



Schools Forum

Date: Monday 14th December 2015
Time: 4.00pm
Venue: Scrutiny Room, Town Hall Extension

Everyone is welcome to attend this committee meeting.

Membership of the Forum

Secondary Sector Headteachers (1) Gillian Houghton

Secondary Sector Governors (2) Fiaz Riasat, vacancy

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

Primary Sector Governors (4) Brendon Jones, Gabrielle Higham, Robin Pinner, John Janulewski

Special School Headteachers (1) Alan Braven

Special School Governor (1) Peter Tite

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

Pupil Referral Unit Representative (1) Helen McAndrew

Nursery School Representative (1) Liz Hardy

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 15 June 2015 (enclosed).
4. **Elections of Chair and Vice Chair and membership update – verbal report**
5. **Dedicated Schools Grant update 2016/17**
6. **Early Years Funding**
7. **Scheme for Financing school changes consultation responses**
8. **Date of next meetings :**
 - 18th January 2016
 - 22nd February 2016
 - 16th May 2016
 - 13th June 2016
 - 11th July 2016
9. **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

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Manchester Schools Forum

Minutes of the meeting held on 16 November 2015

Present:

Members of the Forum

Secondary Sector Head Teachers: None

Secondary Sector Governors: Fiaz Riasat

Primary Sector Head Teachers: Patricia Adams, Mike Cooke

Primary Sector Governors: Brendon Jones, John Janulewski

Special School Head teacher: Alan Braven

Special School Governors: None

Academy Representative: Andy Park, Elizabeth Fritchley

Pupil Referral Unit Representative: None

Nursery School Representative: Liz Hardy

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

Executive Members:

None

Council Officers:

Reena Kohli, Directorate Financial Lead, Children and Families

Richard Shirley, Senior Finance Manager, Children and Families

Apologies: Ian Fenn, Gillian Houghton, Helen McAndrew, Joshua Rowe, Mary Hunter, Peter Tite, Sarah Navin, Saeeda Ishaq, Colette Plant

FF/15/28 Minutes

The minutes of the meeting on 13 July 2015 were submitted for approval.

Decision

To approve the minutes of the Schools Forum meeting on 13 July 2015.

FF/15/29 Dedicated Schools Grant update 2016/17

The Forum considered a report of the Interim Head of Finance – Directorate for Children and Families which provided details of the final position of the Dedicated Schools Grant (DSG) for schools and the Council.

Manchester will receive £450m. The amount of the settlement will increase as pupil numbers grow. The non-recoupment academy payments will change with regard to the method of payment, as this will now be per pupil rather than as a lump sum.

The Forum heard that information about the Early Years block is not yet available, and as soon as this was presented, the Forum would be updated.

The Forum noted that the main areas of increased pressure were the post-16 costs in the high needs block.

Decision

To note the report.

FF/15/30 Funding Formula 2015/16 – benchmarking

The Forum considered a report of the Interim Head of Finance – Directorate for Children and Families which provided details of the way that the Schools Block element of the Dedicated Schools Grant allocation (which funds schools in each local authority) is calculated.

The report showed a comparison of other statistical neighbour and GM authorities, and how Manchester's funding compares. The basic entitlement is comparable to other authorities. Manchester has very high levels of deprivation, and this is reflected in the FSM budget which is spread much more thinly.

The report confirmed that at this time the Authority is not planning to change the Manchester schools funding formula.

Decision

To note the report.

FF/15/31 Changes to the Scheme for Financing Schools

The Forum considered a report of the Interim Head of Finance – Directorate for Children and Families which provided details of the required changes from February 2014 to the Scheme for Financing Schools as directed by the Department for Education in 2015. The report also informed the Forum that the Local Authority is seeking to make minor amendments that seek to provide additional clarity.

The Scheme for Financing Schools was last updated in April 2014. Since the previous changes, the Department for Education have issued directed revisions to local schemes and there are also some minor amendments to the wording intended to provide additional clarity. Local authorities are required to consult all maintained schools and then receive the approval of the members of their Schools Forum that represent maintained schools.

The Forum were notified that there had already been dialogue with the school, and that the consultation document was contained within the report. Members of the Forum were asked to return this document to Children's Services Finance by 4 December 2015.

Decision

To note the report.

FF/15/32 Dedicated Schools Grant Update 2015/16

The Forum considered a report of the Interim Head of Finance – Directorate for Children and Families which provided details of the Dedicated Schools Grant, which is the source of funding for the majority of school related operational expenditure. It comprises schools, early years and high needs funding blocks. The report followed on from the May 2015 DSG report taken to Schools Forum in June 2015.

Early years block – at P6 the early years block is expected to underspend by £0.5m. The block is adjusted by the DfE to reflect January census pupil numbers in-year. As Manchester's pupil numbers are increasing but centrally retained budgets remain constant, this adjustment generates early years block 'headroom'. This £0.4m headroom is currently unallocated, but will be used to support overspends in other areas.

Schools block – the schools block is expected to overspend by £0.3m. Increased rateable values of school buildings have lead to an overspend on mainstream school budgets, offset by staffing vacancies in the Admissions Service budget. Manchester's increasing pupil numbers generates pressure on the growth fund, and as a result this budget is expected to overspend in 2015/16.

High needs block – the high needs block is expected to overspend by £0.3m. Pressures in the post-16 and out of city top up budgets are in part offset by the 2014/15 DSG underspend contribution, but the anticipated high costs of these settings result in an overspend projection of £1.5m in these budgets. The Statutory Assessment team are working with these education providers to in an attempt to reduce fees charged when placing SEN pupils in these settings.

Decision

1. To note the report.
2. To note the pressures in the emerging high needs block and growth fund.

FF/15/33 Water Charges update

Following meetings with United Utilities and authorities in the north-west, the Senior Finance Manager (School Budgets) informed Schools Forum of the progress made to date with regards to water bills across the north-west and nationally. It was confirmed to the Forum that DEFRA are going to undertake a review of the rates charged, which is considered to be good progress in the circumstances.

Decision

To note the update.

FF/15/27 Dates of the Next Meetings

Decision

To approve the dates of the meetings for the forthcoming year:

- 14th December 2015
- 18th January 2016
- 22nd February 2016
- 16th May 2016
- 13th June 2016
- 11th July 2016

Manchester City Council Report for Resolution

Report to: Schools Forum

Subject: Dedicated Schools Grant 2016/17

Report of: Interim Head of Finance - Children, Adults and Public Health

Summary

The government published a joint Spending Review and Autumn Statement on 25th November 2015. This report summarises the spending review education funding announcements for Schools Forum.

Forum has oversight of the Schools Budget and is required by the Finance Regulations to approve the amounts for particular budget headings within the central expenditure. The discussions and decisions sought on central budgets in this report will enable the Authority to set budget plans for 2016/17.

Recommendations

All Schools Forum School Members are asked 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.

In accordance with the Forum powers, maintained school primary and secondary school members on a phase basis are asked to approve de-delegation for the following item:

- Trade Union Duties (£278k which at current pupil levels equates to £6.32 per school aged pupil – para 4.3)

The Local Authority intends to retain the following budgets at 2013/14, 2014/15 and 2015/16 budget levels (para. 4.7-4.10). All Schools Forums members are asked to confirm the amount on each line:

- 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

The Local Authority seeks permission from all School Forum members to centrally retain the following budget:

- Growth Fund £6.7m

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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 On 21 July 2015, the DfE announced 2016/17 DSG funding arrangements for each Local Authority. The aim of this document was to inform Local Authorities (LA) of all the actions they need to take to ensure their schools funding formula is compliant.
- 1.2 DSG is made up of three blocks: schools block, early years block and high needs block. In order to set budgets early in 2016 the LA requires a number of decisions from Forum.
- 1.3 The LA is not seeking to change any of the funding formula for: schools, early year's providers or specialist providers. It does however require decisions on: permission to vary pupil numbers in the schools block formula and setting of Growth Fund. It also requires Forum to confirm that the level of certain DSG budgets the Local Authority holds have not changed since 2013/14.
- 1.4 Schools Block - The local formula is compliant with current DSG formula funding requirements and the Local Authority does not feel it needs to propose any formula changes for 2016/17, given the Government has committed to further reform from 2017/18 onwards.
- 1.5 Early Years – At present the Local Authority is not seeking to make any changes to the Early Years funding formula.
- 1.6 High Needs – Without additional demographic funding the LA will not be able to adequately meet the increased need for high needs places in the City.

2. EDUCATION SPENDING REVIEW ANNOUNCEMENTS

2.1 The Government published a joint Spending Review and Autumn Statement on the 25th November 2015. The key points in relation to education funding were:

- Dedicated schools grant (DSG) and the pupil premium will be protected on a per pupil basis. The DSG protection includes high needs funding. Post spending review announcement it is now anticipated that the 2016/17 high needs block allocation may recognise demographic changes and enable continuing implementation of the Children and Families Act requirements.
- Academisation of the schools sector remains a core objective. The local authority role in running schools is going to be reviewed. The DfE has stated that it intends to remove a number of statutory duties and in turn further reduce the Education Services Grant to local authorities and academies. A consultation in the Education Services Grant will be launched in the new year.
- The DfE are planning to introduce a new national funding formula for schools, early years and high needs. Consultation on these funding formulae changes will be in the in the new calendar year. Implementation of the changes will be from 2017. Manchester is currently relatively highly funded and it is not likely it will gain under a national funding formula.
- The national base rate per student for 16-19 year olds will be protected, including for post-16 students with high needs. The DfE still need to identify some savings in their post-16 budget and will provide details in due course.
- The review also pledges over £1.3bn by 2019/20 to attract new teachers particularly in STEM and EBacc subjects where according to the latest teacher training figures, the pressures are greatest.
- The DfE are planning to invest an additional £1 billion per year by 2019/20 in childcare at a national level. This will allow an increase in the rate paid to providers by £300 million per annum at a national level.

3. DEDICATED SCHOOLS GRANT BLOCKS

- 3.1 This funding is provided in two stages: first, the government provides the grant to a local authority, and then the authority distributes the grant to the local educational establishments.
- 3.2 2016/17 DSG funding to LA in will be calculated as follows:
- Schools block – funded through schools Guaranteed Unit of Funding (GUF) **£5,157.84** multiplied by October 15 pupil numbers.
 - Early years block – funded through early years GUF **£5,822.91** multiplied by January 2015 free entitlement take up but revised in 2016/17 for January 2016 take up plus 2 year old offer funding based on level of take-up of offer and Early Years Pupil Premium.
 - High needs block – Post spending review announcement it is anticipated that the 2016/17 allocation may recognise demographic changes and enable continuing implementation of the Children and Families Act requirements.
- 3.3 There is an anticipated change in the DSG schools block allocation between 2015/16 and 2016/17 of £16m. This is a result of pupil growth attracting additional funding to the City. Most, if not all of the additional allocation will be going out to schools in budget shares.

Schools Block – currently £350m

- 3.4 The Education Funding Agency budget timetable for 2016/17 is similar to 2015/16 whereby school formula information was needed to be submitted to EFA by 31 October 2015 and cannot be changed after this date, subject to refinement of formula unit values. The LA will receive initial October 2015 pupil census data from DfE on the 10 December 2015 and it is expected that the final 2016/17 school budget return will need to be submitted to Education Funding Agency by the 21 January 2016.
- 3.5 When calculating the budgets of new and growing schools the LA may seek to base pupil numbers on estimates instead of using October 2015 census figures. The LA could seek permission to vary pupil numbers in a number of new schools funding formula, Forum is reminded that the schools block funding at LA level will be based on October 15 census. Any variation therefore creates a pressure on DSG. Approval to vary pupil numbers at institution level in new schools will be discussed in January's Schools Forum.

Early Years Block – currently £43m

- 3.6 In December 2013 the Council's Executive agreed that from September 2014 the funding currently passed to schools to fund the additional 10 hours for full-time nursery places will remain within school budgets and be distributed based on deprivation indicators relating to pupils in individual schools. This will

enable schools to continue to invest this funding in the provision of full-time nursery places which will be in addition to the free entitlement to 15 hours per week to which all three and four year olds are entitled to.

- 3.7 All Schools Forum School Members are asked to note the annual redistribution of the 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.

High needs funding 2015-16 - currently £64m

- 3.8 It is not anticipated the recently announced high needs block pupil protection and anticipated demography funding adjustment will sufficiently meet need. Given this the LA is continuing to review high needs budgets in order to create the capacity for additional high needs places and to manage other high needs block pressures.

4. DE-DELEGATION AND CENTRAL SERVICES BUDGET CONTINUATION APPROVAL

- 4.1 The Local Authority seeks approval on a number of DSG budgets held centrally, please see appendix one.

De-delegation - £279k - £6.32 per pupil

- 4.2 Schools Finance Regulations set out that certain amounts can be deducted from maintained school budgets with the approval of sector representatives at Schools Forum. Most of the items concerned were previously centrally top-sliced so that the funding was not included in the total available for distribution by formula. The “de-delegation” approach means that the deductions occur after the formula has run and individual schools can see the cost of each element to their budget share.
- 4.3 The LA is seeking the Forum (primary and secondary representatives only) approval to de-delegate the following budget in respect of maintained primary and secondary schools only. The Local Authority will also offer this service on a traded basis to academies, special and nursery schools.

Trade Union Facility Arrangements

- 4.4 Facilities time is provided for specific Trade Unions representatives to represent staff in other schools and academies where required and cover for these representatives are reimbursed to the employing school through this budget. This covers the support of staff at all levels of seniority and includes representatives for a range of teaching and support staff from Trade Unions. Based on current academy conversions and estimated October 15 pupil

numbers, this equates to a budget of £279k, which equates to approximately £6.32 per pupil.

- 4.5 Currently ten academies, three specials and one nursery school purchases this SLA, this generates just over £49k, currently the TU facility arrangements budget is projected to balance.
- 4.6 Primary and Secondary School Forum members are asked to approve the de-delegation of the Trade Union budget; approval is required at a phase level.

Centrally Retained School Block Budgets

- 4.7 Other than the de-delegated budget LAs need to seek approval from Forum to retain funding at current levels. Forum is asked to confirm that the following budgets that can be only retained at 2013/14 budget 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
- 4.8 The Admissions team has historically been charged to centrally retained DSG. This servicing of Schools Forum comprises the budgets for support for the Schools Forum by LA officers plus venue costs.
- 4.9 Capital expenditure from revenue relates to historic DSG commitments to PFI schemes (Temple and Wright Robinson) and unsupported borrowing against school capital schemes.
- 4.10 In the past Forum approved LA recommendation to retain £0.5m contribution to SEN transport from DSG as the rise in High Needs population has led to further pressures on Home to School Transport budget.
- 4.11 School Forum School members are asked to approve that these budgets can be centrally retained before allocating formula, there are no new commitments or increases in the budget level from previous levels.

Growth Fund

- 4.12 The LA is also seeking to retain the Growth Fund budget. Manchester currently funds existing growing schools through the funding formula and the Growth Fund is centrally retained to pay for in-year school growth, currently the Growth Fund is £4.7m. At the EFA's request, from 2016/17 all growth funding will be paid from the centrally retained Growth Fund. No school budgets will be affected by this technical change to the funding methodology, the LA is seeking Forum's approval to retain a Growth Fund of £6.7m, please

see table below.

	£000's
4.13 Growth Fund 2015/16	4,382
Non Recoupment Academy adjustment	<u>342</u>
	4,724
Funding Formula Transfer	
- Mobile Classroom rents,	
Teaching and Learning allocation	
In relation to school expansion	<u>2,004</u>
	6,728

5. CONCLUSION AND RECOMMENDATIONS

- 5.1 All Schools Forum School Members are asked 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.
- 5.2 In accordance with the Forum powers, maintained school primary and secondary school members, on a phase basis are asked to approve de-delegation for the following item:
- Trade Union Duties (£278k which at current pupil levels equates to £6.32 per school aged pupil – para 4.3)
- 5.3 The Local Authority intends to retain the following budgets at 2013/14, 2014/15 and 2015/16 budget levels (para. 4.7-4.10). All Schools Forums members are asked to confirm the amount on each line:
- 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
- 5.4 The Local Authority seeks permission from all School Forum members to centrally retain the following budget (para 4.12):
- Growth Fund £6.7m

Appendix one

Centrally Retained DSG budgets – Schools Forum approvals:

Can be centrally retained before allocating formula with agreement of Schools Forum:

- Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy
- Funding to enable all schools to meet the infant class size requirement
- Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years (see Annex 5)
- Back-pay for equal pay claims
- Remission of boarding fees at maintained schools and academies
- Places in independent schools for non-SEN pupils

Can be centrally retained before allocating formula but no increases in expenditure from 2014-15 (schools forum approval is required to confirm the amounts on each line):

- Admissions
- Servicing of schools forum

Can be centrally retained before allocating formula but no new commitments or increases in expenditure from 2014-15 (schools forum approval is required to confirm the amounts on each line):

- Capital expenditure funded from revenue (ie no new projects can be charged to the central schools budget)
- Contribution to combined budgets
- Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget)
- Schools budget funded prudential borrowing costs
- Schools budget funded SEN transport costs

Manchester City Council Report for Resolution

Report to: Schools Forum – 14 December 2015

Subject: Early Years Funding Update

Report of: Interim Head of Finance - Children, Adults and Public Health

Summary

At the request of the Council's Young People and Children Scrutiny Committee, this report will present the benchmarking of Early Years hourly funding rates across the North West and will comment on funding methodologies for early years settings.

The DfE annually publishes every local authority early years funding formula to enable benchmarking to be undertaken.

Recommendations

At this time the Authority is planning to start a review on the Manchester's early years funding formula. Members of Schools Forum are asked to note and comment on the report.

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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 The Council's Young People and Children Scrutiny Committee requested that a report be taken to the Schools Forum on the rates paid to childminders and how these compared across the North West authorities and the funding methodology for early years settings.
- 1.2 Each authority is required to submit details of their funding formula annually, which enables this benchmarking comparison to take place.
- 1.3 This report will present the findings of the benchmarking to the Forum for comment.
- 1.4 The early years block pays for 15 hours of free early years education over 38 weeks for all three and four year olds attending Manchester early years settings. It also pays for 15 hours of free education in Manchester settings for a targeted group of two year olds, based on household income / eligibility to certain welfare benefits.

2. BENCHMARKING – METHODOLOGY

- 2.1 The DfE have not yet introduced standardised funding criteria in the early years block, as they have in the schools block. As a result each authority is able to choose the early years single funding factors, within the following constraints:

“Local authorities are required by legislation to ... construct a formula composed of either a single base rate for all providers or a number of base rates differentiated by type of provider according to unavoidable cost differences. The formula must also include a deprivation supplement, and must be based on a count of children attending provision conducted at least three times a year.”
- 2.2 Some authorities fund early years settings via a lump sum to recognise certain factors, such as the teaching qualification of the provider's staff, and authorities have interpreted the way funding factors should be recorded within the return differently.
- 2.3 As a result of the above, it is more difficult to clearly and transparently compare early years funding formulae across neighbouring authorities.
- 2.4 In order to provide a meaningful comparison, all funding factor budgets have been totalled for each local authority. This budget has then been divided by the number of children that qualify for each authority's base rate, as this should equate to the expected number of children across the authority area. This method gives an average hourly rate at each setting type in each authority area to all children in the area.

- 2.5 The report does not specifically identify rates paid to childminders, but groups providers by the following categories:
- PVI – private, voluntary and independent childminders, day nurseries and daycare settings.
 - School nurseries – nursery settings within schools (generally primary schools)
 - Nursery schools – schools that provide education to only nursery aged pupils (in Manchester this is Collyhurst and Martenscroft Nursery Schools)

3. BENCHMARKING RESULTS

Table 1: Three and four year old benchmarking results

Local Authority	PVI Average Hourly Rate £	Nursery Average Hourly Rate £	Nursery Class Average Hourly Rate £
Blackburn with Darwen	3.75	5.29	4.10
Blackpool	3.84	3.53	3.93
Calderdale	4.36	-	4.28
Cheshire East	3.66	7.65	3.77
Cheshire West and Chester	3.85	6.07	4.03
Halton	3.54	5.72	3.57
Knowsley	4.63	-	4.40
Liverpool	4.46	11.44	5.00
Manchester	3.49	8.88	3.67
Sefton	3.68	8.37	3.92
St Helens	3.47	3.47	3.00
Warrington	3.40	5.56	4.28
Wirral	3.68	8.57	3.60
AVERAGE	3.83	6.78	3.96

Table 2: Two year old benchmarking results

Local Authority	PVI Average Hourly Rate £	Nursery Average Hourly Rate £	Nursery Class Average Hourly Rate £
Blackburn with Darwen	4.85	-	-
Blackpool	4.85	4.85	-
Calderdale	4.88	-	-
Cheshire East	4.85	-	4.85
Cheshire West and Chester	4.85	-	4.85
Halton	4.95	-	-
Knowsley	4.18	-	-
Liverpool	4.90	-	-
Manchester	4.85	-	-
Sefton	4.55	4.55	4.55
St Helens	4.85	-	-
Warrington	4.85	4.85	4.85
Wirral	4.85	4.85	4.85
AVERAGE	4.79	4.78	4.79

3.1 Forum members are asked to note and comment on the benchmarking tables.

4. EARLY YEARS FUNDING IN MANCHESTER

- 4.1 Early years settings in Manchester are all funded on actual numbers.
- 4.2 PVI settings submit termly estimates of number of children at the beginning of each term. 70% of the estimated allocation based on these numbers is paid up front, and an adjustment payment is made at the end of the term when final numbers are known. Schools are paid based on a predefined nursery capacity and budgets are adjusted at the end of each term when actual numbers in attendance are known.
- 4.3 Three and four year olds are funded in schools and PVI settings if they are three at the beginning of the term. Children who turn three during a term are classed as 'rising threes' and are funded via the two year old offer, or not funded by MCC.
- 4.4 No early years setting is funded for unfilled nursery places, as any unfilled place funding is clawed back by MCC.

5. FUTURE EARLY YEARS FUNDING

- 5.1 The recent autumn spending review announced an investment of £300 million to increase the average hourly rate childcare providers receive alongside the introduction of a national early years funding formula in 2017/18. No further details have been provided, but Schools Forum will be updated as and when these announcements are made.

6. RECOMMENDATIONS

- 6.1 At this time the Authority is planning to start a review on the Manchester's early years funding formula.
- 6.2 Members of Schools Forum are asked to note and comment on the report.

Manchester City Council Report for Resolution

Report to: Schools Forum – 14 December 2015

Subject: Consultation outcome for the changes to the Scheme for Financing Schools

Report of: Interim Head of Finance - Children, Adults and Public Health

Summary

The Scheme for Financing schools applies to local authority maintained schools. The Scheme sets out details of the financial relationship between the local authority and schools it maintains. Supporting the Scheme are the Schools Financial Regulations. The regulations set out the arrangements for the proper administration and governance of financial affairs in schools. The local scheme and regulations do not apply to academies which are subject to separate arrangements.

On the 16th November 2015, a report was provided to the Schools Forum which detailed both directed and proposed changes to the Scheme for Financing Schools. The directed and proposed changes detailed in this report affect the register of business interests of the Governing Body, borrowing by schools, provision of financial information, purchase cards and loan schemes.

Schools have been consulted on the changes and the consultation results have been collated in this report for consideration by the Schools Forum. This report outlines the responses the Local Authority has received.

The Schools Forum has the power to approve the changes to the Scheme for Financing Schools.

Recommendations

Maintained School Members of Schools Forum are asked to approve directed revisions and approve revisions that seek to provide clarity to current arrangements.

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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 On the 16 November 2015, a report was provided to the Schools Forum which detailed both directed and proposed changes to the Scheme for Financing Schools. The directed and proposed changes detailed in this report affect the register of business interests of the Governing Body, borrowing by schools, provision of financial information, purchase cards and loan schemes.
- 1.2 Schools have now been consulted on the changes and the consultation results have been collated in this report for consideration by the Schools Forum.
- 1.3 Changes to the Scheme for Financing Schools must be approved by maintained school members of the Schools Forum.

2. CHANGES SUMMARY

- 2.1 A DfE directed changes change is that schools must complete and publish a register on their publicly accessible website of business interests detailing any relationships between school staff and members of the governing body. Additionally schools must not enter into a finance lease as this is classed as a form of borrowing.
- 2.2 Other minor amendments intended to provide additional clarity are that the Authority no longer requires schools to submit bank statements at quarter one. A purchase card facility is available from the Authority should schools wish to use the facility and schools that wish to take out a Salix loan should do so via the Authority.
- 2.3 As a result of the changes to the Scheme for Financing Schools the Schools Financial Regulations document will also need to be updated to reflect the changes.

3. CONSULTATION RESPONSES

- 3.1 Thirty five schools formally responded to the consultation. The list below provides the questions asked during the consultation and the answers provided.

Q1. The register of business interests should include details of any other education establishments that they govern and also detail any relationships between schools staff and members of the governing body. The register must be published on a publicly accessible website.

A1. 33/35 yes, 1/35 no, 1/35 partially

The school that responded that they partially agreed with the change and expressed a concern that they did not think that the register should be publicly accessible.

To note this is a directed change made by the DfE.

Q2. The use of finance leases is not allowable as this is classed as a form of borrowing.

A1. 24/35 yes, 11/35 no

One of the schools that answered no to this change commented that the current arrangements are sufficient.

This restriction still applies in the current arrangements.

Q3. Quarterly bank reconciliation statements is not required for quarter 1.

A3. 27/35 yes, 8/35 no

This change has been considered due to the timing of other financial information by the Authority and thought this was a process that is no longer required allowing schools to concentrate on their approved budgets and quarter two monitoring returns.

Q4. Purchase cards are available from the Authority for schools should they wish to use this facility.

A4. 28/35 yes, 6/26 no, 1/26 neither yes or no

One of the schools that responded no commented that they preferred to use a debit card as this allowed greater flexibility.

To note - this is just to make schools aware that this facility is available, if they wish to use this facility.

Q5. Schools should liaise with Finance when considering taking out a Salix loan and the Authority will borrow the money on behalf of schools.

A5. 32/35 yes, 2/26 no, 1/26 neither yes or no

Specialist from the Authority's Core investment team can work closely with schools when taking up this option to ensure the best efficiency savings are being achieved.

4. CONCLUSION AND RECOMMENDATIONS

4.1 The majority of schools that responded to the consultation are in agreement to the directed and proposed changes to the Scheme for Financing Schools.

4.2 The new changes, if approved, would ideally come into effect from the 1 January 2016.

- 4.3 Based on the consultation responses it is recommended that maintained school members of the forum approve the directed revisions and approve revisions that seek to provide clarity to current arrangements.