy the same freedoms and flexibilities.</p>
Growth Fund	<p>The total increase in primary numbers requires additional DSG as temporary provision is required in order to build capacity in schools. On 28th June DfE announced that LAs can create a growth fund within centrally retained DSG. Any underspend needs to be allocated through the formula in the following financial year. Once the requirement for this growth fund has been determined it will need to be created by a reduction to the delegated element of the schools block.</p>
Headroom	<p>Amount of funding which remains after all budgets (see ISB / RSB) have been allocated. In 2014-15 it is estimated that, if the school funding formula remains as agreed prior to receipt of the DSG budget from the EFA, this budget will be £3.1m.</p>
High Needs Block	<p>The High Needs Block is the funding the Local authority (LA) will receive from the Education Funding Agency (EFA). It comprises of :</p> <ul style="list-style-type: none"> • Special school budgets • Centrally funded LA provision for individual children • Special Educational Needs (SEN) Support Services • Support for Inclusion (outreach) • Independent school fees • Inter authority recoupment • Pupil referral units • Education out of school • Delegated allocations relating to individual children • Delegated allocations to special units and specialist resourced provision • All post 16 SEN expenditure, including provision for 16-25 year olds in FE colleges and independent providers that the Authority is currently not responsible for • High Needs expenditure on under 5's

High Needs Block (new funding formula)	The new funding formula to be introduced in 2013/14 contains three funding blocks (Early Years, Schools and High Needs). Currently schools in Manchester are expected to support pupils with high needs up to £10,000 from the school's budget share. Any pupil requiring funding of above £10,000 is deemed a 'high needs' pupil and will be funded through the High Needs block. This will consist of base funding of £10,000 per pupil and individually assigned 'top-up' funding, which will be unique to each child and based on an assessment of the child's needs.
High Needs Pupils (HNP)	Pupils with very specific needs, mainly those with high cost Special Educational Needs (SEN) and in Alternative Provision. It is defined roughly as children whose provision costs around £6,000 more per annum than the average.
Income Deprivation Affecting Children Index (IDACI)	A measure of financial deprivation that affects children: a score and rank is provided for each Lower Super Output Area.
Individual School Budgets (ISB)	School budgets distributed mainly through the school funding formula. This is the budgets that will be received by schools.
Key Stage	There are four distinct stages of schooling: Key Stage 1: pupils aged 5 to 7 - year groups 1 to 2 Key Stage 2: pupils aged 7 to 11 - year groups 3 to 6 Key Stage 3: pupils aged 11 to 14 - year groups 7 to 9 Key Stage 4: pupils aged 14 to 16 - year groups 10 to 11.
Local Authority Central Spend Equivalent Grant (LACSEG)	A grant paid to Academies in recognition of the fact that as independent schools they no longer receive a number of services from local authorities, and must make appropriate provision for themselves.
Local Funding Formula	The Local Authority (LA) is required to fund individual schools on a formula basis in accordance with the Schools Finance (England) Regulations 2011. The schools' formula is reviewed on a regular basis, culminating in a formal consultation process with all schools.
Maintained Schools	A school which is funded via the local authority and therefore subject to local government control.
Minimum Funding Guarantee (MFG)	The MFG stipulates the minimum amount by which a school's budget must increase (or maximum decrease) when compared with its budget for the previous year, before allowing for changes in pupil numbers. Some specific items of expenditure (such as rates and resources specifically assigned to individual pupils with special needs) are excluded from the coverage of the MFG. The local authority can modify the operation of the MFG with the approval of the Secretary of State.
Non-recoupment academies	Academies with no predecessor (that did not convert from a school) or that were established before 2008 are funded directly by the EFA. Manchester receives no funding for these institutions and their budgets are not included in the original DSG allocation. As a result, these academies are categorised as 'non-recoupment' academies (see 'recoupment' definition, below).
Notional SEN	Also referred to as 'Element 2' – this is the funding schools are expected to contribute towards each pupil with high needs. The budget is not ringfenced and schools do not receive this budget based on specific children, but must find the funds from other funding factors received above the basic entitlement for each child. In exceptional circumstances, if a school is deemed to have too little notional SEN to meet the needs of its high needs pupils the Council may allocate additional funds to assist the school. In 2013-14 this occurred if a school had more than 4% of the total pupil population statemented.
Place-plus funding model	A set of funding arrangements for pupils and students with high needs that is responsive to the needs of individual pupils and students. The approach is based more on actual pupil numbers combined with a base level of funding to offer specialist providers some stability.
Pupil Premium	Targeted funding (in addition to the DSG) paid to schools via the local authority, specifically aimed at the most deprived pupils to enable them to receive the support they need to reach their potential and to help schools reduce educational inequalities. In 2011-12, the premium was distributed to pupils known to be eligible for Free School Meals and was £430 per pupil.
Pupil Referral Unit	An establishment maintained by a local authority which is specifically organised to provide education for children who are excluded, sick, or otherwise unable to attend a mainstream or special maintained school.

Recoupment	DSG is allocated to Manchester City Council for all pupils in maintained and recoupment academies. When financial year budgets have been calculated for Manchester's academy schools the EFA reduce the DSG allocation in order to pay academies their budgets. The process of reducing DSG allocations is called recoupment.
Retained School Budgets (RSB)	The school budgets that are not distributed to schools, but which are retained centrally and managed by the Council on behalf of schools.
School Funding Reform	In March the DfE issued 'School Funding Reform: Next Steps towards a fairer system.' This document set out important changes to the way schools and academies will be funded from 2013-14, including the introduction of new basis for funding high needs pupils.
Schools Block	The new funding formula to be introduced in 2013/14 contains three funding blocks (Early Years, Schools and High Needs). The Schools Block will fund all pupils not funded through High Needs or Early Years and consists of the following factors: <ul style="list-style-type: none"> • Basic Entitlement – Pupil number funding • Social Deprivation (FSM and IDACI) • Low Cost, High Incidence SEN • EAL – English as an additional language • Mobility • Lump Sum • Split Sites • Rates
Schools Forum	A statutorily required body which represents the governing bodies and head teachers of local authority maintained schools and Academies, together with other members. The purpose of the forum was originally to advise the local authority on matters relating to schools budgets. The membership and role of the forum has been progressively extended (see annex below).
Section 251 (S251)	Information to help local authorities prepare and submit annually to the Secretary of State separate budget and outturn statements about their planned and actual expenditure. The statements cover expenditure for education and children's social care functions as required under section 251. Section 251 replaces section 52 of the School Standards and Framework Act 1998 in England. Section 52 still applies in Wales. The statements are the primary means of informing schools and the public in general about local authority funding and expenditure plans. They provide detailed information in a form that allows benchmarking by schools forums and authorities.
Sparsity	The DfE have defined sparsity as: "We have now developed a sparsity factor which measures the distance pupils live from their second nearest school. In rural areas where schools are few and far between, pupils could face the choice of either attending their nearest school or travelling a long way to the second nearest. In some cases, the distance to their second nearest school can be unacceptably long, putting a premium on ensuring that the pupil's nearest school stays open. Therefore, we think it is appropriate to enable local authorities to target additional funding to support these schools where per pupil funding alone may not be enough to ensure their viability. We will be introducing an optional sparsity factor based on the above model for 2014-15."
Special Educational Needs (SEN) Special Educational Needs and Disability (SEND)	Children have special educational needs if they have a learning difficulty, which calls for special educational provision to be made for them.
Universal Infant Free School Meals (UIFSM) Grant	The Government announced that from September 2014 funding will be provided to enable schools to offer a free lunch to every primary school child in reception, year 1 and year 2. Schools will be funded £2.30 for every meal taken up by newly eligible pupils (those not currently eligible to a FSM). The Government has allocated over £1 billion nationally between 2014 and 2016, including £150 million of capital funding in 2014-15 to improve kitchen and dining facilities, to support UIFSM.