



## Schools Forum

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Date: Monday 19<sup>th</sup> December

Time: 4.00pm

Venue: Scrutiny Room, Town Hall Extension

Everyone is welcome to attend this committee meeting.

## Membership of the Forum

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**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 Baggaley, 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. Minutes  
To approve as a correct record the minutes and notes of the meeting held on 26<sup>th</sup> September 2016 (enclosed).
4. Apprenticeship levy
5. Dedicated Schools Grant 2017/18
6. Education Services Grant
7. Early Years Block 2017/18 update

### Date of next meetings:

- 16th January 2017
- 27th February 2017
- 15th May 2017
- 19th June 2017
- 17th July 2017

\*To note January and February meetings are scheduled to start at 4:30pm.

## Information about the Forum

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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

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

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## **Manchester Schools Forum**

### **Minutes of the meeting held on 26 September 2016**

#### **Present:**

**Secondary Sector Governors** Fiaz Riasat  
**Primary Sector Headteachers** Mike Cooke,  
**Primary Sector Governors** Brendon Jones, Michael Flanagan  
**Special School Headteachers** Alan Braven  
**Academy Representative** Elizabeth Fritchley, Andy Park, Ian Fenn  
**Pupil Referral Unit Representative** Helen McAndrew  
**Nursery School Representative** Liz Hardy  
**Non-School Members** Amanda Corcoran, Councillor Stone, 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:** Sarah Navin, Cath Baggaley, Patricia Adams

#### **SF/16/12 Election of Chair and Vice Chair**

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

#### **SF/16/13 Minutes**

The minutes of the meeting on 11 July 2016 were agreed as a correct record.

#### **SF/16/14 Schools Block and DSG Funding Update**

The Forum considered a report of the Director of Education and Skills which explain the key changes set out by the Education Funding Agency (EFA) for school funding arrangements for 2017/18. These were 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. The Directorate Financial Lead, Children and Families explained that the total schools block was £470m, of which £363 was allocated to mainstream schools. 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). This grant funding currently sits outside the DSG and is allocated to local authorities to

deliver some statutory duties to maintained schools and academies. In response to a query, the Director of Education and Skills explained that these changes were most likely being made in anticipation of the reduced role of local authorities in schools in the future. Special Educational Needs and school place planning would not be affected but the details covered under this arrangement will be included in the DfE's consultation on The School and Early Years Finance Regulations which was expected later in the year. Members asked for a list of the services affected to be provided when available.

Final block allocations will be announced in December 2016, and will include the data from the October 2016 census. A member referred to a new requirement to record language proficiency data in the census. Many schools were not aware of this. Officers explained that Performance Research and Intelligence department should be clear with schools on the information required, which of these were statutory and those which were not.

### **Decision**

1. To note the re-baselining of the DSG.
2. To note the update of IDACI banding by the DfE.
3. The retention of DSG for ongoing responsibilities previously covered by the Education Services Grant (ESG).
4. To note the timeline associated with preparation of School budgets.

### **SF/16/15 High Needs Block Report and Update**

The Forum considered a report of the Head of Education Strategy, Access and Inclusion, and the Directorate Finance Lead Children Services which provided 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.

The Head of Education Strategy, Access and Inclusion provided a detailed summary of the report. She explained that there were still emerging pressures in the high needs block which were still of concern to the Council. There was 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 to ensure there are sufficient specialist places and provision in the city to meet need.

Overall there was an increase in the number of children and young people (up to the age of 25) with Education, Health and Care Plans in line with the increase in the school age population. High level support had increased but low level support was often managed in schools. The number of declined statutory assessments in decreasing as much of the pre assessment was done in schools.

Transferring children and young people with statements of SEN and young people receiving support as a result of a Learning Difficulty Assessments (LDAs) to EHCPs

has been phased. The Forum expressed concerns with the amount of capacity in the assessment team given the increase in requests for statutory assessments. Officers confirmed that there were some additional resources in the assessment team.

Forty new children with EHC plans arrived in the city over the summer holidays. This unprecedented increase had also placed pressure on the budget and there was a clear need to increase the number of special school places and resourced provision in mainstream schools to reduce costly placements outside of the city. The report set out where these places were. The Forum questioned whether this substantial increase was due to the reputation of SEN provision in the city. Officers confirmed that anecdotal evidence suggested that this was the case.

A member asked about the scenario if the high needs budget did not fund the needs of all of the children with SEN. Officers confirmed that the budget would become overspent but children would be provided for. Forum expressed the importance of continuing to lobby for the high needs block budget to be sufficient enough to meet the needs of the population.

The Forum discussed the impact that the Greater Manchester devolution deal would have on school budgets. They expressed the importance of flexibility in budget and place planning. The Forum also recognised the challenges facing health budgets and how the NHS would support schools. Officers explained that the devolution deal may present opportunities for more efficient joint place planning with other local authorities across the conurbation. There was also a need to make efficiencies to reduce duplication.

### **Decision**

1. To note on the pressure on high needs places.
2. To note plans to manage risks on budgets.

### **SF/16/16 Early Years Block Report and Update**

The Forum considered a report of the Head of Schools Quality Assurance and Early Years and the Directorate Finance Lead Children Services which set out the proposed funding changes to early years block. The Department for Education started consulting on early years funding in August. The consultation closed on 22 September. 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 Council's response which was appended to the report 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 did not affect pupils in reception classes.

From September 2017, parents meeting specified criteria will be entitled to up to 30 hours per week of free education/childcare for three and four year olds, compared to the current 15 hours. Officers clarified that both parents (or one in single parent households) must be working and earning an income over £16,000 per annum (two parent household) to qualify. Detailed guidance would be released at a later date.

The DfE was proposing to increase the average universal hourly rate at which local authorities and providers are paid to provide early education and childcare for three and four year olds. In preparation for this change, the report proposed an adjustment to the Manchester rate for PVI providers to bring them inline with nursery schools. The Forum supported the proposed changes and the extension of free childcare for up to 30 hours. A member highlighted the benefits that a nursery education could provide for young people.

### **Decision**

1. To note the Council's consultation response.
2. To support the on the proposal to increase PVI rates in line with nursery class hourly rates.

### **SF/16/17     Unfair Dismissal Costs**

The Forum considered a report of the Directorate Finance Lead for Children and Families which set out the policy that Manchester intends to adopt where the costs arise due to unfair dismissal of staff employed in schools. This report explains 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. The Finance Team would consult with schools on this matter and the results of this consultation would be presented back to the Forum at a later date.

The Forum noted the recommendations in the report. A member advised maintained school members to consult with the local authority for advice and guidance on cases of unfair dismissal.

### **Decision**

1. To note the report on the proposed changes to the Scheme for Financing Schools regarding unfair dismissal costs.
2. To note the intention of the Finance Team to consult with Schools regarding this matter for later approval by Schools Forum.

**SF/16/18     Dates of Schools Forum meetings 2016/17**

The dates of the schools forum meetings for 2016/17 were agreed as follows:

- 21st November 2016
- 19th December 2016
- 16th January 2017
- 27th February 2017
- 15th May 2017
- 19th June 2017
- 17th July 2017



**Manchester City Council  
Report for Resolution**

**Report to:** Schools Forum

**Subject:** Apprenticeship Levy Update

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

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**SUMMARY**

As part of the Comprehensive Spending Review, the Government announced that it would be implementing an Apprenticeship Levy from April 2017. The levy will be placed on all UK employers in all sectors who have a wage bill of over £3m. Organisations will be levied at 0.5% of their wage bill over £3m and will be paid alongside National Insurance and Income Tax via PAYE. Schools are included in the levy framework as the schools salary bill is considered cumulatively.

**RECOMMENDATIONS**

Forum is asked to note the potential additional costs arising from the levy of 0.5% of payroll costs from 2017/18, the impact this will have on both academy and maintained schools from this date and that the Local Authority will provide further details on the levy when they are known.

**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 Changes in the way apprenticeships are funded were announced in the budget of summer 2015 and the autumn statement announced that these changes would come into effect in April 2017.
- 1.2 The report sets out the information as known at present. The Department for Education has indicated that further information on the implementation arrangements for apprenticeships will be published during December.

## 2. LEVY

- 2.1 The apprenticeship levy was announced in the summer budget in 2015 and the autumn statement announced that it would come into effect in April 2017.
- 2.2 Details around the apprenticeship levy include:
  - The apprenticeship levy requires all employers operating in the UK with a pay bill of over £3 million each year to make an investment into apprenticeships.
  - The levy will be charged at a rate of 0.5% of the annual pay bill.
  - There will be a levy allowance of £15,000 per year, which means that the total amount spent will be 0.5% of the annual pay bill minus £15,000.
  - Once an employer has declared the levy to HMRC, they will be able to access funding through a new digital apprenticeship service account. The government will apply a 10% top-up to the funds available for spending in an employers' digital account.

### Impact for Maintained Schools

- 2.3 The levy means that 0.5% of each maintained school's annual wage bill will contribute to the aggregate sum that the council will pay (along with the wage bill for other council employees) as its contribution to the Apprenticeship Levy. Manchester City Council will be required to co-ordinate the payment of the levy on behalf of all Community and Voluntary controlled schools for which it remains responsible, regardless of their pay bill cost, as all fall under the total pay bill of the Local Authority which is collectively over the £3 million threshold. It will not be expected to undertake this role for academies, voluntary aided schools or foundation trusts.
- 2.5 Voluntary aided and foundation schools are excluded from the levy charge unless their pay bill is over the £3 million threshold, as the Governors are deemed to be the employers of all staff. Manchester City Council are currently working through a process to exclude voluntary aided and foundation schools with a pay bill under £3m

from their levy calculation whilst maintaining the same PAYE number. Those voluntary aided and foundation schools with a pay bill of over £3 million will be responsible for co-ordinating their own levy payment.

- 2.6 It must also be noted that schools using an alternative payroll provider to the Local Authority and therefore having a different PAYE number will still be liable to the levy as they are still included under Manchester City Council for statutory reporting as the employer.
- 2.7 A high level assessment of the impact of the levy has indicated an approximate cost of £0.5 million for Manchester's community and voluntary schools.
- 2.8 Assessment of impact and distribution of this £0.5 million at individual school level is currently being undertaken. The approximate cost of apprenticeship training is £1,000 per annum, meaning that to claw back the full school's proportion of the levy, an estimated minimum of 500 apprenticeships would be required in schools.
- 2.9 HMRC will pay the levy into a digital account on a monthly basis and funds within this digital account can be used towards the cost of apprenticeship training and end point assessment. Funds will expire 24 months after they enter a digital account unless they are spent on apprenticeship training with a training provider. Whenever a payment is taken from the digital account, the service automatically uses the funds that were entered in to the account first. This will minimise the amount of expired funds and will happen automatically. The digital account will let the Local Authority know in good time when any funds are due to expire so that the funds can be spent if so wished.
- 2.10 It is likely that there will be one digital account for the whole of Manchester City Council and therefore there will be a need to develop appropriate processes and governance to enable schools to access funds within the account.
- 2.11 The levy will be used to pay for apprenticeship training with digital vouchers matching the amount being paid in to the levy via the digital account. At present it is not clear whether vouchers will cover the full cost of apprenticeship training. Under the current system, the Government fully reimburses training costs for 16-18 year olds; half the costs for those aged 19-23 and normally no funding for those aged over 24. This means that schools may need significantly over 500 apprenticeships in order to claw back their proportion of the levy payment.
- 2.12 It is understood that funds can only be used for training and end point assessment and cannot be used on other costs associated with apprentices, including salary, statutory licences to practice, travel, subsistence or costs associated with establishment and management of the apprenticeship programme.
- 2.13 The £15,000 levy allowance as discussed in section 2.2 will also be for Manchester City Council as a whole, and so maintained schools should not include this allowance in their calculations for the levy charge to them individually.

### Impact on Academies, Voluntary Aided and Foundation Trusts

- 2.14 Organisations with a total annual pay bill above the £3 million threshold must pay a levy to the government equivalent to 0.5% of their payroll, but each will individually receive an annual allowance of £15,000 to offset against the required amount.
- 2.15 For example, an employer with a payroll bill of exactly £3 million would not be liable to pay anything, because the £15,000 would bring the total below the required amount to pay the levy. However an employer with a £5 million payroll would have to pay £10,000, which is their £25,000 charge at 0.5% of their payroll, minus the £15,000 allowance.
- 2.16 This is likely to put larger multi-academy trusts at a disadvantage, because while each academy secondary school subject to the levy technically has access to the £15,000 allowance, academy trusts with larger pay bills and therefore much larger levies still only get £15,000 as a whole for offsetting.

### Preparing for the Apprenticeship Levy and Targets

- 2.17 As a result of the proposals, a Manchester City Council project group has been established to ensure a co-ordinated, efficient response to these changes, including understanding the apprenticeship offer that the city can make as a deliverer of apprenticeship training and end point assessment.
- 2.18 The Secretary of State intends to set targets for public bodies in relation to the number of apprentices working for them. The figure being consulted upon is 2.3% of new starters within the workforce on an annual basis being apprentices. What this equates to for schools is currently being assessed. Public bodies will have a duty to publish information annually on the progress towards meeting the target, but current understanding is that they will not be forced to meet the target, nor will a sanction be applied for failure to meet this target.

## **3. RECOMMENDATIONS**

- 3.1 Forum is asked to note the potential additional costs arising from the Levy of 0.5% of payroll costs from 2017/18, the impact this will have on both academy and maintained schools from this date and that the Local Authority will provide further details on the levy when they are known.

**Manchester City Council  
Report for Resolution**

**Report to:** Schools Forum

**Subject:** Dedicated Schools Grant 2017/18

**Report of:** Directorate Finance Lead – Children, Education and Skills

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**SUMMARY**

This report provides Forum with an estimate of 2017/18 Dedication School Grant (DSG).

Forum has oversight of the Schools Budget and is required by the Finance Regulations to approve the amounts for particular budget headings within the central expenditure. The discussions and decisions sought on central budgets in this report will enable the Authority to set budget plans for 2017/18.

**RECOMMENDATIONS**

Forum is asked to note estimated 2017/18 DSG

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

- Trade Union Duties (£278k which at current pupil levels equates to £6.29 per school aged pupil – para 3.4)

The Local Authority intends to retain the following budgets at 2013/14, 2014/15, 2015/16 and 2016/17 budget levels (para. 3.7-3.11). All Schools Forums members are asked to confirm the amount on each line:

- Admissions team £1,582k – Budget for Admissions Team
- Schools Forum £5k - Associated cost of operating Forum
- Capital Expenditure from Revenue £680k
- SEN transport costs £500k

The Local Authority seeks permission from all School Forum members to centrally retain the following budget (para 3.12):

- Growth Fund £6.7m

Forum is asked to note request to de-delegate Education Service Grant general duties transferring into DSG next year is covered in the next agenda item.

**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 The aim of this document is to inform the Local Authority (LA) of all the actions they need to take to ensure their schools funding formula is compliant.
- 1.2 DSG is made up of three blocks: schools block, early years block and high needs block. In order to set budgets early in 2017, the LA requires a number of decisions from Forum.
- 1.3 The LA is not seeking to change any of the schools block or high needs block funding formula for schools or specialist providers. It does however require decisions on: permission to vary pupil numbers in the schools block formula, and the setting of Growth Fund. It also requires Forum to confirm that the level of certain DSG budgets the LA holds have not changed since 2013/14.
- 1.4 Schools Block –local formula is compliant with current DSG formula funding requirements and the Local Authority does not feel it needs to propose any formula changes for 2017/18, given the Government’s commitment to further reforms from 2018/19 onwards.
- 1.5 High Needs – Without additional demographic funding the LA will not be able to adequately meet the increased need for high needs places in the City.
- 1.6 Early Years – At present the LA is preparing for the Early Years National Funding Formula reforms and further detail is provided in agenda item 7.

## 2. 2017/18 DEDICATED SCHOOLS GRANT BLOCKS

- 2.1 This funding is provided in two stages: first, the government provides the grant to a local authority, and then the authority distributes the grant to the local educational establishments.
- 2.2 2017/18 DSG funding to LA will be calculated as follows:

Schools block – funded through schools Guaranteed Unit of Funding (GUF) **£5,280.93** multiplied by October 16 pupil numbers.

Early years block –three and four year olds will funded through early years hourly rate of £4.87 multiplied by January 2017 free entitlement take up for April 17 to August 17 , and revised by January 2018 for September 17 to March 18. Additional hours for working parents will be funded on take up as at January 18 plus 2 year old offer funding based on level of take-up and Early Years Pupil Premium.

High needs block – Funding for this block is received as a lump sum.

- 2.3 The anticipated change in the DSG schools block allocation between 2016/17 and 2017/18 is mainly as a result of pupil growth attracting additional funding to the City and transfer of funding from the education services early years block

baseline to schools block. Most, of the additional allocation will be going out to schools in formula budget shares.

- 2.4 The updated schools block estimate includes an additional £21.29m, inclusive of former ESG retained duties monies of (+c£1.2m), additional pupil driven allocation as a result of increases in pupil number (+£12.69m), permanent transfer of Early Years block (+£9.2m) funding to the school block baseline and permanent transfer of school block funding to the high needs block (-£1.8m).

### **Schools Block – expected to be £386m**

- 2.5 Table one: Estimated Schools block income for 2017/18.

	<b>2016/17</b>	<b>2017/18</b>
Guaranteed Unit of funding (£)	5,157.85	5,280.93
Pupil Number (October census)	70,706	73,090
<b>Total (£)</b>	<b>364,690,942</b>	<b>385,983,174</b>

### **Early Years Block – expected to be £39.5m**

- 2.6 Expected grant allocations are provided in table two below. This is considered in more detail in agenda item 7.

Table two: Estimated Early years block for 2017/18.

	<b>2016/17</b>	<b>2017/18</b>
	<b>£000's</b>	<b>£000's</b>
Three & Four Year old funding	22,954.1	29,735.9
Two Year old funding	8,328.6	9,005.2
Early Years Pupil Premium	740	735
<b>Total (£)</b>	<b>32,021.7</b>	<b>35,978.9</b>

\*After transfer of £9.2m to the Schools Block

### **High Needs Block – expected to be £69.330m**

- 2.7 Funding for this block is received as a lump sum. There have been minimal increases to this block of funding over the past few years. The base lining exercise for 2017/18 has added funding in accordance with how Manchester proposed to use the 2016/17 transfer from the Schools Block (£1.8m) plus (£1.71m) a transfer of place funding for high needs places in FE colleges and post-16 charitable and commercial providers.

## **3. DE-DELEGATION AND CENTRAL SERVICES BUDGET CONTINUATION**



## **APPROVAL**

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

### **Trade Union Facility Arrangements**

- 3.4 Facilities time is provided for specific Trade Unions representatives to represent staff in other schools and academies as and when required, and cover for these representatives is reimbursed to the employing school through this budget. This covers the support of staff at all levels of seniority and includes representatives for a range of teaching and support staff from Trade Unions. Based on current academy conversions and estimated October 16 pupil numbers, this equates to a budget of £278k, which equates to approximately £6.29 per pupil.
- 3.5 As at the end of October 2016, of the 71 schools which were asked to contribute to the cost of trade union facilities management, 15 academies, 3 special schools and 2 nursery school have agreed to pay into the arrangement £79k being generated but still results in a projected overspend of £13k.
- 3.6 The Local Authority therefore seeks to reduce the de-delegation to £278k, which equates to approximately £6.29 per pupil. Primary and Secondary School Forum members are asked to approve the de-delegation of the Trade Union budget; approval is required at a phase level.

### **Centrally Retained School Block Budgets**

- 3.7 Other than the de-delegated budget, LAs need to seek approval from Forum to retain funding at current levels. Forum is asked to confirm that the following budgets that can be only retained at 2013/14 budget levels:
  - Admissions team £1.582m – Budget for Admissions Team
  - Schools Forum £5k - Associated cost of operating Forum
  - Capital Expenditure from Revenue £0.680m
  - SEN transport costs £0.5m

- 3.8 The Admissions team has historically been charged to centrally retained DSG. This servicing of Schools Forum comprises the budgets for support for the Schools Forum by LA officers plus venue costs.
- 3.9 Capital expenditure from revenue relates to historic DSG commitments to PFI schemes (Temple and Wright Robinson), expected to be £0.680m this year.
- 3.10 In the past Forum approved LA recommendation to retain £0.5m contribution to SEN transport from DSG as the rise in High Needs population has led to further pressures on Home to School Transport budget.
- 3.11 Schools Forum School members are asked to approve that these budgets can be centrally retained before allocating the formula - there are no new commitments or increases in the budget level from previous levels.

### **Growth Fund**

- 3.12 The LA is also seeking to retain the Growth Fund budget. Manchester's proposed growth funding is £6.700m, an outline the budget is set out below:

	<b>£000's</b>
3.13 Growth Fund 2017/18	<u>6,700</u>
Funding Formula Transfer	
- Mobile Classroom rents, adaptations	2,500
Teaching and Learning allocation	<u>4,200</u>
	<b>6,700</b>

## **4. CONCLUSION AND RECOMMENDATIONS**

- 4.1 Forum is asked to note estimated 2017/18 DSG
- 4.2 In accordance with the Forum powers, maintained school primary and secondary school members, on a phase basis are asked to approve de-delegation for the following item:
- Trade Union Duties (£289k which at current pupil levels equates to £6.29 per school aged pupil – para 3.4)
- 4.3 The Local Authority intends to retain the following budgets at 2013/14, 2014/15, 2015/16 and 2016/17 budget levels (para. 3.7-3.11). All Schools Forums members are asked to confirm the amount on each line:
- Admissions team £1,582k – Budget for Admissions Team
  - Schools Forum £5k - Associated cost of operating Forum
  - Capital Expenditure from Revenue £680k

- SEN transport costs £500k
- 4.4 The Local Authority seeks permission from all School Forum members to centrally retain the following budget (para 3.12):
- Growth Fund £6.7m
- 4.5 Forum is asked to note request to de-delegate Education Service Grant general duties transferring into DSG next year is covered in the next agenda item.

## **APPENDIX 1**

### **De-delegated services**

Funding for de-delegated services must be allocated through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with schools forum approval. De-delegation is not an option for special schools, nursery schools and PRUs. Where de-delegation has been agreed for maintained primary and secondary schools our presumption is that the local authority will offer the service on a buy-back basis to those schools and academies in their area which are not covered by the de-delegation. In the case of special schools and PRUs, the funding to buy such services will be included in any top-up payments.

Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision will apply to all maintained mainstream schools in that phase. Funding for these services will then be removed from the formula before school budgets are issued. There may be different decisions for each phase. The services which may be de-delegated are:

- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners
- free school meals eligibility
- insurance
- museum and library services
- licences/subscriptions
- staff costs supply cover (for example, long-term sickness, maternity, trade union)

<b>Approval required</b>	<b>Services covered (and funding block)</b>
Schools forum approval is not required (although they should be consulted)	High needs block provision Central licences negotiated by the Secretary of State
Schools forum approval is required on a line-by-line basis	Early years block provision  Funding to enable all schools to meet the infant class size requirement  Back-pay for equal pay claims  Remission of boarding fees at maintained schools and academies  Places in independent schools for non-SEN pupils  Services previously funded by the retained rate of the ESG
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period	Admissions  Servicing of schools forum
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into See para 71 for Information on historic commitments. Read establishing local authority DSG baselines for more information	Capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged  Contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources  Existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged)  Prudential borrowing costs – the commitment must have been approved prior to April 2013
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools	Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years

**Manchester City Council****Report for Resolution**

**Report to:** **Schools Forum**  
**Subject:** **Education Service Grant 2017/18**  
**Report of:** **Reena Vandhna Kohli – Directorate Finance Lead**

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**Summary**

The Education Services Grant (ESG) funds local authorities to fulfil statutory duties that they retain for pupils in both maintained schools and academies, and to provide education services to maintained schools. Academies also receive Education Services Grant to provide the equivalent services for themselves.

The grant is paid on a simple national per pupil rate (the ‘general funding rate’) to local authorities for the services they carry out for pupils in maintained schools; and to academies directly. Manchester City Council’s ESG currently totals £3.9m, at the rate of £77 per pupil. This grant is ceasing at the end of August 2017.

Local authorities also receive an additional £15 per pupil to cover statutory duties they retain for pupils in both maintained schools and academies (the “retained duties” rate). The DfE have confirmed a transfer of c.£1.2m ESG retained duties funding into the schools block in 2017/18.

**Recommendations**

The Local Authority seeks permission:

from all School Forum members approve the retention of c.£1.2m in 2017/18 for the statutory services set out in Appendix A, which were previously funded by the retained duties element of the Education Services Grant.

from all maintained School Forum members to centrally retain extra de-delegated funding. The Local Authority intends to retain a further £500k – estimated to be £11.90 per pupil for services previously part funded by the general duties of the Education Services Grant.

**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 Education Services Grant (ESG) is used to support various statutory and non-statutory education services including planning for education as a whole, the role of the Director of Children's Services, school attendance, school improvement and asset management. Up until 2017/18, ESG is made up of two rates that fund two different groups of services:
- The **general duties rate** has gone to both Local Authorities and academies to fund services authorities provide to maintained schools but which academies must provide themselves;
  - The **retained duties rate** has gone to local authorities to fund services they provide to all schools, including academies.
- 1.2 In 2017/18, the general duties rate is ceasing and funding allocated through Education Services Grant retained duties rate (£15) will be transferred into the Dedicated School Grant, within the schools block. Local authorities will be able to fund central services currently within the retained duties rate (for all schools), with the agreement of schools forum. Local authorities will be able to fund services previously funded within the general duties rate (for maintained schools only) from maintained school budgets with the agreement of maintained school members of the schools forum.

## 2. EDUCATION SERVICES GRANT

- 2.1 The Department for Education provided an outline of the split of services between the retained element and general duties in December 2016, which is detailed in appendix a of the report.
- 2.2 As proposed in the first stage of the National Fair Funding consultation, the Education Funding Agency will amend regulations to allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the Education Service Grant.
- 2.3 The amount to be retained by the Local Authority will need to be agreed by the relevant maintained schools members of the schools forum. If the Local Authority and Schools Forum are unable to reach consensus on the amount to be retained, the matter will need to be referred to the Secretary of State.
- 2.4 Local authorities will need to set a single rate for all 5 to 16 year old pupils within mainstream maintained schools. Local Authorities may choose to establish differential rates for special schools and pupil referral units if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per place rather than per pupil for special schools and pupil referral units.

### 3. ESG PROPOSED RETENTION

3.1 General Element – It is proposed that £0.5m is held by the Local Authority to cover statutory general duties which were previously covered through general element of ESG. At this stage this is estimated to be £11.90 per pupil, but is subject to confirmation of the October 2016 census.

3.2 Table 1: An outline of the contribution to current general rate ESG funded budgets.

General Rate ESG Duties	£
Human Resources	61,000
Governor Support	68,000
Quality Assurance	88,000
Attendance	116,000
Asset Management	50,000
National Curriculum Monitoring	117,000
<b>Total Expenditure</b>	<b>500,000</b>

3.3 Retained Element - It is proposed that all, c.£1.2m of this funding based on £15 per pupil for retained duties is allocated to Manchester City Council rather than being distributed to schools in order to continue to provide the statutory duties as the grant is intended.

### 4. RECOMMENDATIONS

4.1 The Local Authority seeks permission:

from all School Forum members approve the retention of c.£1.2m in 2017/18 for the statutory services set out in Appendix A, which were previously funded by the retained duties element of the Education Services Grant.

from all maintained School Forum members to centrally retain extra de-delegated funding. The Local Authority intends to retain a further £500k – estimated to be £11.90 per pupil for services previously part funded by the general duties of the Education Services Grant.



**Appendix A**

<b>ESG Duties</b>	
<p><b>Retained Duties</b> Responsibilities Local Authorities hold for all schools (funding may be retained centrally from all schools with agreement from schools forum).</p>	<p><b>General Rate</b> Responsibilities Local Authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement from schools forum).</p>
<p><b><u>Statutory and Regulatory duties</u></b></p> <ul style="list-style-type: none"> <li>• Director of Children’s Services and personal staff for director (Sch 1, 20a)</li> <li>• Planning for the education service as a whole (Sch 1, 20b)</li> <li>• Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 1, 20d)</li> <li>• Administration of grants (Sch 1, 20e)</li> <li>• Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 1, 20fi)</li> <li>• Formulation and review of local authority schools funding formula (Sch 1, 20g)</li> <li>• Internal audit and other tasks related to the authority’s Chief Finance Officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 1, 20i)</li> <li>• Consultation costs relating to non-staffing issues (Sch 1, 20r)</li> <li>• Plans involving collaboration with other LA services or public/voluntary bodies (Sch 1, 20v)</li> <li>• Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)</li> <li>• Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 1, 20w)</li> </ul>	<p><b><u>Statutory and Regulatory duties</u></b></p> <ul style="list-style-type: none"> <li>• Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 1, 20c)</li> <li>• Budgeting and accounting functions relating to maintained schools (Sch 1, 20d)</li> <li>• Functions relating to the financing of maintained schools (Sch 1, 20e)</li> <li>• Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 1, 20fii)</li> <li>• Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 1, 20h)</li> <li>• Internal audit and other tasks related to the authority’s Chief Finance Officer’s responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 1, 20i)</li> <li>• Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 1, 20j)</li> <li>• Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the Head Teacher or governing body (Sch 1, 20L)</li> </ul>

	<ul style="list-style-type: none"><li>• Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the Head Teacher or governing body (Sch 1, 20m)</li><li>• Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 1, 20n)</li><li>• HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 1, 20o); determination of conditions of service for non-teaching staff (Sch 1, 20p); appointment or dismissal of employee functions (Sch 1, 20q)</li><li>• Consultation costs relating to staffing (Sch 1, 20r)</li><li>• Compliance with duties under Health and Safety at Work Act (Sch 1, 20s)</li><li>• Investigation and resolution of complaints relating to maintained schools (Sch 1, 20t)</li><li>• Provision of information to or at the request of the Crown relating to schools (Sch 1, 20w)</li><li>• School companies (Sch 1, 20x)</li><li>• Functions under the Equality Act 2010 (Sch 1, 20y)</li><li>• Establish and maintaining computer systems, including data storage (Sch 1, 22)</li><li>• Appointment of governors and payment of governor expenses (Sch 1, 26)</li></ul>
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<p><b><u>Education Welfare</u></b></p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 1, 10c)</p> <p>School attendance (Sch 1, 11) Responsibilities regarding the employment of children (Sch 1, 29)</p>	<p><b><u>Education Welfare</u></b></p> <ul style="list-style-type: none"> <li>• Inspection of attendance registers (Sch1, 11)</li> </ul>
<p><b><u>Asset management</u></b></p> <p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 1, 10a)</p> <p>General landlord duties for all buildings owned by the Local Authority, including those leased to academies</p>	<p><b><u>Asset management</u></b></p> <p>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> <li>• appropriate facilities for pupils and staff (including medical and accommodation)</li> <li>• the ability to sustain appropriate loads</li> <li>• reasonable weather resistance</li> <li>• safe escape routes</li> <li>• appropriate acoustic levels</li> <li>• lighting, heating and ventilation which meets the required standards</li> <li>• adequate water supplies and drainage</li> <li>• playing fields of the appropriate standards</li> </ul> <p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
<p><b><u>Premature retirement and redundancy</u></b></p> <p>No functions</p>	<p><b><u>Premature retirement and redundancy</u></b></p> <p>Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 1, 25)</p>

<p><b><u>Monitoring national curriculum assessment</u></b></p> <p>No functions</p>	<p><b><u>Monitoring national curriculum assessment</u></b></p> <p>Monitoring of National Curriculum assessments (Sch 1, 23)</p>
<p><b><u>Therapies</u></b></p> <p>No functions</p>	<p><b><u>Therapies</u></b></p> <p>This will be covered in the high needs section of the regulations</p>
<p><b><u>Additional note</u></b></p> <p>Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:</p> <ul style="list-style-type: none"> <li>• Ensuring payments are made in respect of taxation, national insurance and superannuation contributions (sch 1, 20e).</li> <li>• Recruitment, training, continuing professional development, performance management and personnel management of staff (Sch 1, 20k)</li> <li>• Investigations of employees or potential employees, with or without remuneration (Sch 1, 20l)</li> <li>• Investigation and resolution of complaints (Sch 1, 20t)</li> <li>• Legal services related to education functions (Sch 1, 20u)</li> </ul>	

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**Manchester City Council  
Report for Resolution**

**Report to:** [Schools Forum](#)

**Subject:** **Early Years National Funding Formula 2017/18**

**Report of:** **Directorate Finance Lead – Children Services**

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**Summary**

At the September 2016 meeting of the Schools Forum, members were presented with a report which contained details of the Early Years National Funding Formula (EYNFF) and Manchester's response to the national consultation exercise.

As a result of the consultation, the Government announced details of the new EYNFF on 1<sup>st</sup> December 2016.

The purpose of this report is to:

- Update Schools Forum on the proposed changes in the Early Years National Funding Formula (EYNFF) consultation and;
- Update Schools Forum on the impact of the EYNFF on the Early Years block funding for 2017/2018.

**Recommendations**

Schools Forum members are asked to:

- Note the contents of the report;
- Comment on whether any funding supplements need to be factored into the Manchester's Early Years Funding Formula;

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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 of these then please contact one of the contact officers above.

## **1. INTRODUCTION**

- 1.1 The purpose of this report is to state and explain the implications of the new Early Years National Funding Formula for 3 and 4 year olds which was announced on 1<sup>st</sup> December 2016.

## **2. EARLY YEARS FUNDING**

- 2.1 The Government published a national review on the cost of providing childcare in November 2015, with the objective of implementing a new national funding formula for early years funding from April 2017. A consultation exercise on the national funding formula was carried out between August and September 2016 whereby responses were sought from all interested parties.
- 2.2 As part of the consultation, the Government announced plans to fund 30 hours of free early education and childcare to working parents who meet certain eligibility requirements from September 2017.

## **3. THE CURRENT EARLY YEARS SINGLE FUNDING FORMULA – 2016/2017**

- 3.1 Currently each local authority has its own Early Years Single Funding Formula; established following a national initiative in 2010.
- 3.2 Manchester current formula consists on paying a range of hourly rates, dependant on the type of provider; ranging from £2.00 to childminders up to £6.10 to Nursery schools. All providers also received a Quality Supplement of £1.15 per hour and IDACI Supplements based on deprivation factors, up to a maximum of £0.25 per hour.
- 3.4 Settings in Manchester have continued to be funded on the same basis as when the current formula was initiated, irrespective to any changes to their demographic profile and inflation rates. In September's Forum it was agreed that private, voluntary and independent rates were to increase in-year in line with nursery class rates, the Local Authority is currently progressing the in-year rate change.

## **4. NEW EARLY YEARS NATIONAL FUNDING FORMULA (EYNFF)**

- 4.1 Following the consultation which took place earlier in the year, the new Early Years National Funding Formula for 3 and 4 year olds was announced on 1<sup>st</sup> of December 2016. Manchester's allocation for 2017/18 is £26.2m and is based on 9,452.3 part time equivalent places (PTE). This is an increase of £4.033m against the 2016/17 allocation, as extra funding has been made available to raise the national average hourly rate for 3 and 4 year olds.
- 4.2 The new EYNFF will be implemented from April 2017 and includes a period of transition of two years.

4.3 The key points of the new formula are as follows:

- The formula consists of a universal base rate plus factors for additional needs, using measures such as free school meals, disability living allowance and English as an additional language.
- The formula also includes an area cost adjustment multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and Nursery Rates Cost Adjustment (NRCA) to indicate cost of premises.
- The formula includes a minimum funding rate of £4.30 per hour to local authorities, which will give local authorities the scope to pay providers an average funding rate of at least £4 per hour.
- A funding floor ensures that no local authority can face a reduction in its hourly funding rate of greater than 10% against its 2016/17 baselines. Transitional protections ensure that in any year, no authority can see an annual reduction in their hourly funding rate of more than 5%.
- Local Authorities still have to set a local formula, but there are restrictions on how the new funding can be used. Unlike the current formula, where a number of different base rates and IDACI rates are used, the new formula states that the same rate must be used for all types of early years provider. The allocation of funding per child will continue to be allocated on the take up of the headcount, so termly headcounts will remain in place.

4.4 Another change that will impact on the funding block is that local authorities can retain 7% of the overall allocation from the early years block to cover the central administration and management costs. This retention rate will reduce to 5% in 2018/19.

4.5 The local funding formula must still include a proportion of funding for deprivation within the unit cost. There is also a new disability and inclusion funding stream to ensure that children with SEND are able to access additional funding they require to take advantage of their free early education entitlement.

4.6 In addition, there are a number of supplements included within the EYNFF which can form part of the funding paid to Early Years providers:

- Quality - In the current formula, a Quality Supplement was paid to all providers. However, although a supplement for quality does exist within the EYNFF, the EFA is minded not to retain it, as good quality provision should be expected of all providers in the sector.
- Rurality – recognising that the lack of scale of economies may lead to higher costs to providers operating in small settings, and that these may be unavoidable in sparsely populated rural areas with limited demand



- Flexibility – A more flexible childcare provision will be critical to allow parents to take advantage of the 30 hours free childcare in a way that fits around their working lives. This supplement is expected to assist childcare providers to meet the needs of parents in their communities.
- English as an Additional Language (EAL) – There is a significant difference in attainment in the Early Years Foundation Stage Profile between children with EAL and those without. Supporting children with EAL can lead to additional costs for childcare providers and, as such, the EFA has included a supplement to help those children achieve good outcomes.
- SEN Inclusion Fund – DfE has proposed that all Local Authorities should set up a local inclusion which would entail pooling funding from their Early Years and/or High Needs funding blocks to spend on support for children with SEN. This funding is to be used to top up provider funding on a case by case basis, with authorities being allowed to decide which SEN children should be eligible for inclusion funding.

## **5. 30 HOURS CHILDCARE FOR WORKING PARENTS**

- 5.1 As referenced in 2.2, the Government is to introduce 30 hours of free early education and childcare to working parents from September 2017, in line with eligibility criteria. Preparation for this started in April 2016 with the Manchester Childcare Sufficiency audit (CSA).
- 5.2 Manchester's estimated allocation of EYNFF funding for the period 1<sup>st</sup> September 2017 to 31<sup>st</sup> March 2018 is £3.158m and is based on an estimated 1,137.7 being eligible.

## **6. MAINTAINED NURSERY SCHOOLS.**

- 6.1 The new formula has set one rate for all early years providers and therefore the impact on maintained nursery schools will be higher than the impact on others. This is because they are currently funded at a higher rate of between £8.46 and £8.71 (which includes a nursery grant, quality and IDACI supplements) which acknowledges the higher running costs of a maintained Nursery school. The new EYNFF does not allow local authorities to retain and cover any additional costs for maintained nursery schools.
- 6.2 Manchester will receive a supplementary funding allocation of £338k for Nursery schools for two years from April 2017-19 to cover additional costs. After this time, they will be funded at the same unit cost for all providers.
- 6.3 Manchester is working with both nursery schools to model their budgets for 2017/18 and 2018/19 with the aim of limiting the financial impact of the reduction in rates.

- 6.4 The impact that this reduction in funding will have on Manchester's two nursery schools is currently being assessed, with additional transitional arrangements being considered. Details of the additional transitional requirements will be reported to the next meeting of the Schools Forum.

## **7. TWO YEAR OLDS PLACE FUNDING**

- 7.1 Funding rates for 2 year olds will also receive a national uplift. These are already based on a national funding formula. The 2 year old hourly rate from the DfE will increase by 35p per child per hour, increasing from £4.95 to £5.30 - an increase of 7.07%.
- 7.2 Manchester plans to pay to its providers £5.19 per hour in 2017/18.

## **8. EARLY YEARS PUPIL PREMIUM (EYPP)**

- 8.1 EYPP is additional funding for early years providers. The take up of the early years pupil premium in Manchester is historically low and, since September 2016, work has been ongoing to increase take up. The current funding of 53p per hour for up to 570 hours per year will remain.
- 8.2 Manchester's EYPP allocation for 2017/18, as announced on 1<sup>st</sup> December 2016, will be £735k.

## **9. MODELLING OF MANCHESTER'S EARLY YEARS FUNDING FORMULA FOR 3 & 4 YEARS**

- 9.1 Modelling work to calculate proposed hourly base rates to be passported to all providers is ongoing. This is based on (i) cumulative data on numbers on roll taken from the last 3 school censuses and (ii) numbers of 3 & 4 year olds in PVI provision as provided by the EY Team.
- 9.2 Based on existing data, the Manchester's proposed hourly rate for 3 & 4 years olds for 2017/18 has been calculated at £4.51, which is higher than the national average base rate of £4.30. The EFA's funding allocation for Manchester is £4.87 per hour. The Council intends to set aside £200k for the SEN Inclusion fund.
- 9.3 Once the data from the October 2016 census has been received, the modelling exercise can be completed, using the number on roll data that will be used within the 2017/18 funding formula. An update will be provided at the next meeting of the Schools Forum.

## **10. RECOMMENDATIONS**

Schools Forum members are asked to:

- Note the contents of the report
- Comment on whether any funding supplements need to be factored into the Manchester's Early Years Funding Formula.

**ANNEX 1 – COMPARISON OF HOURLY RATES  
(CURRENT & INDICATIVE)**

<b>Current Formula</b>	<b>Applies to</b>	<b>2016/17</b>
		<b>£</b>
Base Rate	Nursery schools	6.10
	Mainstreams	2.35
	Childminder	2.00
	Playgroup	2.05
	Day Nursery	2.30
Grants	Nursery schools	1.21
Quality Supplement	All	1.15
Deprivation supplement	All	0.00 - 0.25

<b>Proposed Rate as At 1.12.16</b>	<b>Applies to</b>	<b>2017/18</b>
		<b>£</b>
Base Rate	All	TBC
Quality Supplement		TBC
Deprivation supplement	Mandatory supplement	0.17 *
SEN inclusion Fund		TBC
Flexibility		TBC
Rurality		N/A
English as an additional language		TBC
<b>Average hourly rate for all providers</b>		<b>£4.51</b>

\* final IDACI supplement figure to be agreed.