



Schools Forum

Date: Monday 26th September

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) vacancy, Fiaz Riasat

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

Primary Sector Governors (4) Brendon Jones, Gabrielle Higham, Robin Pinner, Michael Flanagan

Special School Headteachers (1) Alan Braven

Special School Governor (1) Peter Tite

Academy Representative (5) Elizabeth Fritchley, Andy Park, vacancy, 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, Steve Scott, Cath Bagdaley, Joshua Rowe, John Morgan, x 3 vacancies

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. Election of Chair and Vice Chair
4. Minutes
To approve as a correct record the minutes and notes of the meeting held on 11th July 2016 (enclosed).
5. Schools Block and DSG Funding Update
6. High Needs Block Report and Update
7. Early Year Block Report and Update
8. Unfair Dismissal Costs
9. Date of next meetings :
 - 21st November 2016
 - 19th December 2016
 - 16th January 2017
 - 27th February 2017
 - 15th May 2017
 - 19th June 2017
 - 17th July 2017

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:

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Manchester Schools Forum

Minutes of the meeting held on 11 July 2016

Present:

Members of the Forum

Secondary Sector Head Teachers: Gillian Houghton

Secondary Sector Governors: None

Primary Sector Head Teachers: Mike Cooke, Patricia Adams, Sarah Navin

Primary Sector Governors: Brendon Jones

Special School Head teacher: Alan Braven

Special School Governors: None

Academy Representative: Ian Fenn

Pupil Referral Unit Representative: Helen McAndrew

Nursery School Representative: None

Non-School Members: Councillor Stone, Harry Spooner, Steve Scott, Mary Hunter, Cath Baggaley, John Morgan

Executive Member: Councillor Sheila Newman

Council Officers:

John Edwards, Director of Education and Skills

Reena Kohli, Directorate Financial Lead, Children and Families

Kate Stonehouse, Senior Finance Manager

Apologies: Elizabeth Fritchley, Fiaz Riasat, Joshua Rowe, Andy Park, Colette Plant

SF/16/06 National Funding Formula Update

The Forum considered a report, which provided an update on the second stage of funding reform for schools. On 7 March 2016, the Department for Education issued the first stage of a consultation on a new national formula that will be used for the distribution of funding. Alongside the consultation, the government has issued a case for change and consultation summary; a summary of the current funding system and an equality analysis. The Forum responded to the first stage of the consultation in April.

Even though it was imminently expected, the second stage of the consultation was not published in time for this meeting. It was likely to be published at some point in July, but the closing date was unknown. The Forum was invited to consider how it could respond to the consultation over the summer period.

The Chair advised that Forum members would be invited to an informal meeting to discuss the content of the response if the consultation closing date was early in the new term. The Chair would compile a draft response in consultation with officers and email this to all members of the Forum for comment before it was submitted. If the closing date for the consultation was after the next scheduled meeting, it could be considered at this time. The Forum agreed this approach.

Decision

To delegate the response to the National Funding Formula consultation to the Chair of the Committee, in consultation with Forum members by email.

SF/16/07 Dedicated Schools Grant and School Balances 2015/16 – Outturn Report

The Forum considered a report of the Director of Education and Skills and the Head of Finance, Directorate for Children and Families, which explained the final position of the Dedicated Schools Grant (DSG) for 2015/16 for both schools, and the Council. The 2015/16 DSG plus money under spent from the previous year, was £315.2m after academy recoupment. £293.7m was delegated to schools and the Council retained £21.5m centrally.

The Directorate Financial Lead explained that most schools had a small surplus. Where this was more than 5% for high schools and 8% for nursery, primary and special. Schools were retaining balances for planned works such as building new classrooms and maintenance. Three schools were in deficit but the Council was working with them to resolve the problems that had caused the deficit.

Of the budget retained centrally by the Council, there will be an underspend of £0.265m which was less than in previous years due to other factors. Adjustments from the predicted level had been made to the final outturn figures which were accounted for by lower PFI service charges than expected. It was proposed that this money would be reallocated to the high needs block to fund special school places development. The Forum was asked to agree this.

Forum members noted the challenges facing schools and the Council in balancing the budgets and they thanked officers for their hard work in addressing the challenges.

Decision

1. To note maintained school balances as at 2015/16.
2. To note the DSG balance carried forward into 2016/17.
3. To approve the proposed use of the £265k DSG surplus.

SF/16/08 Dedicated Schools Grant and School Balances 2015/16 – Outturn Report

The Board received a report that contained the meeting dates for the next year and a timetable for reports that needed be considered by the Forum.

Decision

To note the report.

SF/16/09 Prudential Borrowing

A report was tabled at the meeting which provided information about Dedicated Schools Grant historic commitments, the amount of money outstanding and end dates of PFI schemes for individual schools. Officers clarified queries about the different types of PFI schemes and the balances outstanding for individual schools.

Decision

To note the report.

SF/16/10 Harry Spooner

The Forum noted that this was Harry Spooner's last meeting. Harry had been a member since the first meeting in November 2003. Members thanked Harry for his contribution and long service and wished him well in his retirement.

SF/16/11 Lancasterian Sensory Service

A member asked the Director of Education and Skills to clarify the arrangements around proposed cuts to the sensory support service at Lancasterian Special School. Issues surrounding the financial situation of the school were separate to this particular service. He advised that the high needs block funding was not related to pupil growth in population so changes were required to ensure that existing resources met the needs of increasing number of pupils with special needs. The Forum agreed to receive a more detailed report on the pressures facing the high needs block and the required changes to the September meeting so the Forum could have an informed debate.

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Schools Block and 2017/18 DSG Update

Report of: Reena Vandhna Kohli – Directorate Finance Lead Children Services

Summary

The purpose of this report is to outline the key changes set out by the Education Funding Agency (EFA) for school funding arrangements for 2017/18 as set out in the School revenue funding for 2017/18 operational guide issued in July 2016.

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

The schools block funding arrangements are largely unchanged from 2016/17, though some changes have been made to reflect the move towards a national funding formula and changes to datasets used to allocate funding through the formula.

Recommendations

Schools Forum is asked to note and comment on:

- (i) The re-baselining of the DSG
- (ii) Update of IDACI banding by the DfE
- (iii) The retention of DSG for ongoing responsibilities previously covered by the Education Services Grant (ESG)
- (iv) Timeline associated with preparation of School budgets

1. INTRODUCTION

- 1.1 The first stage consultation on the National Funding Formula (NFF) covered the overall structure of the reformed funding system and proposals for the schools and high needs blocks. Some details were provided about phasing/protection, as well as changes to the Education Services Grant and central budgets
- 1.2 The consultation closed on 17th April. In July 2016 the Government announced that the implementation of the national funding has now been delayed until 2018/19. For 2017/18, schools will be funded through the local formula set by their local authority.
- 1.3 The Education Funding Agency (EFA) released the Schools revenue funding for 2017 to 2018 operational guide to allow local authorities to begin to plan their local funding system for the next financial year.

2. SCHOOLS BLOCK FUNDING REFORMS

- 2.1 The 2017/18 schools block funding arrangements are largely unchanged from 2016/17, though some changes have been made to reflect the move towards a national funding formula and changes to datasets used to allocate funding through the formula.

DSG funding allocation at local authority level

- 2.2 The EFA required local authorities to undertake a historic spend data DSG block realignment exercise. Funding has been undertaken to realign funding across the three DSG blocks – schools, high needs and early years.
- 2.3 Manchester's schools blocks has been realigned and will now incorporate the £9.2m transfer from the early years block to the schools block for funding currently passed to schools to fund the additional 10 hours for full-time nursery places. The schools block has also been re-aligned after taking account of a £1.8m transfer from the schools block to the high needs block due to high needs pressures.
- 2.4 For the financial year 2017/18, it remains possible to move funding between the blocks.
- 2.5 Final block allocations will be announced in December 2016, and will include the data from the October 2016 census. The budget will be discussed at the Schools Forum meeting on the 16th January 2017. The schools funding formula, with final funding allocations, must be submitted to the EFA by 20 January 2017.
- 2.6 The schools block has been increased by £1.17m to cover additional costs arising from retained duties previously covered by the Education Services Grant (ESG) – the details covered under this arrangement will be included in the DfE's consultation on The School and Early Years Finance Regulations, this is expected later this year. This grant funding currently sits outside the DSG and is allocated to local authorities to deliver some statutory duties to maintained schools and academies. The remainder of the ESG (which funds other education

functions that transfer to academies on conversion) is being removed for both local authorities and academies. Local authorities will need to ensure that they retain sufficient funding to cover these duties and the EFA propose that local authorities will be able to retain funding from the DSG from maintained schools for statutory duties previously covered by the ESG in agreement with Schools Forum. Further details will be included in the forthcoming consultation on changes to the regulations.

Individual School Level Formula

- 2.7 The only change to the allowable formula factors is the removal of the post 16 funding factor, this is not used by Manchester.
- 2.8 Following the 2015 dataset update for the Income of deprivation affecting children index (IDACI), the EFA have redesigned the bands in which funding can be allocated to make them similar to pupil numbers eligible in the previous year. The revised bands will be A – G rather than 1-6 and the revised dataset for the October 2016 cohort will be issued in December 2016.
- 2.9 ☐ In August 2016, the DfE provided local authorities with the provisional schools budget pro-forma tool for 2017/18. The tool is populated with schools block data for 2016/17, primarily drawn from the October 2015 schools census and is for budget modelling purposes only. There is no draft budget tool submission due to the DfE at the end of October 2016 as in previous years – there will only be the submission of the December 2016 budget tool in mid January 2017.
- 2.10 Manchester has started to work through the draft budget tool and will report any areas of concern/issues at the Schools Forum meeting in November 2016. The budget preparation timeline is provided in Appendix 1 of this report.
- 2.11 In December 2016 the DfE budget tool will be populated with the schools block data for 2017/18, primarily drawn from the October 2016 schools census. The current minimum funding guarantee (MFG) for schools will be retained in 2017/18 so that no school will have a schools block funding reduction of more than 1.5% per pupil.

3. RECOMMENDATIONS

- 3.1 Schools Forum is asked to note and comment on:

- (i) The re-baselining of the DSG

- (ii) Update of IDACI banding by the DfE

- (iii) The retention of DSG for ongoing responsibilities previously covered by the Education Services Grant (ESG)

- (iv) Timeline associated with preparation of School budgets

Appendix 1

Date	
6 th October 2016	School Census day.
October / November 2016	DfE and LA check and validate schools census returns.
21 November 2016	School Forum Meeting
26 November 2016	School census database closed
30 November 2016	Deadline from making exclusions from MFG
Mid December 2016	APT issued to LA's containing October 2016 census based pupil data and factors.
Mid December 2016	EFA confirms DSG Schools Block and High Needs Block allocations for 2017-18. Publication of provisional EY Block allocations.
19 December 2016	Schools Forum Meeting
Mid-January 2017	Schools Forum consultation / political approval required for final 2017 – 18 funding formula.
16 January 2017	Schools Forum
20 January 2017	Deadline for the submission by the LA of the final 2017 – 18 APT to the EFA.
30 January 2017	Scrutiny Committees
8 February	Budget Executive
28 February 2017	Deadline for the confirmation of school budget shares to maintained schools.
3 March	Budget Council
31 March 2017	Deadline for the confirmation of the annual general grant to academies open by 9 January 2017.

Manchester City Council Report for Resolution

Report to: Schools Forum

Subject: Update on Special Educational Needs (SEN) and special school place planning in Manchester

Report of: Amanda Corcoran – Head of Education Strategy, Access and Inclusion
Reena Vandhna Kohli – Directorate Finance Lead Children Services

Summary

This report provides Forum with information on the numbers of children in the city with Special Educational needs (SEN) compared to national data, spend on SEN provision and outlines plans to increase special school and PRU places.

Recommendations

The emerging pressures in the High Needs block are a concern to the Council. There is a need to review some of the specialist services and provision funded through this block in order to continue to improve outcomes for children and young people with SEN and ensure there are sufficient specialist places and provision in the City to meet need whilst achieving maximum value for money from the high needs block.

All Forum members are asked to:

- Note on the pressure on high needs places;
- Note plans to manage risks on budgets.

Contact Officers

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Name: Kate Stonehouse
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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 A revised Code of Practice for children and young people with Special Educational needs (SEN) which provides statutory guidance on the policies, procedures and requirements of Part 3 of the Children and Families Act was published in September 2014. Changes outlined in the new legislation have been implemented in the City over the last two years. Changes to the way that schools and colleges are funded for children and young people have been implemented since April 2013, when these were introduced.
- 1.2 This paper will provide an update on the numbers of pupils with SEN, how this compares with national data and the impact on the high needs block which is used to fund SEN. The paper will also outline plans to increase the number of specialist places across the city in response to the continued growth of the school population.
- 1.3 Manchester's high needs block totals £67m. It supports special school budgets, Special Educational Needs statements/Education, Health and Care plans and SEN support services.

2. OVERALL SEN POPULATION

- 2.1 Within the school population, the May 2016 census showed that 15.6% school population have SEN (12,637 pupils). This is made up of 12.7% (10,298 pupils) who have needs met through SEN support and 2.9% school population who have either a statement of SEN (1,075 pupils) or an Education, Health and Care Plan (EHCP) (1,264 pupils). The census showed that the number of pupils who have their needs met through SEN support is declining and this is the case nationally however, the percentage of pupils on SEN support in Manchester is higher than the national (11.6%). The numbers of pupils in Manchester schools with high levels of need which require an EHCP have increased. This has resulted in an increase in the percentage of children in Manchester Schools with an EHCP rising to 2.9% after 2 years at 2.8% of the school population. Even though nationally the actual numbers of children with an EHCP/statement has increased, the overall percentage has remained at 2.8% of the whole population.
- 2.2 Table 1: Number of SEN pupils in Manchester

	2014	2015	2016
EHCP/Statement	2,123	2,276	2,339
SEN Support	13,590	11,387	10,298
All SEN	15,713	13,663	12,637

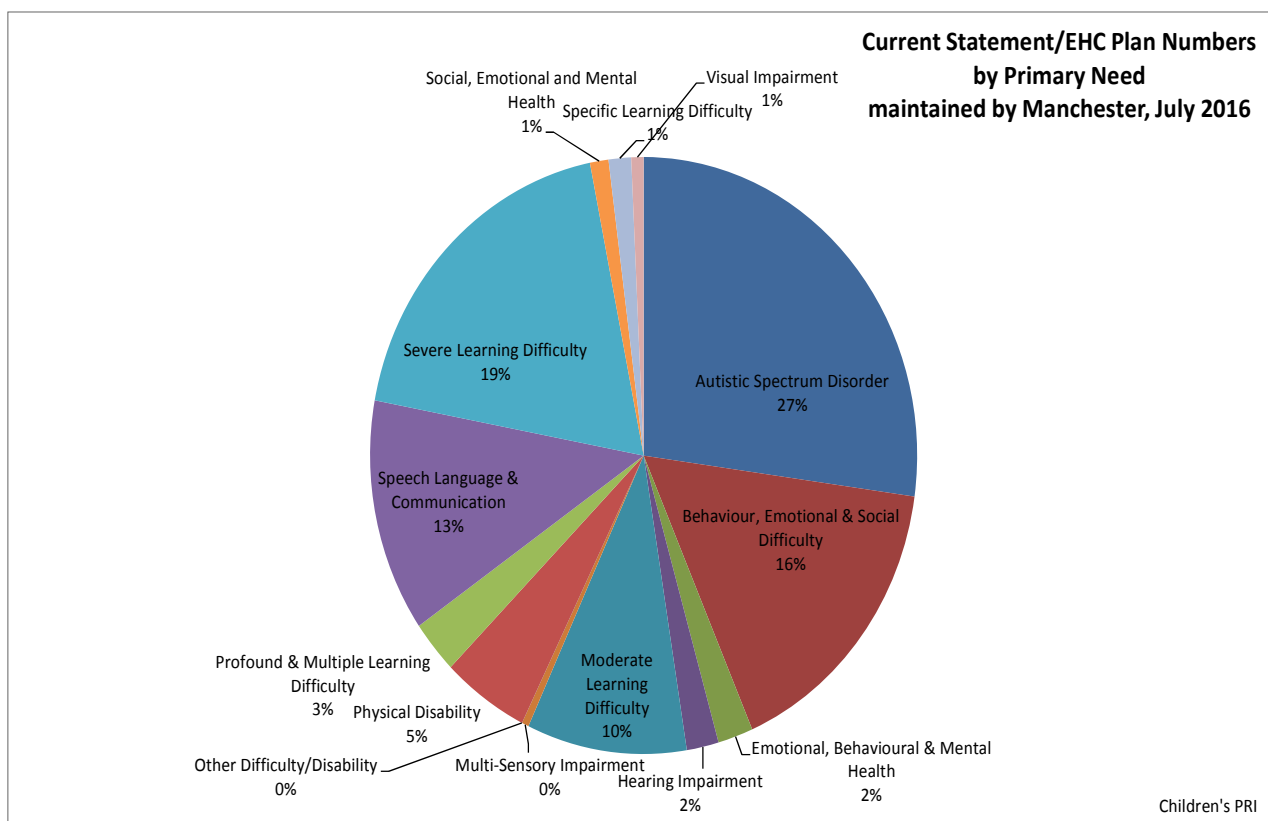
3. EDUCATION, HEALTH AND CARE PLANS (EHCP)/STATEMENTS

- 3.1 Education, Health and Care Plans (EHCPs) for children and young people aged up to 25 were introduced on 1 September 2014 as part of the Special Educational Needs and Disability (SEND) provisions in the Children and Families Act 2014. From 1 September 2014, any children or young people who were newly referred to

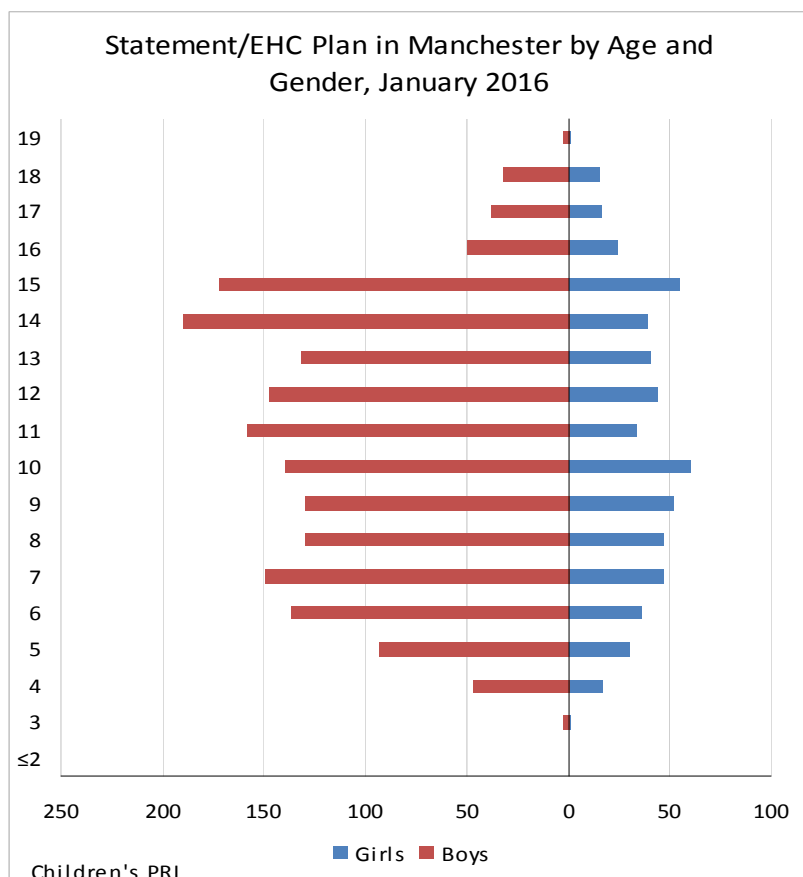
a local authority for assessment were considered under the new EHCP assessment process.

- 3.2 Transferring children and young people with statements and young people receiving support as a result of a Learning Difficulty Assessments (LDAs) to EHCPs has been phased. All young people who receive support as a result of an LDA who need an EHCP should have one by December 2016 and the process of transferring statements to EHCPs should be complete by April 2018. In April 2014, Manchester had a total of 2,823 statements/resource agreements or LDAs which needed to be converted to EHCPs by these dates. By August 2016, Manchester has transferred 1,279 statements to EHCPs following a review and is ahead of schedule to complete transfers within timescales. This has been achieved through using a significant amount of allocated SEN implementation grant to increase staffing within the statutory assessment team for this purpose. The conversion team has also included secondment of 2 staff from health (Central Manchester Foundation Trust) and more recently social care to support this process.
- 3.3 In Manchester, there are a total of 2,798 statements/EHCPs. This comprises 1,144 statements and 1,654 EHCPs. The numbers of young people aged 20 to 25 remain low but the Local Authority is starting to receive more and more requests for EHCPs for individuals in this age group.
- 3.4 The most common types of primary need for pupils in Manchester with a statement/EHCP are:
- Autism which is 27% of the cohort. This reflects the national picture where autism is the most common primary need for children in the cohort but the percentage is lower at 25.9%. Manchester has seen a 1% decline since 2015 but nationally there has been a slight increase.
 - Severe learning difficulties which is 19% of the cohort whereas nationally, 13.1% of this cohort have SLD.
 - Social, emotional and mental health needs which is 18% of the cohort whereas nationally, 12.3% of the cohort have SEMH.

3.5 Graph 2: Current Statement/ EHCP Numbers by Primary Need July 2016.



3.6 Graph 3: Statement/ EHCP in Manchester by Age and Gender, January 2016



3.7 The number of requests for statutory assessment is increasing and the number of requests that are declined is reducing which is resulting in an increase in new EHCPs. An additional 56 requests for statutory assessment were received in August 2016. There are currently 169 children on the early year's pathway and a significant number of these will require a statutory assessment.

3.8 Table 4: Requests for statutory assessments over the last 3 years.

	Jan to Dec 2014	Jan to Dec 2015	Jan to Dec 2016
New requests for assessments are increasing:	490	671	380
Number of requests declined has reduced this year:	129	156	62
New EHCPs issued is increasing:	442	222	318

4. FUNDING OF HIGH NEEDS

4.1 Specialist education provision from age 0 to 25 including special school places and independent specialist placements, special services such as the Sensory Service, resourced provision in mainstream schools and element 3 (top up) funding for mainstream schools and colleges linked to statements/EHCPs are met through the high needs block budget of £67m.

4.2 The tables below show the average cost linked to pupils with a statement/EHCP by type of need and the change in cost over the last 2 years. For mainstream schools the way that pupils with statements/EHCPs are funded changed in April 2013 when schools were required to provide the first £6,000 towards the cost of a pupil's additional support. Overall spend in mainstream primary schools has reduced but is increasing in secondary schools. The area of highest spend in mainstream primary is autism, followed by speech, language and communication needs. In secondary schools this is significantly more spend linked to social, emotional and mental health needs than other types of need.

4.3 Table 5: Primary Mainstream Schools – average annual cost per statement/Resourcing Agreement

	2014/15	2015/16
	£	£
ASD	8,085	7,849
SEMH	7,308	6,900
HI	6,608	6,770
MLD	5,915	6,005
MSI	7,354	9,534
PD	6,791	7,264
PMLD	9,720	8,990
SLCN	6,774	6,830
SLD	8,088	8,778
SpLD	6,679	4,638
VI	4,324	5,742

4.4 Table 6: Primary Mainstream Schools – annual cost Statement/Resourcing Agreement

	2014/15	2015/16
	£	£
ASD	1,094,634	1,082,799
SEMH	907,047	591,040
HI	65,642	58,142
MLD	371,694	348,010
MSI	47,970	39,461
PD	267,614	238,075
PMLD	30,731	22,412
SLCN	953,181	731,438
SLD	507,529	503,831
SpLD	33,008	19,803
VI	27,996	30,465
Total	4,307,046	3,665,476

4.5 Table 7: Secondary Mainstream Schools – average annual cost per statement/Resourcing Agreement

	2014/15	2015/16
	£	£
ASD	6,074	5,946
SEMH	7,004	7,034
HI	5,137	4,298
MLD	5,333	5,373
MSI	7,814	7,814
PD	6,965	6,689
PMLD	6,443	6,433
SLCN	5,287	5,491
SLD	6,313	6,880
SpLD	4,499	4,131
VI	5,808	6,130

4.6 Table 8: Secondary Mainstream Schools – annual cost Statement/Resourcing Agreement

	2014/15	2015/16
	£	£
ASD	263,751	305,214
SEMH	587,162	502,091
HI	43,130	45,912
MLD	261,791	280,033
MSI	7,163	7,814
PD	166,921	150,514
PMLD	9,610	12,866
SLCN	359,528	380,613
SLD	193,268	231,229
SpLD	19,049	19,549
VI	14,775	10,597
Total	1,926,148	1,946,432

- 4.7 Some of these costs seem to have reduced in 2015/16. The reason for this is that many assessments started late in 2015/16 and have ran in to 2016/17. There is a considerate rise in mainstream and academy statements in the current financial year already.

5. SPECIALIST PROVISION

- 5.1 Special School Numbers are increasing year on year in Manchester as demonstrated in the below table.

5.2 Table 9: Special schools pupil numbers

	2013	2014	2015	2016
All Pupils	1,075	1,130	1,181	1,262
% of overall school population	1.51%	1.51%	1.53%	1.56%

*Note: these figures do not include places at Manchester's PRU schools (refer to section 7) or resourced provision (refer to section 5.8).

Special school population - figures are from the January school census in each year shown.

- 5.3 91% of children with EHCPs/statements attend a school which is graded good or better by OFSTED and 100% of special school or alternative provision in the city is good or outstanding. Just over 50% of children with a statement/EHCP attend specialist provision. Although the actual number of children attending special schools is increasing, as a percentage of the overall Manchester school population this has remained at less than 1.6% since 2012.
- 5.4 The tables below show the total cost of special school places for 15/16 compared to 2014/15 as well as the average costs for a special school place for both last year and this academic year. This shows that, consistently in both years the highest area of spend across this sector was on SLD and autism (ASD).

5.5 Table 10: Total spent in year (£'000)

Category of need	2014/15 (£'000)	2015/16 (£'000)
ASD	5,065	5,967
BESD	4,326	4,496
MLD	65	41
PD	517	647
PMLD	2,559	2,400
SLCN	109	90
SLD	7,390	7,510
TOTAL	20,031	21,151

5.6 Table 11: Average annual cost per pupil for 2015/16 and 2016/17

Category of need	Cost per pupil (£) 2015/16	Cost per pupil (£) 2016/17
ASD	17,589	17,643
SEMH	20,348	20,337
MLD	10,951	11,006
PD	17,479	17,581
PMLD	18,653	18,707
SLCN	14,988	15,043
SLD	17,588	17,643

Resourced provision in mainstream schools

5.7 As well as the increasing pressures on special school places over the recent years there is also a need for additional resourced provision in mainstream schools in Manchester. A number of places have been created in resourced provision in mainstream schools for pupils with statements/EHCPs and the table below demonstrates this.

5.8 Table 12: Designated Resource Provision for children with autism, SEMH and Hearing Impairment.

Financial Year	Primary School			Secondary School
	Places for ASD/SLCN	Places for Hearing Impairment	Places for SEMH	Places for ASD/SLCN and PD
2014/15	49	10	10	80
2015/16	49	10	10	77
2016/17	49	10	10	56

- 5.9 In 2016/17, an additional 14 places have been funded for resource provision within two of the mainstream schools costing £231k. Refurbishment and expansion costs to both school buildings to facilitate the additional pupil numbers amounted to £245k for September 2016.

Placement in independent schools

- 5.10 There is a 3 year trend of reducing placements in independent special schools for children who are pre 16, especially in 52 week residential placements. There are currently 78 pre 16 children places in independent special provisions.

- 5.11 Table 13: Pre 16 Independent school placement

Type of provision	2013/14	2014/15	2015/16	2015/16 Total Cost £000's
Day	74	74	66	£1,861
Residential	34	21	12	£739

- 5.12 The primary need for children in day placements is ASD and SEMH where commissioning of independent placements has been used to meet increased demand for special schools when local provision is at full capacity. The primary need for children in residential placements is SEMH and Education makes a contribution to the education element of the placement only.

- 5.13 The statutory duty to provide Education for young people with EHCPs when appropriate to age 25 introduced in 2014, has put pressure on specialist placements for some types of need such as autism which has meant that there has been an increase in spend on day placements for post 16 pupils in the specialist independent sector as shown in the tables below. There are currently 96 young people in independent specialist colleges/schools.

- 5.13 Table 14: Post 16 Independent school placement

Type of provision	2013/14	2014/15	2015/16	2015/16 Total Cost £000's
Day	68	71	85	£3,026
Residential	10	8	11	£609

- 5.15 The number of day placements will increase in 2016/17 for both pre 16 and post 16 due to ongoing demographic growth. This will potentially put an additional pressure on the high needs block and may tie up funding which has been used in previous years to create additional and new specialist places within the city.

- 5.16 The average cost of an independent school placement is £77k to Education and the highest costs is £171k to Education. The highest cost placements are for young people with autism. The total cost for independent placement in 2015/16 was £6,235m.

6. SPECIAL SCHOOL PARTNERSHIP

- 6.1 Manchester Special School partnership is a formal partnership of all special schools who have agreed to work as part of a solution focused, collaborative partnership to enable the pupils with the most complex and exceptional needs to access learning within a Manchester specialist setting. The Local Authority has devolved £500k of high needs funding to the partnership which can be allocated to support individual pupils.
- 6.2 The aims of the partnership include:
- Supporting access to learning for children and young people with the most complex and exceptional needs;
 - Minimising the risk of multiple fixed term and permanent exclusions in Manchester Special schools;
 - Maintaining the placements of pupils with the most complex needs in the Manchester Special schools reducing the need for external placements.
- 6.3 A process has also been agreed with Manchester's Special Schools Partnership to ensure that international new arrivals with high levels of need that would be unable to access mainstream schooling but have not got an EHCP can access the appropriate schooling while their needs and future provision are assessed.
- 6.4 The reduction in high cost placements has been the outcome of this partnership which has enabled special schools to work collaboratively to meet the needs of pupils with complex and exceptional needs. To date 50 young people have accessed funding through this partnership – the average costs is £9k and the highest cost has been £25k. In addition, 16 international new arrivals have been allocated an assessment place at a special school through the partnership in 15/16 academic year.

7. PRU PLACES

- 7.1 The number of places at both the primary and secondary PRUs have increased year on year over the last 3 years and due to many special schools in Manchester now being at full capacity, both provisions also now offer a number of specialist places for pupils with statements/EHCPs.

Table 15: PRU places

PRU	2014/15		2015/16		2016/17	
	Places	Budget (£'000)	Places	Budget (£'000)	Places	Budget (£'000)
Primary	36	1,156	48	1,426	70	1,894
Secondary	310	4,241	320	4,736	400	5,535

- 7.2 It is evident that there is an increasing need for PRU places in Manchester. An additional 80 places were funded at the start of 2016/17 for the Secondary PRU as well as an additional 12 places in the Primary PRU. Further to this 10 more places have been added to the Primary for September 2016 to bring the total to 70.

- 7.3 A refurbishment to the Gorton Mount site has recently been approved to allow for an additional 30 places at the Primary PRU costing the Local Authority £142k.

8. SPECIAL SCHOOL PROVISION – INCREASE IN SEPTEMBER 2016 PLACES

- 8.1 The school population in Manchester has been increasing significantly since 2008. This has led to an increased demand for school places across the city including places offering specialist provision. To date this has been achieved by expanding existing special schools through permanent extensions, temporary units, different use of spaces in schools and larger class sizes. New builds for 2 primary special schools (Camberwell Park and Ashgate) also created some additional capacity.
- 8.2 For September 2016, Pioneer House a new secondary special free school will open and provide an additional 25 places each year for the next 3 years and a prescribed alteration for Rodney House was agreed in July 2016 which will redesignate the school for the full primary age range and create an extra 20 places.
- 8.3 An additional 39 places in special schools costing £128k in place funding and £191k in top up funding have been added to existing provisions. Details of these additions can be seen below.
- 8.4 Table 16: Additional school places for September by category of need.

	Social, Emotional & Mental Health needs places	ASD (Autism) places	Severe Learning Difficulties places	Total
September additional places	12	5	22	39

- 8.5 In July 2016 Schools Forum approved the use of the 2015/16 DSG under spend for additional special school places. The £265k under spend will contribute to the funding of the additional September special school places. Refurbishment costs will be funded from the Growth Fund.
- 8.6 Full year effects for the increase to special school places for 17/18 amounts to £390k place funding and £327k top up funding. All of these places will need to be funded from the high needs block which does not reflect the growth in pupil numbers. Going forward there will be significant pressure on this funding which is of great concern and in order to facilitate this growth, the LA will have to continue to review how other areas of the budget are spent.
- 8.7 A three year plan is being developed for the expected increases in special school place numbers. The table below highlights the anticipated need for additional special school places with the shortfall predicted each year by sector based on current pupils in the early years and primary phases. This is a cautious estimate as it does not currently account for the increasing numbers of children we have arriving in the city already with EHCPs or who have not yet been assessed but clearly have high levels of need. As an example, 39 new children arrived in

Manchester over the summer break with statements/EHCPs.

8.8 Table 17: Additional Required places in special schools over next 2 years.

2017/18		Primary	Secondary	Total
2017/18	places required	13	20	33
2018/19	places required	56	4	60

8.9 The plan highlights the concerning pressures that the high needs block will face in the upcoming years with at least 93 additional required in special schools over the next 2 years.

8.10 Manchester has been working closely with the DfE on the total allocation for the country of £200m basic need capital funding for specialist places which was announced in the White Paper in March 2016. It is expected that the allocations of this for individual Local Authorities including Manchester's allocation will be announced in the Autumn Term. In addition, we are anticipating an announcement mid September whereby Local Authorities will be asked to submit expressions of interest for any special free school requirements they will have for 2020/21. Both of these developments provide an opportunity in Manchester to create additional special school capacity in the city. However, there will be a significant challenge to find the revenue funding for these additional places within the high needs budget.

9. SENSORY SERVICE

9.1 Since 2011, Lancasterian School has been commissioned by Manchester City Council to provide a city wide Sensory Service known as LSS. The value of this Service Level Agreement is £3,083m.

9.2 The LSS support all children and young people who have a sensory impairment such that additional support and/or advice are required, at home, in nursery settings and in primary, secondary and special schools. The service also provide staff for 3 primary resource bases (only 1 is formally designated) and 1 secondary resource base. The age group supported by the service ranges from birth to leaving school provision i.e. 16 or 19 depending on the provision.

9.3 Due to increased pressure on high needs funding, the Council approached Lancasterian to improve service provision and make efficiencies where possible to release some additional funding within the high needs block to meet projected demand for additional special school provision. Consultation on proposed changes to the Service which would achieve £400k of savings from September 2017 took place in July 2016. The outcomes of this consultation are currently being considered.

10. HIGH NEEDS BLOCK PRESSURES

10.1 Table 18: A summary table of how the High Needs Block has been budgeted for 16/17

High Needs Block	£000's
Special school budgets*	39,772
Out of city / post-16 pupil budgets/placements in other Las/Pool budgets	13,910
SEN budgets for pupils in mainstream schools	6,500
Resource units in mainstream schools	1,825
SEN support services	4,193
SEN transport	500
Total High Needs Block	66,700

*Includes commissioned services e.g. Sensory Services and Travel Training

10.2 In December 2015 it was announced that the DSG would award Manchester with an additional £0.8m high needs funding due to demographic growth in the city. At the start of this financial year taking account of this additional £0.8m it was estimated that the High Needs Block would face pressures of £1.8m for 16/17.

10.3 The increase in both Resourced Provision places and Special School Places for September 2016 will put even greater pressure on the High Needs Block. This will need to be monitored closely for the remainder of the year. This growth in numbers mirrors the growth in numbers within mainstream schools in the city and does not increase the proportion of children attending a special school in Manchester.

11. RECOMMENDATION

11.1 This report provides a summary of high need block for 2016/17 and a breakdown of the emerging pressures in the high needs block, which are a concern to the Council. In order to ensure there are sufficient high needs places the Council will continue to look to make efficiencies in areas funded by the high needs block.

11.2 All School Forum members are asked to:

- Note and comment on the report
- Note plans to manage risks on budgets

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Early Years – Proposed Funding Changes

Report of: Karen Jarmany - Head of Schools Quality Assurance and Early Year
Reena Vandhna Kohli – Directorate Finance Lead Children Services

Summary

On the 11th August the DfE opened its consultation on Early Years Funding, including the implementation of a National Early Years Funding formula, which closes on the 22 September 2016. The consultation documents can be found at:

<https://consult.education.gov.uk/early-years-funding/eynff>

The DfE will continue to provide funding to local authorities, who will then continue to use their own localised formulae for funding individual providers. Unlike the schools block national funding formula, the DfE does not intend to calculate funding for individual early years providers directly.

The consultation paper proposes changes from April 2017, the consultation looks at:

- (i) The funding of local authorities for the free early education and childcare entitlement for 3-4 year olds
- (ii) The way in which local authorities fund early years providers.
- (iii) The way children with special educational needs or disabilities attract the extra funding they need.

The Forum is invited to consider the proposals, to comment on the LA's response (Appendix 1), and to consider changes which may be required to the authority's early years funding arrangements under the proposals. The proposals affect both schools and Private, Voluntary and Independents. The proposals do not affect pupils in reception classes.

Recommendations

All Forum members are asked to note and comment on the Local Authority consultation Response.

Schools Forum members are asked to comment on the proposal to increase PVI rates in line with nursery class hourly rates.

Contact Officers

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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

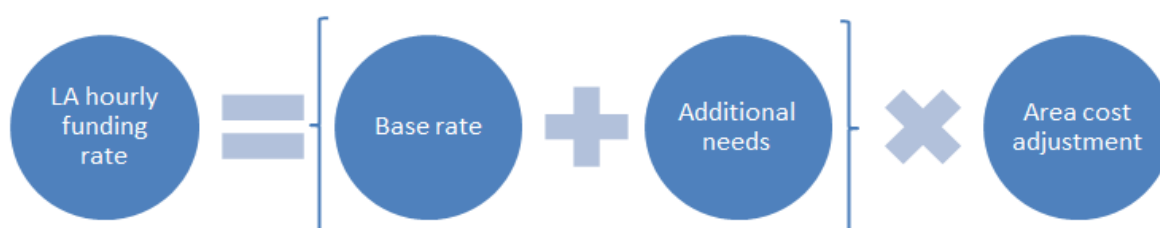
- 1.1 From September 2017, parents meeting specified criteria will be entitled to up to 30 hrs/week of free education/childcare for three and four year olds, compared to the current 15 hrs.
- 1.2 The DfE is therefore proposing to increase the average hourly rate at which local authorities and providers are paid to provide early education and childcare for three and four year olds. The main purpose of the changes is to ensure that providers are sufficiently well funded for “free” hours to be able to offer the extended 30 hour free entitlement for working parents.
- 1.3 The DfE is also proposing an increase to the hourly funding rate for the free early education entitlement for two year olds, from an average £5.09 per hour to £5.39 per hour.

2. CONSULTATION

- 2.1 The DfE are seeking views on changes to how free childcare and early education for three and four year olds is funded, including a new national funding formula. In particular, views are being sought on:
- Introducing a new early years national funding formula for three and four year olds to local authority areas;
 - Changing the way local authorities fund the early years providers in their area;
 - Making sure that children with special educational needs or disabilities attract the extra funding they need.

New early years national funding

- 2.2.1 The EY National Allocation Basis will commence, for the existing 15 hours, in April 2017 alongside the funding rate uplift announced in the last Spending Review. The additional 15 hours will be in place in September 2017, when up to 30 hours of free childcare is implemented nationally.
- 2.2.2 The national allocation basis features three funding factors which determines the funding per child that each local authority receives (not the same as the funding formula for settings which will remain as a local formula). The national allocation can be depicted as:



- i) Universal base rate of funding for each child of £3.5254 (proposal to allocate 89.5% of the national funding envelope);

- ii) Additional needs factor based on 3 proxy measures, reflecting the extra costs of supporting children with additional needs to achieve good early learning and development outcomes;
 - Free Schools Meals (FSM) eligibility – DfE proposal 8% (using Key Stage 1 and 2 as a proxy) which equates to £2.1287
 - English as an additional Language (EAL) – DfE proposal 1.5% (using Key Stage 1 and 2) which equates to £0.2856; and
 - Disability Living Allowance (DLA) – DfE proposal 1% which equates to £0.7396
 - iii) An area cost adjustment, reflecting the different costs of providing childcare in different areas of the country (particularly staff costs). The proposal is to use the general labour market measure (80%), adjusted for relative nursery premises costs based on rateable values (20%). This will be applied to the base rate and the additional needs factor.
- 2.2.3 The DfE have provided indications of how the proposed formulae would impact on local authorities' funding allocations. Manchester's current Early Years allocation after taking account of £9.2m transfer to the Schools Block is £4.12 per hour. The DfE indicate that Manchester's revised hourly rate would change to £4.87 per hour.

Changing the way local authorities fund the early years providers in their area

- 2.3.2 Manchester City Council will remain responsible for determining and administering local early year single funding formula (EYSFF) which must incorporate a "universal base rate" of funding for all providers from 2019/20 at the latest. (i.e. no differential base rates for settings/groups of providers based on size).
- 2.3.3 DfE will reduce the variation in local formulae so that the system is simpler and clearer for providers. To do so, DfE will reduce the use of local authority funding supplements by limiting the types of supplements that can be used to key drivers of local cost such as deprivation (remains mandatory) or rurality, and key policy objectives such as 30 hours delivery. DfE are consulting on a 10% cap on the amount of funding that can flow through these supplements. Manchester has a quality supplement but currently all providers receive this supplement and a deprivation supplement.
- 2.3.4 Supplementary funding will be provided to LAs with Nursery Schools, Manchester has two nursery school and for two years will need to keep transition funding in order manage the transfer to the universal base rate. In Manchester in addition to the base rate, deprivation and quality supplement Nursery schools also currently receive a grant supplement.
- 2.3.5 LAs will be expected to pass same rate of funding to providers via the Early Years Single Funding Formula (EYSFF) for both the existing 15 hours offer and

the additional 15 hours for working parents.

- 2.3.6 The DfE proposes that LAs should be required to pass on 93% of their funding allocation (in 2017/18) and 95% (in 2018/19 and thereafter) to individual providers (ie the bulk of the early years block will be “ringfenced”);
- 2.3.7 Manchester current Early Years formula and rates are provided in Appendix 2 of this report.

Special Educational Needs for Early Years

- 2.3.8 To improve support for pupils with special educational needs and disabilities taking up the free early entitlement, the DfE proposes direct additional funding to providers for children entitled to Disability Living Allowance, and expects LAs to establish local inclusion funds, to provide additional funding for children with SEN who do not have a statement or EHCP.

Early years block

- 2.3.9 The DfE has quoted a national average funding rate for local authorities of £4.88 per hour. Note that this is an average, which includes the funding allocated for protection for maintained nursery schools, the early years pupil premium, and the direct funding for children on DLA.
- 2.3.10 The DfE has asked a number of specific questions, which are discussed below with initial suggestions for responses. The questions range from policy issues to technical issues and the comments reflect that.
- 2.3.11 Appendix 1 shows the consultation questions and a draft LA response. (Schools Forum members are asked to note that the draft response will be updated before Schools Forum and will be discussed with elected members, Officers and sector expert prior to submission). The final consultation response will be sent out to Schools Forum members in week commencing the 19th September 2016.
- 2.3.12 There will be a further consultations with providers on any changes to the local formula. The timescale for these consultations will depend on when DfE announces the results of the current consultation, but the outcome will be reported to Schools Forum in due course.
- 2.3.13 Note that “in order to aid provider planning” the DfE has published indicative hourly rates which providers might expect in each LA. These are based on the assumption that 95% of the LA hourly rate will be passed on to providers. In practice, unless all children are funded at the same rate (ie no additional need supplements) most children will be funded at a lower rate than that indicated and thus it could be argued that the illustrations are misleading. For example, a deprivation supplement is compulsory and will require a top-slice from this hourly rate. Additionally, the rate which the LA can afford to pay depends on how average termly pupil numbers (on which the LA pays) compare to January pupil numbers (on which the LA is funded).

3. PRIVATE VOLUNTARY AND INDEPENDENT SECTOR CONCERNS

- 3.1 A sample survey of rates paid across 19 Local Authorities in the North West in May 2016 indicated that payments for each sector were within the following ranges:

Hourly rates

- 3.2 Nursery Schools: £3.25 to £8.71 with Manchester paying £8.71.
School Nurseries: £3.06 to £4.77 with Manchester paying £3.75
Childminders: £3.03- £6.03 with the majority paying between £3.03 and £3.50 and Manchester paying up to £3.40.
PVI sector (daycare provision): £2.50-£4.18 with the majority paying between £3.00 and £3.60. and Manchester paying up to £3.70. Manchester historically pays a lower amount to sessional care providers.
- 3.3 Manchester is broadly in line with neighbouring Local Authorities for the majority of these rates. Historically, in Manchester, nursery schools have received a higher base rate to reflect their operating costs and management support from a head teacher.
- 3.4 PVI sector has raised concerns over the funding rates. There are significant risks from the National Living Wage and National Insurance changes that impact on all providers. The national living wage increases employee costs for all providers and could force suppliers to employ lower qualified employees who are cheaper to employ. The increase in employer contributions for national insurance will also impact providers.
- 3.5 Given these concerns and in order to prepare for universal base rates it is proposed that the LA seeks to raise PVI rates in line with Nursery class rates in year. The impact of this change is 0.05 per hour for Day Care providers, £0.30 per hour for Playgroups and £0.35 per hour Childminders, or on average £28.50 per child per annum, circa £80k in total. Forum is asked to comment on this in-year change.
- 3.6 Based on current grant allocations this is affordable within current funding envelope, Forum is asked to approve the formula funding rate change.
- 3.7 The LA will review these rates in light of the outcome of the Early Years consultation for 2017/18.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 The Early Years proposals, if implemented represent a significant change and piece of work. Officers are still working through and interpreting the proposals and the impact and as such it is possible that further clarifications from the DfE and our investigations may refine the understanding recorded above.
- 4.2 The implementation of the proposals will require the establishment of a working party and provider events to explain the changes. It is proposed that this is set up once the government has responded to the responses made to this consultation.

Recommendations

- 4.3 All Forum members are asked to note and comment on the Local Authority consultation response
- 4.4 Schools Forum members are asked to comment on the proposal to increase PVI rates in line with nursery class hourly rates.

Appendix one

DRAFT RESPONSE TO DFE CONSULTATION (OFFICER DRAFT FOR DISCUSSION –STILL TO BE CONSIDERED BY ELECTED MEMBERS):

The DfE's questions, comments are possible responses are set out below. Comments have been sought from experts in this area. Questions 1-8 of the consultation are administrative, consultation formula funding questions start at question 9.

Please note DfE consultation questions are underlined, draft responses to questions are in bold and LA comments are italics

FUNDING FROM THE DFE TO LOCAL AUTHORITIES

- Question 9: Should there be an early years national funding formula (to distribute money from central government to each local authority)?

Yes

FUNDING FACTORS WITH THE NATIONAL EARLY YEARS NATIONAL FUNDING FORMULA

- Question 10a : Considering a universal base rate of funding which does not vary by local area.

No

- Question 10b: Is 89.5% of overall funding the right amount to channel through this factor?

Unsure.

- Question 11a: Considering an additional needs factor. Should an additional needs factor be included in the early years national funding formula?

Yes

- Question 11b .Do we propose the correct basket of metrics?

No

- Question 11c. Do we propose the correct weightings for each metric?

Unsure

- Question 12a: Should the early years national funding formula include an area cost adjustment?

Yes

- Question 12b. Should that adjustment be based on staff costs (based on the General Labour Market measure) and on nursery premises costs (based on rateable values)?

Yes

Comment: We have some concerns on the use of the General Labour Market for staff costs and rateable values for nursery premises. It is important that any formula recognises the sizeable cost variations in some areas.

- Question 13: If you have any comments or recommendations for alternative metrics or weightings to be used in the early years national funding formula, please explain here:

Question 9 Comment: Manchester agrees with the principles of fair and logical distribution and extra resources towards pupils who need it most. Value for money will be achieved by ensuring that resources are effectively targeted to enable good outcomes for all pupils.

Transparency is more important than simplicity; however neither should be achieved at the expense of a funding system that is not responsive to the needs of pupils, providers and the specific social and economic characteristics of an area. A national system would not have these characteristics quite obviously because current funding levels are based on historic local decisions, which have been protected through the DSG. Manchester agrees with the need to revisit the funding to ensure that resources are effectively targeted to meet relative need.

Question 10 a Comment: There is a risk that funding is mostly allocated on the basic per-pupil amount (89.5%) and the remainder of the additional funding for the other characteristics. This approach does not effectively link to needs of area or improving outcomes.

Question 10 b Comment: DfE appears to have provided no justification for setting the base rate at 89.5% of the whole. We would urge that the basic rate is set lower, providers have fed-back that the costs associated with multiple factors of disadvantage does not follow a simple linear formula. For example, it is not as simple as adding additional bands of funding for English as an additional language, special educational needs and financial deprivation because, as additional factors are added, the cost of effectively educating a pupil compounds and multiplies. The more factors a pupil faces, the more likely it is that they will require specialist resources with higher associated costs.

Question 11 b Comments:

Free Schools Meals - Research undertaken in the City illustrated that the biggest impact was where there were multiple deprivation and disadvantage factors. It therefore strongly felt that a single indicator of deprivation would be too blunt and would not capture level of need. Manchester feels this should be IDACI should be used in conjunction with FSM.

DLA - Colleagues have expressed concern that children may not be identified as

eligible for DLA sufficiently early. If a child is eligible for DLA, there is a clear need which could be costly for settings to meet around additional staff/equipment.

EAL - this is a key indicator of additional need. Manchester had 36.6% of pupils with English as an additional language, the 32nd highest percentage in England. There has been an upward trend in the percentages of pupils with English as an additional language in Manchester schools, with 38.5% in 2016 compared to 33% in 2010 an increase of almost 10,000 pupils.

Question 11 c Comment: We have no views on the correct weightings as there is no obvious evidence provided in the consultation.

Question 12 b Comment: We have some concerns on the use of the General Labour Market for staff costs and rateable values for nursery premises. It is important that any formula recognises the sizeable cost variations in some areas.

LA funding must take into account the number of pupils requiring funding from the LA and must recognise that the January census may not be an adequate point for the whole year. There needs to be more clarity as to how this would work. We would prefer an additional hourly rate (as per the EY pupil premium) rather than a lump sum per child.

Children in the early years often move providers in year – for instance moving from private nursery to school nursery. Would the funding move with them or stay with the original provider?

- Question 14: To what extent do you agree with the proposed funding floor limit, so that no local authority would face a reduction in its hourly funding rate of greater than 10%?

Agree

Comment: However, limiting the transitional funding to two years may not allow local authorities time to safely manage the changes into their local funding formula.

A TECHNICAL NOTE ON THE DEDICATED SCHOOLS GRANT

- Question 15a: To implement the increased hourly rate for the two-year old free entitlement, should we retain the current two-year-old funding formula?

No

Comment: The area cost adjustment for two year olds should be reviewed The DfE has identified the need for a set of area cost adjustments for three year olds, which appear to not to match those currently provided for two year olds, although the consultation paper does not provide an explanation as to why this is the case.

- Question 15b. Should we use the additional funding secured at the spending review to uplift local authorities' allocations (for two year olds) based upon this?

Unsure

Comment: More information is required.

- Question 16. Considering the Dedicated Schools Grant. Should the (funding to LAs for the) free entitlement be capped at 30 hours for children of eligible working parents and 15 hours for all other children?

Yes

MAXIMISING FUNDING TO PROVIDERS

- Question 17. Should Government set the proportion of early years funding that must be passed on to providers?

No

- Question 18. Do you think that 95% is the correct minimum proportion of the money that should be passed from local authorities to providers?

No, 95% is too high

- Question 19: If you would like to explain a response you've submitted on this page in more detail, please do here.

Question 17 comment: If the government sets a minimum in this way it needs to recognise that changes in demand might mean that an authority actually breaches the 95% threshold even if it didn't intend to (eg where free entitlement demand falls during the year and thus the final total Early Years DSG is lower than the estimate on which the budget was set).

Question 19 comment: Before a £10m transfer to the Schools Block Manchester currently passes on in excess of 95% to providers. 5% central retained budget would be around £2-2.5m for Manchester. Due to a local decision to transfer EY budget to the Schools Block Manchester currently breaches these thresholds. Manchester believes this should be a local decision that should be endorsed by the local School's Forum.

The DfE also needs to clarify the rules which will apply to overspends and underspends at year end, and should accept that carry forward of these is necessary.

Consideration must also be given to the 3 and 4 years olds in special schools. This could either be via the early years or high needs blocks, but it needs to be provided somewhere, and these pupils are likely to cost far more than £4.88 per hour.

- Question 20: Should local authorities be required to give the same universal hourly base rate to all childcare providers.

No

- Question 21a: Should local authorities be able to use funding supplements?

Yes

- Question 21b: Should there be a cap on the proportion of funding that is channelled through supplements?

No

Comment: We would not want to cap, there should be flexibility to apply supplements according to local need.

- Question 22: If you agree that there should be (a) cap on the proportion of funding that is channelled through supplements, should the cap be set at 10%?

Unsure

- Question 23: Should the following supplements be permitted? Deprivation, sparsity / rural areas, flexibility, efficiency, additional 15 hours

Deprivation

Yes

Sparsity/rural areas

Unsure

Flexibility

Unsure

Efficiency

No

Additional 15 hours of child care

No

In general supplements should reflect child need or unavoidable provider costs.

- Question 24: When using funding supplements, should local authorities have discretion over the metrics they use and the amount of money channelled

through each one?

Deprivation

Yes – over the metric they use

Yes – over the amount of money

Sparsity/rural areas

Unsure – over the metric they use

Unsure – over the amount of money

Flexibility

Yes – over the metric they use

Yes – over the amount of money

Efficiency

Yes – over the metric they use

Yes – over the amount of money

Additional 15 hours of childcare

Yes – over the metric they use

Yes – over the amount of money

- Question 25: If you agree that efficiency / additional 15 hours should be included in the set of supplements, do you have a suggestion of how should it be designed?

Response to be provided

- Question 26: If you think any additional supplements should be permitted which are not mentioned here, please set out what they are and why you believe they should be included.

In areas where there is significant population growth like Manchester consideration should be given to the right of LAs to provide guaranteed funding for vacant places in areas where this would help to secure adequate supply and build capacity. We think there should be discretion for LAs to use additional supplements to recognise local needs.

- Question 27: If you think that any supplements should be permitted which are not mentioned here, please set out what they are and why you believe they should be included

- Question 28: Finally, for this page, if you want to explain a response you've submitted on this page, please do here:

Question 20 Comment: We would prefer to retain the ability to apply different rates for maintained nursery schools in running their setting. We are also conscious of the impact on maintained nursery schools. The DfE has recognised that there is an issue here, but appears not to have identified a long term solution.

Currently in Manchester schools receive a higher hourly rate. There is no consistency nationally, some LAs fund maintained providers lower than private providers, and others fund higher. In order to apply a universal hourly rate to nursery classes and schools At initial assessment of the changes Manchester would need to uplift the hourly rates to: Childminders by £0.35 per hour; Playgroups by £0.30 per hour and Day care providers by £0.05 per hour. Based on information provided this is affordable.

Question 21a: We would want to retain where local need required them.

Question 22 Comment: The level of any cap should be an issue for local decision.

LA funding must take into account the number of pupils requiring funding from the LA and must recognise that the January census may not be an adequate point for the whole year. There needs to be more clarity as to how this would work. We would prefer an additional hourly rate (as per the EY pupil premium) rather than a lump sum per child.

Children in the early years often move providers in year – for instance moving from private nursery to school nursery. Would the funding move with them or stay with the original provider?

MEETING THE NEEDS OF DISABLED CHILDREN AND CHILDREN WITH SPECIAL EDUCATIONAL NEEDS

- Question 29: Should there be a Disability Access Fund to support disabled children to access their free entitlement? (This fund would provide an additional annual sum to providers for every disabled child)

Yes

- Question 30: Should eligibility for the Disability Access Fund be children aged 3 or 4 which are a) taking up their free entitlement and b) in receipt of

Disability Living Allowance?

Yes

- Question 31: When it comes to delivering the funding for the Disability Access Fund, is the most appropriate way the existing framework of the Early Years Pupil Premium?

Yes

- Question 32: If you want to explain a response you've submitted on this page in more detail, please do here:

Question 29: This would enable access to provision for disabled children. It also gives providers and professionals time to gather evidence of need without having to rush to complete an Education, Health and Care assessment.

This seems a positive development, although we note that the £12.5m to be used for this purpose is included in the headline national hourly rate of £4.88/hr.

Question 30: This is probably the simplest indicator of need, though we are concerned that pressure may be put on parents to apply for DLA and that disabled children not in receipt of DLA will be refused places. There are growing numbers of early years children who are receiving support from CAMHS, but are unlikely to be eligible for DLA, who require significant additional support in provision.

Currently for children with the highest level of need the lengthy assessment period means that it can currently take months before additional funding is provided through the EHC plan and in some cases the child will be able to have their needs met once they reach school within delegated resources.

- Question 33a: To what extent do you agree that a lack of clarity on how parents / childcare providers can access financial support results in children with special educational needs not receiving appropriate support? (We mean children who do not already have an Education, Health and Care Plan).

Agree

- Question 34a: When it comes to establishing an inclusion fund. Should local authorities be required to establish an inclusion fund?

Strongly Agree

Comment: There should be a national system, it should not be discretionary.

- Question 34b .Would an inclusion fund help improve the supply of appropriate support children receive when in an early years setting?

Agree

- Question 35: If you envisage any barriers, arising from existing practice or future proposals, to introducing a new requirement on local authorities to establish an inclusion fund, please tell us what they are and how they might be overcome.

Question 33a Comment: There has been an increase in parents/providers requesting assessment for EHC plans for early years children. This is likely to be linked to the need for additional funding to meet the child's SEND. If an equivalent to 'Element 2' was available it would allow providers to be more inclusive, and give time to use the graduated response - 'assess, plan, do, review' cycle before deciding that the child had met EHC threshold. Manchester currently provides 'Element 2' funding from the high needs block to settings that would not be able to meet a child's needs even after making reasonable adjustments. However, each local authority makes its own arrangements, which is confusing for parents and providers in areas where any children are educated across borders.

Question 33b Comment: This is our experience with the 'Element 2' funding, but there needs to be a specialist team of staff to ensure consistency and to make sure providers are making reasonable adjustments before requesting additional funding.

The common barriers that providers and parents report are lack of specialist equipment and lack of training. The local authority currently commissions specialist outreach support from special schools but the high turnover of staff, including SENCOs, in some providers means that training needs to be constantly repeated.

- Question 36: When it comes to the SEN inclusion fund, should local authorities be responsible for deciding.

- The children for which the inclusion fund is used?

Yes

- The value of the fund?

Yes

- The process of allocating the funding?

Yes

- Question 37: Where specialist SEN or SEND services are delivered free at the point of use, should they be considered as funding passed directly to providers for the purposes of the 95% high pass-through? (ie included in the 95% which is deemed to be passed to providers)

Disagree

- Question 38: If you want to explain a response you've submitted on this page in more detail, please do here:

Question 36: Agree, to an agreed threshold. Manchester requires providers to show evidence that they have first used early help services and sought advice from a specialist early years outreach service (commissioned by the local authority) before applying for additional funding. This ensures consistency/fairness.

We would want to agree these issues with our local provider. We would continue to apply our existing local criteria against each application and would require local flexibility to decide levels of the fund.

TRANSITIONAL ARRANGEMENTS

- Question 39 : To what extent do you agree with the transition approach proposed for the Early Years National Funding Formula (money distributed from Government to local authorities)? We propose to cap local authority reductions in hourly rates to 5% in 2017/18 and 5% in 2018/19

Strongly agree

- Question 40: To what extent do you agree with the transition approach proposed for the high pass-through of early years funding from local authorities to providers?

Strongly disagree

- Question 41: To what extent do you agree that our proposals on the high pass-through of funding from local authorities to childcare providers makes the existing Minimum Funding Guarantee for the early years unnecessary?

Agree

- Question42: To what extent do you agree with the transition approach proposed for introducing the universal base rate for all providers in a local authority area?

Disagree

- Question 43: If you want to explain a response you've submitted on this page in more detail, please do here:

Comment question 42: We have significant concerns on the sustainability of maintained nursery schools to be. The DfE is proposing two years' transitional funding for maintained nursery schools, but has not yet explained how it expects them to become sustainable after that. Two years is not a long time to make the

major changes which would be necessary.

EQUALITIES ASSESSMENT

- Question 44: Please provide any representations/evidence on the impact of our proposals for the purposes of the Public Sector Equality Duty (Equality Act 2010). The protected characteristics are: age, disability, gender reassignment; pregnancy and maternity; race (including ethnicity); religion or belief; sex and sexual orientation

Appendix 2

Appendix Two	Applies to	2015/16	2016/17	Difference
		Hourly rates (£)		
Base Rate	Nursery schools	6.10	6.10	-
	Mainstreams	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: Unfair Dismissal Costs – Maintained Schools

Report of: Reena Vandhna Kohli – Directorate Finance Lead Children Services

Summary

Governors are responsible for deciding the number and most efficient use of staff. Effective planning of the workforce can help to determine existing and future staffing needs, which, in turn, can lead to the avoidance of short term solutions, which may be inconsistent with longer term needs. However careful this planning may be, schools are likely at some stage to have to review the range and number of staff employed.

This report discusses the position relating to the charging of Dismissal costs for reasons other than redundancy and sets out the policy that Manchester intends to adopt where the costs arise due to unfair dismissal of staff employed in local authority maintained schools.

Recommendations

Maintained School Members of the Schools Forum are asked to:

- Note the report and comment on the proposed changes to the Scheme for Financing Schools regarding unfair dismissal costs.
- Note the intention of the Finance Team to consult with Schools regarding this matter for later approval by Schools Forum.

Contact Officers

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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 This report discusses the position relating to the charging of Dismissal costs for reasons other than redundancy and sets out the policy that Manchester intends to adopt where the costs arise due to unfair dismissal of staff employed in schools.

2. PAYMENT OF UNFAIR DISMISSAL COSTS BY THE LOCAL AUTHORITY

- 2.1 The local authority will only fund (in part or full) the payment of any other dismissal cost, outside of redundancy and early retirement, in the event that the local authority maintained school has fully complied with the authority's agreed procedures where a dismissal may arise i.e. Disciplinary procedures and Managing Sickness absence procedures.
- 2.2 Manchester's HR policies can be found at: www.manchester.gov.uk/schoolshub.
- 2.2 In addition the school must also, in all cases, adhere to advice and guidance provided by the appropriate local authority representatives e.g. Human Resources (HR) and Legal and Finance Staff.

3. PAYMENT OF UNFAIR DISMISSAL COSTS BY THE SCHOOL

- 3.1 The individual circumstances of each case will be considered and there may be occasions where the Local Authority believes there is 'good reason' not to pay or only part pay the dismissal costs. This may be the case where:
- Appropriate policies, procedures or LA advice have not been adhered to;
 - The Local Authority believes that the school has acted in a way causing the unfair dismissal that is against LA guidance;
 - Appropriate Local Authority representatives have not been involved in the dismissal process and/or their advice and guidance as set out above has not been sought and/or followed. For example, where a school was advised that there was medium/high risk that making a decision to dismiss was likely to result in a successful unfair dismissal claim;
 - In relation to compensation is awarded for claims of constructive dismissal;
 - This has been agreed the Directorate Finance Lead for Children Services in advance
 - The School has a surplus balance and is not considered as being in 'financial difficulty'.

4. PAYMENT OF LEGAL COSTS FOR THE PREPARATION OF EMPLOYMENT TRIBUNAL CASES

- 4.1 All internal legal costs and any external legal charges, such as the costs of employing Counsel, to support the preparation and presentation of the case, will fall to the school and be paid from their delegated budget. Legal services will advise the school in advance what the estimated costs are likely to be regarding each individual case.

5. RECOMMENDATIONS

- 5.1 Maintained School Members of the Schools Forum are asked to:
- Note the report and comment on the proposed changes to the Scheme for Financing Schools regarding unfair dismissal costs.
 - Note the intention of the Finance Team to consult with Schools regarding this matter for later approval by Schools Forum.

Glossary of Terms and Acronyms

New additions to the glossary are coloured blue

Academies	Publicly funded independent schools that are outside 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 ceased 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, is responsible for capital and revenue funding for 3-19 education and training. The EFA directly funds Academies, Free Schools, and 16-19 providers; it funds local authorities for maintained primary and secondary schools; and it is 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, introduced in 2013/14, contains three funding blocks (Early Years, Schools and High Needs). The Early Years block funds 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>3 Early Years Foundation Stage Profile Handbook</p> <p>The learning characteristics:</p> <ul style="list-style-type: none"> • playing and exploring • active learning • creating and thinking critically
Free School Meals (FSM)	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.
Education Services Grant (ESG)	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.
Executive	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.
Free Schools	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.
Growth Fund	The total increase in primary numbers requires additional DSG as temporary provision is required in order to build capacity in schools. Local Authorities 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.
Headroom	Amount of funding which remains after all budgets (see ISB / RSB) have been allocated. In 2016-17 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 £2.3m.
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, 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	<p>The new funding formula to be introduced in 2013/14 contains three funding blocks (Early Years, Schools and High Needs).</p> <p>The Schools Block will fund all pupils not funded through High Needs or Early Years and consists of the following factors:</p> <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)	<p>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.</p> <p>Section 251 replaces section 52 of the School Standards and Framework Act 1998 in England. Section 52 still applies in Wales.</p> <p>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.</p>
Sparsity	<p>The DfE have defined sparsity as:</p> <p>"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.</p> <p>We will be introducing an optional sparsity factor based on the above model for 2014-15."</p>
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 (UFSM) Grant	<p>The Government announced that from September 2014 funding will 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).</p> <p>The Government has allocated over £1billion nationally between 2014 and 2016, including £150million of capital funding in 2014-15 to improve kitchen and dining facilities, to support UFSM.</p>