

Schools Forum

Minutes of the meeting held on Monday, 20 January 2020

Present: Patricia Adams, Nichola Davidge, Elizabeth Fritchley, Ian Fenn, Edward Vitalis, Phil Hoyland, Joanne Fenton, Isobel Booler, Councillor Stone, Antonio De Paola, Alan Braven, Elizabeth Cummings, Amanda Corcoran,

Apologies:

Emma Merva, John Morgan, Cath Baggaley, Mike Cooke, Andy Park, Michael Carson, Michael Flanagan, Joshua Rowe, Tony Daly, Gillian Houghton, Walid Omara

SF/20/1. Minutes

Decision

To agree the minutes of the meeting held on 18 November 2019 as a correct record.

SF/20/2. Dedicated Schools Grant 2020/21

The Forum considered a report of the Directorate Finance Lead – Children and Schools which discussed the Dedicated Schools Grant settlement for 2020/21. The Directorate Finance Lead – Children and Schools introduced the report and outlined the allocation of the budget across individual school budgets and local authority retained school budgets. The Directorate Finance Lead – Children and Schools introduced the report which gave a detailed breakdown of each of the respective blocks which included comparisons with the settlement received the previous year and information about how that grant funding will be allocated. Main points for consideration were:

- The settlement for Manchester for 2020/21 totalled £560.304m. This amounted to an increase of £29.536m. The biggest change in the grant is due to increases in the grant arising from 1.84% increase in part of the Schools Block and £11.309m uplift in the High Needs Block. £11.528m of the increase in the grant relates to increases in pupil numbers. The £2.045m downward adjustment relates to a change in the way growth funding is allocated.
- In respect of the Schools Block, the Local Authority had proposed to:
 - Increase all the Per Pupil characteristics in the Local Funding Formula by 1.84%
 - Set the Minimum Funding Guarantee (MFG) to the maximum rate of 1.84% per pupil in order to provide protection and stability for all schools.
 - Set the cap (the maximum increase in per pupil funding) at 2.50%.
 - As in previous years the Local Authority planned to keep the lump sum at £155,000 in the local formula.
- In respect of the High Needs Block, a proposal was put forward to change Manchester's Special School Formula from a focus on Primary Need to one based on Level of Need.

- In respect of the Early Years Block an 8p increase on the hourly base-rate paid to all Early Years Providers for the two, three and four year old early offers was proposed.

In respect of the **Schools Block**, the Directorate Finance Lead – Children and Schools emphasised the risk associated with the Government’s planned implementation of the National Funding Formula (NFF) for primary and secondary schools at some point in the future, the date for which is yet undetermined. She emphasised that, in that particular scenario, school budgets would no longer be based on the Local Authority’s Funding Formula (LFF) and that that would result in the Local Authority’s protective factors no longer being applied. She asked the Forum to note that had the NFF been implemented in this financial year current indications were that it could have resulted in a loss to Manchester school budgets in the region of £20m. She emphasised that the proposals around increases to the LFF were put forward to maximise pupil led funding and stability for all schools and ensure that protected baseline funding is as high as possible for all school across the city, stating that they had been set at the highest possible level permissible by the DfE. This highest possible level also applied to the MFG. She invited the Forum to note that the lump sum to be retained by the Local Authority (£155,000) was £41,000 higher than that which the Local Authority had been funded for.

With regard to the funding allocated to the **Central School Services Block** which is composed of two parts (‘Ongoing Responsibilities’ and ‘Historic Commitments’) the Directorate Finance Lead – Children and Schools highlighted a 2.5% reduction in the per pupil amount in the ongoing responsibilities element of the 2020/21 settlement. She said that, this year, this had been offset by an increase in the city’s pupil numbers but added that it had been confirmed that the reduction would continue year on year for a further ten years. It was therefore anticipated that year on year the impact of that continued reduction would render the services that are supported by that part of the Grant unsustainable in their current form and would pose a significant risk to the services that the Authority provides. The Forum acknowledged the pressure that this would place on already stretched services particularly with the added context of rising pupil numbers.

With regard to the ‘historic amounts’ element of the CSSB the Directorate Finance Lead – Children and Schools said that an earlier DfE decision to reduce historic commitments by 20% from 2020/21 had been reversed for Manchester, following evidence presented by the Authority.

The Directorate Finance Lead – Children and Schools talked the Forum through the allocation received for the High Needs Block. Manchester had received an additional £11.994M as part of a national increase in funding. A member asked how the increase would be allocated with specific reference to special school funding. The Directorate Finance Lead – Children and Schools said that whilst exact details (ie individual school level information) could not be provided at the meeting it was anticipated that the rise would be in the region of 2%. The Forum then touched on the widely acknowledged pressures on the Block, with specific reference to the number of children in the city with high levels of need that require an EHCP. The Chair said that whilst the additional funding the city had been allocated was welcomed, more was needed to shift to a focus that is needs-led.

Discussions then moved to the proposal to change Manchester's Special School formula one that focussed on primary need to one based on level of need. The Directorate Finance Lead – Children and Schools made reference to prior consultation with special schools and explained that the proposal that were set out on Appendix 6 of the report would be amended to reflect comments received from that consultation. That information would be brought to a future meeting of the Forum. The Forum was invited to comment on the proposal, the associated place value as well as the top values. A member of the Forum commented that the proposed values did not meet the needs of children with Social, emotional and mental health (SEMH) needs and the funding for this cohort under the revised arrangements would be significantly less than was provided under current arrangements. He also spoke about a lack of clarity in terms of how needs were characterised and the importance of fairness and consistency in terms of top up funding arrangements in the sector as some schools would benefit far greater than others. He also made reference to the impact of the use partnership funding on provision for children with very complex needs. The Directorate Finance Lead – Children and Schools explained that were an increase in top-up funding to be applied in the LFF for the SEMH cohort, it would also apply to all schools and could render the formula unaffordable. In addition, there was the added pressure of ensuring that the LFF was agreed by the Executive as part of the Council's imminent budget setting arrangements. She said, however, that there was an intention to develop a minimum funding guarantee at individual special school level to ensure that all see an increase in funding as opposed to a loss under the revised arrangements. There was then a question from a member of the Forum about top-funding for specialist provision in mainstream schools. The Directorate Finance Lead – Children and Schools said that there were no changes had been proposed for that particular aspect of top-up funding for this financial year though this would be reviewed in time for the next financial round.

In the discussion on Early Years Block grant funding, with specific reference to the 8 pence per hour universal increase for Early Years providers, the Forum noted that the increase did not match the recent increase in the National Living Wage.

A member of the Forum also talked about the impact of the base rates for the 2, 3 and 4 year old offer on staffing costs for providers and commented that once the supplementary grant from the DfE ceased at the end of the 2020/21 financial round, Manchester's maintained nurseries would face a lack of certainty in terms of how staffing costs will be funded.

Decisions

To note the Dedicated Schools Grant settlement for 2020/21 of £560.304m.

To note the additional Schools Block grant of £16.871m, £10.756m of which relates to additional pupil numbers, £8.160m relates to an increase in per pupil grant allocation as well as a reduction of £2.045m in the Growth Fund.

To note that the Formula Fund provides for 960 places in line with DfE guidance around new and growing schools. To also note that the Growth Fund will fund an additional 465 places in-year in schools that are expanding.

To note that schools will receive the higher element of the Formula on a per pupil basis up to the capping level or the Minimum Funding Guarantee (MFG).

To note additional High Needs Block grant funding of £11.994m and plans to create an additional 134 special and 8 resource school places.

To note additional Central Services School Block funding of £3,000, due to net effect of a 2.50% reduction in the per pupil rate offset by an increase in pupil numbers.

To note that funding for the historical commitment element of the Central Services School Block has remained the same as 2019/20 at a value of £358,000, and that following an appeal by the Local Authority was not reduced by the 20% as previously announced by DfE.

To note additional Early Years Block grant funding at a value of £0.668m. To note that this was attributable to a 1.51% increase in the two year old hourly rate and a 1.64% increase in the three and four year old hourly rate.

To note that the notification of the Grant adjustment to funding to the Local Authority of the two, three and four year old offer will be received in July 2020 and July 2021.

SF/20/3. Payroll and Pension

The Forum considered a report of the Director of Education and Directorate Finance Lead - Children's and Schools which discussed the Local Authority's (LA) intention to implement a single monthly payday for all maintained schools staff that purchase the Local Authority's Payroll Service. There had been a historic discrepancy amongst school staff with non-teaching staff being paid on the 15th of the month and teaching staff being paid on the last working day of the month. The move would therefore mean that all staff would be paid on the 15th of the month with the salary paid on a basis of two weeks' pay in advance and two weeks' pay in arrears. It was explained that this was in order to streamline processes, improve the quality of data and provide one deadline to work towards for the Shared Service Centre and for schools.

Additionally, the Local Authority would also impose a charge to maintained schools on an annual basis in relation to pension administration as well as charging schools in relation to pension fines that are incurred as a result of non-compliance with the Pension scheme.

The report highlighted the number of advantages that the transition to a single payday or all staff would bring to the school:

- This change will affect teaching staff as their payday will be brought forward by moving to mid-month.

- It is a seamless transition for teaching staff as there is no change to personnel numbers, NI, Tax, Pension or their contractual terms and conditions.
- That is an effective way to streamline financial processes, Shared Service Centre providing school with one costing report and one set of payroll data to reconcile (which can be reconciled earlier).
- One deadline date to submit information to the SSC for additional hours, new starters, movers, leavers etc.
- Monthly payroll summary provided to school prior to BACs which can be checked before salaries are paid, supporting a more efficient way to work.
- Following the early paydays in July and December, teaching staff do not have to wait six weeks for a payday in August and January.
- Easier for overall administration, provides schools' business managers and administration staff capacity to complete other tasks during the month.
- Benefits at the end of the financial year as the school can reconcile payroll before the end of March and have more time to focus on year end tasks.
- Better quality data and support for statutory compliance.
- Everyone in the organisation will be paid at the same time.

The Forum was invited to note and comment on the changes. A number of members of the Forum explained that their schools that had implemented the change to a fixed pay day and had found the transition easy to accomplish and recognised the benefits for teachers in being paid their salary on a fixed day (which effectively fell two weeks earlier than in previous arrangements). Particular emphasis was given to the benefit for teachers no longer having earlier pay days in the months of July and December and the impact of having a longer gap than usual between pay days. A member also commented that the implementation of a fixed pay day would greatly benefit new qualified teachers who would no longer have to wait until the end of their first month of employment for their first salary instalment. None of the members that had implemented the fixed pay day reported any difficulties.

Discussions then turned to the introduction of fees for maintained schools in relation to pension administration both on fines relating to non-compliance with the Teachers Pensions Scheme. The Directorate Finance Lead – Children and Schools advised the Forum that the LA was now under a duty to provide data and information about contributions to the Teachers Pension Scheme on a monthly basis instead of on an annual basis irrespective of whether the school had purchased the Local Authorities Payroll and Pensions Service Level Agreement. As a result of this increased workload, the Local Authority had decided to impose an annual fee to schools who use payroll providers other than the Local Authority in respect of those statutory reporting arrangements. She added that other Local Authorities had taken a similar approach. The Directorate Finance Lead – Children and Schools also asked the Forum to note that the fee that was set out in the report was to be amended to one that was proportionate to the size of the school and the Authority intended to confirm the amended fee as soon as possible.

A member commented that the notice of the intention to implement fees could have been longer to allow schools the opportunity to purchase the LA's payroll services.

The Directorate Finance Lead – Children and Schools also explained with regard to pensions administration, that where an error is made about pension calculations a

charge is made to the LA in respect of the employers' contribution. She explained that in future that fee will be passed on the relevant school however where a school is has become an Academy the process remained yet to be clarified with Education Skills and Funding Agency in terms of how those fees may be appropriately passed on.

For Academies

Decision

To note the intention to implement a

- Single payday implementation for schools.
- Annual charge for pension administrative fee to maintained schools.
- Costs or fines as a result of non-compliance to the Pension scheme requirements will be passed on to the school or successor academy.

SF/20/4. Thanks to the Chair

The Director of Education highlighted that if the meeting of the Forum that is scheduled March 2020 is cancelled, this would be the last meeting that Ian Fenn will chair.

She asked the Forum to put on record Local Authority's thanks to Ian Fenn for his huge contribution to the Forum by ensuring that it takes meaningful decisions and holds the Authority to account over decisions concerning school funding that are made. She said that the Manchester as an effective Forum and that this is recognised by the Department for Education as well as other stakeholders.