



Schools Forum

Date: Monday, 20 January 2020

Time: 4.00 pm

Venue: Council Chamber, Level 2, Town Hall Extension

Everyone is welcome to attend this committee meeting.

Access to the Council Ante Chamber

Public access to the Council Ante Chamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

Membership of the Schools Forum

Secondary Sector Headteachers (1) Gillian Houghton

Primary Sector Headteachers (4) Patricia Adams, Mike Cooke, Hatim Kapacee, Saeeda Ishaq

Primary Sector Governors (4) Nichola Davidge, Tony Daly, Michael Flanagan

Special School Headteachers (1) Alan Braven

Special School Governor (1) Walid Omara

Academy Representative (6) Elizabeth Fritchley, Andy Park, Emma Merva, Ian Fenn, Joshua Rowe, Michael Carson, Edward Vitalis

Pupil Referral Unit Representative (1) Helen McAndrew

Nursery School Representative (1) Joanne Fenton

Non-School Members (9) Isobel Booter, Councillor Stone, Cath Baggaley, John Morgan, Elizabeth Cummings, Antonio de Paola

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** 5 - 8
To agree as a correct record the minutes of the last meeting.
4. **Dedicated Schools Grant 2020/21** 9 - 28
5. **Payroll and Pension** 29 - 34

Date of next meetings

16 March 2020

11 May 2020

13 July 2020

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.

Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
Albert Square,
Manchester, M60 2LA

Further Information

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

Reena Kohli
Tel: 0161 234 4235
Email: r.kohli@manchester.gov.uk

This agenda was issued on **Wednesday, 15 January 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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Manchester Schools Forum

Minutes of the meeting held on 18 November 2019

Present: Gillian Houghton, Patricia Adams, Mike Cooke, Nichola Davidge, Tony Daly, Elizabeth Fritchley, Emma Merva, Ian Fenn, Joshua Rowe, Michael Carson, Edward Vitalis, Phil Hoyland, Joanne Fenton, Isobel Booler, Councillor Stone, Cath Baggaley, John Morgan, Antonio De Paola

Apologies: Michael Flanagan, Alan Braven, Hatim Kapacee, Elizabeth Cummings, Walid Omara , Andy Parks and Amanda Corcoran,

SF/19/25 Minutes

Tony Daly said that he had been incorrectly recorded as absent from the last meeting.

Decision

To agree the minutes of the meeting held on 23 September 2019 subject to the amendment above.

SF/19/26 Illustrative Comparison of National Funding Formula to Local Funding Formula

The Forum considered a report of the Directorate Finance Lead – Children and Schools which discussed the purpose and use of the Local Authority's local formula to distribute funding to mainstream schools and academies for the financial year 2020/21. In light of the Department for Education's (DFE) commitment to moving to the National Funding Formula (NFF), the Forum was asked to consider what steps, if any, should be taken to align Local Funding Formula (LFF) factors to those under the NFF to ensure that Manchester continues to adopt the most financially viable options for local schools whilst also affording schools financial stability in preparation for the transition to the NFF. Three separate funding models were put forward with an analysis of the anticipated financial outcome for provided for each Manchester school as an appendix.

The Forum discussed the merits of each of the proposed models and noted that a slightly greater number of schools would see gains under the adoption of Model 2 but would also leave schools vulnerable to fluctuations in overall funding due to fluctuating levels of financial protection. The report, however, recommended the adoption of the funding Model 1 due to its slightly greater levels of funding across all schools and would therefore provide greater protection in the transition to a hard NFF. In light of the small differences between the Models, the Forum agreed to adopt Model 1 noting that it would proffer the highest level of net funding across all schools and would therefore provide greater protection in the transition to the hard NFF.

Decisions

1. To approve maintaining the Local Funding Formula for 2020/21
2. To recommend that Model 1 of the proposed Local Funding Formula is utilised.

SF/19/27 Provisional Dedicated Schools Grant 2020/21 - Update

The Forum considered a report of the Director of Education and Directorate Finance Lead - Children's and Schools which discussed the recently published provisional Dedicated School Grant (DSG) allocations for 2020/21. The Forum was informed that final notice of the DSG allocations were expected in week commencing 16 December 2019. An overview of the provisional allocations for each of the DSG blocks was provided and discussed.

The Forum was asked to note the provisional funding announcement and to also note that the Local Authority was not seeking to request a block transfer of funds from the Schools Block to the High Needs block.

Following a reduction of approximately 20% in the Central Services Schools Block budget allocation with a particular focus on historic allocations, maintained school representatives of the Forum were invited to vote on whether to de-delegate funds from the Schools Block in respect of Trade Union Facility's budget arrangements, Education Services general duties (for maintained schools) and Free School Meal checking software in line with Schools Finance Regulations. The Forum noted the update and Maintained School representatives agreed the de-delegation.

Decision

1. To note the update.
2. In accordance with the relevant powers, maintained school representatives only agreed to de-delegation for the following service areas:
 - Trade Union Duties: £186,000
 - Educations Services Grant General Duties: £500,000
 - Free School Meal checking software: £42,000

[Ian Fenn declared a personal interest as a Trade Union representative but as an Academy representative took no part in the vote on de-delegations.]

SF/19/28 Excessive School Balance Clawback - Update

The Forum considered a report of the Directorate Finance Lead – Children and Schools which provided an update on the recently implemented Excessive School Balance Clawback mechanism.

The report discussed in outline the number of Manchester schools that were eligible for clawback, the purpose and terms of reference of the Appeals Panel, the number of appeals received and the outcomes for each in terms of being upheld or dismissed. It also indicated (at the time of the writing) that two appeals were

incomplete and yet to be determined. The information was set out by sector only.

The report also outlined the Local Authority's intention to review both the implementation and impact of the mechanism before March 2020.

There was a discussion around the need for support for schools with regard to e budget planning and the development of multi-year budgets, particularly in light of the introduction of the National Funding Formula. The Forum noted that a further report on the Mechanism would be submitted for consideration in due course.

Decision

1. To note the outcome of the automatic excess balance control mechanism appeals panel.
2. To note the intention to review the implementation and impact of the new clawback mechanism before March 2020
3. To note that a further report on the reviewed Excessive Balance Clawback Mechanism would be submitted for consideration in due course.

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**Manchester City Council
Report for Resolution****Report to: Schools Forum****Subject: Dedicated Schools Grant 2020/21****Report of: Directorate Finance Lead – Children's and Schools**

Summary

This report provides the confirmed Dedicated Schools Grant (DSG) allocation announced by the Department for Education (DfE) on the 19th December 2019 and outlines the allocation of the budget across individual school budgets (ISB) and local authority (LA) retained schools budget (RSB).

Local authorities receive and manage the DSG within four blocks: schools, central school services, high needs and early years. A large proportion of it is paid directly to schools and other settings to provide the majority of education services. A proportion of the DSG is provided for local authorities to deliver education services.

Recommendations

Schools Forum is requested to note:

- 2020/21 DSG settlement.

Schools Block

- Additional school block grant of £16.871m, of which £10.756m relates to additional pupil numbers, £8.160m relates to increase in per pupil grant allocation and a reduction of £2.045m in the growth fund.
- The formula fund provides for 960 places in line with DfE guidance around new and growing schools. The growth fund held by the Council will fund at least a further 465 places in-year in schools that are expanding.
- On a per pupil basis, schools receive the higher of the formula, up to the capping level, or the Minimum Funding Guarantee (MFG).

High Needs Block

- Additional high needs block grant of £11.994m.
- Plans to create an additional 134 special and 8 resource school places.

Central Services School Block

- Additional CSSB grant of £3k, which is the net effect of a 2.50% reduction in the per pupil rate offset by an increase in pupil numbers.
- The funding for the historical commitment within the CSSB remained the same as 2019/20 £358k, and following an appeal from the Council, was not reduced by the 20% as previously announced by DfE.

Early Years

- Additional grant to the LA of £0.668m, due 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.
- Notification of the grant adjustment to funding to the LA of the two, three and four year old offer will be received in July 2020 and July 2021.

Schools Forum (School Members) are requested to comment on:

Schools Block

- The Council proposes to increase all the per pupil characteristics in the local formula by 1.84%.
- The Council plans to set the MFG at the maximum rate of 1.84% per pupil in order to provide protection and stability for all schools.
- The Council plans to set the cap (maximum per pupil funding) at 2.50%.
- As in previous years the Council plans to keep the lump sum at £155k in the local formula.

High Needs Block

- Change in Manchester's special school formula from primary need to one based on level of need.

Early Years Block

- Proposed 8p increase on the hourly base rate paid to all early years providers for the two, three and four year old early offers.

Contact Officers:

Name: Reena Vandhna Kohli
 Position: Directorate Finance Lead
 Telephone: 0161 234 4235
 E-mail: r.kohli@manchester.gov.uk

Name: Anne Summerfield
 Position: Principal Finance Lead
 Telephone: 0161 234 1463
 E-mail: a.summerfield@manchester.gov.uk

Name: Sam Russell
 Position: Senior Finance Manager
 Telephone: 0161 234 1464
 E-mail: s.russell@manchester.gov.uk

Name: Nehal Ayub
 Position: Senior Finance Manager
 Telephone: 0161 234 1467
 E-mail: nehal.ayub@manchester.gov.uk

Background documents (available for public inspection):

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

Supporting Reports:

23 September 2019	Schools Forum - School Funding Settlement
23 September 2019	Schools Forum - Early Years Block Funding
23 September 2019	Schools Forum - Special Schools Funding Review
18 November 2019	Schools Forum – Provisional Dedicated Schools Grant 2002/21 Update
18 November 2019	Schools Forum – Illustrative NFF to LFF Comparison

1. INTRODUCTION

- 1.1 The Dedicated Schools Grant (DSG) for 2020/21 was received on 19 December 2019, this is a ring fenced grant of which the majority is used to fund:
- Individual schools budgets in maintained schools and academies in Manchester.
 - Early years nursery entitlement for two, three and four year olds in maintained school nursery classes, private, voluntary and independent (PVI) nurseries.
 - Provision for pupils with high needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and out of city.
- 1.2 The DSG is split into four blocks: schools, central school services, early years and high needs. Section one of the report provides an outline of the 2020/21 DSG allocation at LA level and section two sets out the distribution of grant across educational establishments and LA retained budgets.
- 1.3 The purpose of the report is to highlight the major changes in the DSG since 2019/20 and the impact on school and other budgets and seek approval from Schools Forum for:

Schools Block

The Council proposes to:

- Increase all the per pupil characteristics in the local formula by 1.84%
- Set the MFG at the maximum rate of 1.84% per pupil in order to provide protection and stability for all schools.
- Set the cap (maximum increase in per pupil funding) at 2.50%.
- As in previous years the Council plans to keep the lump sum at £155k in the local formula.

High Needs Block

- Change in Manchester's special school formula from primary need to one based on level of need. (School members only)

Early Years Block

- Proposed 8p increase on the hourly base rate paid to all early years providers for the two, three and four year old early offers.

2. STAGE ONE: DEDICATED SCHOOLS GRANT (DSG) 2020/21

Manchester's DSG 2020/21 Settlement

- 2.1 The 2020/21 DSG notification was received on the 19th December 2019 and totals **£560.304m**. Table one provides a breakdown of the grant across the DSG blocks and sets out why the grant changed between 2019/20 and 2020/21. The overall increase in grant since last year is £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.

Table one: DSG settlement 2020/21 and 2019/20

BLOCK	Schools	Central School Services	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
2020/21	425.944	3.661	88.918	41.781	560.304
2019/20	409.073	3.658	76.924	41.113	530.768
Difference	16.871	0.003	11.994	0.668	29.536
As a result of:					
Pupil No. increases	10.756	0.086	0.685		11.528
Change in Grant Rates	8.160	-0.083	11.309	0.668	20.054
Growth Fund Decrease	-2.045				-2.045
Difference	16.871	0.003	11.994	0.668	29.536

Schools Block

- 2.2 The Schools Block allocation of £425.944m has been calculated bottom up on the basis as if the national funding formula (NFF) was applied at school level. Local authorities are permitted to use a local ('soft') formula to distribute the aggregated total between each school and academy as is the case in Manchester. The £425.944m will be allocated out to schools in individual budget shares or held for the growth fund.
- 2.3 The allocation has increased by £16.871m in 2020/21. The DfE has applied a 4% increase to all core factors of the NFF, except the free school meals factor, which was increased by the inflation rate (1.8%), and premises which remain funded at historic rates. Manchester's historic funding levels are above the NFF and because of this the Council funding has increased by £8.160m, which is 1.84% of the minimum increase that can be applied. The funding allocation provides a guaranteed unit of funding of **£4,669.73** per primary pupil and **£6,209.31** per secondary pupil.
- 2.4 The budget is based on 79,435 children aged 5-16, the allocation has increased by **£10.756m** to reflect growth in primary and secondary pupils between October 2018 and October 2019 of 2,071 (2.7%). In addition, £9.625m of the allocation is for premises and the growth fund. The growth fund allocation changed in 2019/20 from a historical allocation to a new formulaic method based on lagged growth data. Manchester will receive a protected level of funding, this is £2.045m lower than the 2019/20 allocation.

- 2.5 Table two below shows the breakdown of the allocation across 79,435 children aged 5-16 and table three shows the comparison since 2018/19 in pupil numbers and funding factors. Table three shows the changes in pupil numbers and Manchester's guaranteed unit of funding since 2018/19. Mobility funding from 2020/21 is pupil led and is part of the MFG protection, while previously it was part of the school factor funding.

Table two: Schools Block Allocation

Schools Block	
Guaranteed Unit of Funding	
Primary	£4,669.73
Secondary	£6,209.31
Numbers on roll – 79,435	
Primary	49,960
Secondary	29,475
	£416,319,124
Funding growth	£5,345,089
Premises	£4,279,605
Total	£ 425,943,818

Table three: Schools Block Funding 2015/16 – 20120/21

Schools Block	2018/19	2019/20	2020/21
Primary number on roll	49,076	49,334	49,960
Secondary number on roll	26,575	28,030	29,475
Alternative Provision on roll	-	0	0
Minus Resource Provision places		0	0
Total	75,651	77,364	79,435
<u>Guaranteed Unit of Funding (£)</u>	5,267	5,288	5,351
Primary	4,561	4,578	4,669
Secondary	6,049	6,084	6,209
Non recoupment academy 2015/16 & 2016/17 (£m)			
Funding through the growth, premises, mobility – 2018/19 & 2019/20 (£m)	13.885	12.670	
Funding through the growth and premises – from 2020/21 (£m)			9.625
Block Total (£m)	398.471	409.073	425.944

Central School Services Block

- 2.6 The central school services block allocation is £3.661m and supports the LA's role in education. It comprises two elements:
- 'On-going Responsibilities' - funding for this is determined by number of pupils and deprivation
 - 'Historic Commitments' (previously known as Combined Services) - funding for this is based on past actual costs.
- 2.7 'Ongoing Responsibilities' funds: Admissions, copyright licenses, servicing of Schools Forum and duties local authorities have for both maintained schools and academies.
- 2.8 The per pupil amount for 'On-going Responsibilities' has reduced by 2.5% which equates to per pupil reduction of £1.07 to £41.58 per pupil. The impact of the reduction in the rate per pupil has been off-set by an increase in Manchester's pupil numbers, demonstrated on table four below.
- 2.9 The DfE have indicated that the 2.5% per pupil downward adjustment on the 'On-going Responsibilities' will continue for another ten years. Manchester's projected pupil numbers growth will offset part of the impact of reduced per pupil amount in the short term.
- 2.10 'Historic Commitments' are time-limited and expected to reduce over a period of time. A previous DfE decision to reduce historic commitments by 20% from 2020/21 has been reversed for Manchester, following the council evidencing the on-going commitment for unsupported borrowing against a school's capital scheme of £358k per year, the scheme runs until 2032/33. In 2020/21 the DfE have suspended the 20% reduction where local authorities can demonstrate an on-going borrowing commitment.

Table four: Central Schools Service Block

Central Schools Service Block	2019/20	2020/21	Difference
Historic Commitments	£358,000	£358,000	0
On-going responsibilities:			
Unit of Funding	£42.65	£41.58	(£1.07)
October census number on roll	77,364	79,435	2,071
Total Ongoing	£3,299,575	£3,302,907	£3,332
Block Total	£3,657,575	£3,660,907	£3,332

High Needs Block

- 2.11 The high needs block allocation is £88.918m and provides increased funding for children and young people with special educational needs and disability from early years to age 25. The DfE has allocated an additional £0.7bn to the high needs block nationally. Manchester's additional high needs block grant is

£11.994m, an increase of 15.59% compared to 2019/20.

- 2.12 This block of funding is for those pupils or students who require provision that would not normally be available within the delegated resources of a mainstream school. It is also for pupils who would require additional targeted resources in order to meet their needs in a mainstream setting or placement in a specialist setting, such as a SEN resource unit or a special school. It enables both LAs and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality alternative provision (AP) for pre-16 pupils who cannot receive education in schools.
- 2.13 The high needs block funding formula takes a number of weighted factors that combine to create the allocation of the high needs block for each LA. Previously it was based on historical allocations plus small annual amounts of growth. Table five sets out the high needs block grant allocation 2019/20 and 2020/21.

Table five: High Needs Block

High Needs Block	Based on:		2019/20 £m	2020/21 £m
Basic entitlement	£4,033.44 Basic entitlement rate		6.390	7.074
Formulaic elements	Population, FSM, IDACI, Bad Health, Prior Attainment, Hospital Education, Historic Allocations		69.291	80.602
Import/Export Adjustment			-0.656	-0.656
Add. Special Free School			0.617	0.617
Additional High Needs Funding (Based on 2019/20 allocation)	ONS Data	116,438	1.281	1.281
Total			76.924	88.918

- 2.14 In 2019/20 the high needs block was adjusted by an increase of £423k in the grant in relation to:
- Confirmation of the adjustment for the 'import and export' for pupils that attend a school in a different local authority than where they are resident.
 - Free Special School funding adjustment - the DfE provided additional place funding for new and growing schools opened through the special school free school route.
- 2.15 The 2020/21 high needs block will be finalised once the import and export adjustment is made following confirmation of January 2020 census data. This relies on schools and colleges with pupils who reside in another local authority area making sure that where applicable the 'top-up flag' is selected in order for

Manchester to receive the grant to meet pupil needs.

Early Years

- 2.16 The early years block funding is £41.781m, this reflects the 2020/21 early years national funding formula (EYNFF) rates for all LAs published in November 2019. Both the two year old rate and the three and four year old rate for Manchester have increased by 8p per hour from 2020/21. This is an increase of 1.64% for three and four year olds and 1.51% for two year olds. This increase does not reflect the increase in the national living wage for April 2020 of 6.2%.
- 2.17 The block allocations are not yet finalised and will ultimately be adjusted on take-up of the early years offer at January census 2020 and 2021, adjustments to the block are expected July 2020 and 2021. A summary of the initial block allocation is provided in table six below.

Table six: Early Years Block

Early Years Block	2020/21
3 and 4 year old - initial 15 hours for 38 weeks	
Guaranteed Unit of Funding (hourly rate)	£4.95
Number on roll	9,470
Sub-total (£m)	£26.718
3 and 4 year old for working parents offer 15 hours for 38 weeks	
Guaranteed Unit of Funding (hourly rate)	£4.95
Est. of eligible children	2,172
Sub-total (£m)	£6.127
2 Year Old Offer - 15 hrs for 38 weeks aged 2	
Guaranteed Unit of Funding (hourly rate)	£5.38
Number on roll	2,516
	£7.716
Early Years Pupil Premium (£m)	£0.726
Disability Assess Fund (£m)	£0.156
Maintained nursery school supplementary funding (£m)	£0.338
Total (£m)	£41.781

3. STAGE TWO – DSG ALLOCATION ACROSS SCHOOLS, PROVIDERS AND CENTRALLY RETAINED

Schools Block

- 3.1 The schools block funds individual mainstream schools' budgets. Funding is currently based on a local funding formula. This formula applies to all primary and secondary schools and academies. It applies to schools regardless of

whether they remain with the local authority or convert to an academy during the year. When calculating the school funding formula, local authorities are required to comply with strict national guidelines within the current year's Operational Guidance for Pre-16 Schools Funding on GOV.UK from the ESFA.

- 3.2 The Spending Round in September 2019 indicated increases in school funding and following consultation with Schools Forum in November 2019, Schools Forum endorsed Council's intention to increase funding for pupils, pupil characteristics, and protection under the MFG as much as is affordable within the formula.
- 3.3 Individual school budget shares are the higher of the local funding formula (capped at 2.50%), or what they received in the previous year on a per pupil basis protected by MFG (1.84%), plus lump sum and premises factors. The DfE have outlined that the allowable per pupil increase compared to the 2019/20 budgets ranges between 0.5% to 1.84%. This protection is designed to ensure a degree of funding stability to schools. Local authorities do not have permission from DfE to increase the level of MFG protection beyond 1.84% per pupil.
- 3.4 The allocation of the increase in the DSG to schools aims to maximise pupil led funding and stability for all schools. The DfE has confirmed its intention to roll out a hard national funding formula for all schools. The Council aims to ensure that the protected baseline funding is as high as possible for all schools across the city. The growth in the DSG has been allocated as follows (see appendix one for a full breakdown):
 - 1.84% increase to be applied to the unit values of the parts of the formula that are pupil driven – basic entitlement, ever 6 free school meal eligibility, IDACI, prior attainment, mobility and English as an additional language 3.
 - MFG protection to be built in to the local funding formula at 1.84% per pupil
 - Cap of 2.50% maximum increase per pupil
 - The lump sum to Manchester schools has been funded at £41k above the NFF rate and was not uplifted in the local formula.
 - Rates, premises and exceptional costs have been uplifted in line with the allocations from the DfE.
- 3.5 Table seven shows that 136 schools will be subject to MFG protection. Last year's MFG protection totalled £6.706m, and in order to ensure that pupil related funding increases by at least 1.84% in 2020/21, an extra £9.149m needs to be added onto the formula funding.
- 3.6 In order to afford the 1.84% MFG protection, 6 schools have had their budget gains capped. Capping may only be applied to the extent that it offsets the cost of the MFG and it must be applied on the same basis to all schools. Capping has been applied at 2.50%, this ensures that all schools in the city will see at least 1.84% and a maximum increase of 2.50% per pupil before adjusting for pupil numbers and premises related factors. New and growing schools' pupil

related increases may be higher than 2.50% as the cap is not applied, as per DfE requirements.

Table seven: Numbers of school affected by MFG and Capping

	Number of Schools		
	Local Formula (no MFG or Cap)	MFG +1.84%	Capping 2.50%
Primary	19	113	3
Secondary	5	22	2
All-Through	0	1	1
	24	136	6
Total	£414.744m	£9.149m	(£0.341m)

Table eight: Capping

	Capping 2.50%	
Range of Capping	No.	Phase
Above £200k	1	Secondary
Between £50 - £60k	2	Secondary and All Through
Below £12k	3	Primary

- 3.7 All of six schools subject to a cap will receive budget increases in 2020/21, and were subject to the cap last financial year. The two schools with a cap within the range of £50k - £60k had a similar level of cap last financial year. The school with the highest cap has had a significant increase in pupil's numbers and changes in their pupil characteristics. This school will still receive a budget increase in 2020/21 of £372k.
- 3.8 Growth Fund – The Council intends to budget for 960 places in growing schools through the schools funding formula, this is estimated to cost £2.953m of the £5.345m growth fund. The balance of the fund £2.392m will be held for explicit growth, in-year growth and will be retained centrally, which is expected to be at least 195 primary and 270 secondary places.

Central School Services Block

- 3.9 This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies. The block is split into funding for historic commitments and funding for LA school responsibilities, such as Admissions.

- 3.10 The DfE has introduced a NFF for on-going responsibilities. At a national level the funding formula equates to on average £32 per pupil aged 5-16. Manchester will receive £41.58 per pupil in 2020/21, if the 2.5% per pupil reduction continues year-on-year it is estimated that it will take ten years to transition to the lower NFF rate for this part of DSG. The LA will consider steps that need to be taken to the transition to the lower funding levels in next year.

High Needs Block

- 3.11 The £11.994m increase in the high needs block funding should mostly meet the current and future increase in demands from additional special school places, change in special school funding formula, increases in number of education, health and care plans and change in central services.
- 3.12 **Special schools, Resource Units and EHCPs £5.124m** – The school population in Manchester has increased significantly since 2008. This has led to an increased demand for school places across Manchester including places offering specialist provision. Currently, 2.0% of the school population attend specialist provision either within a special school or resource provision within a mainstream setting. Expected growth planned for 2020/21 is 134 special school places, 8 resource unit places and 362 EHCPs. The expansion mirrors that of mainstream growth and does not increase the proportion of children attending a special or resource school in Manchester, see appendix two and three.
- 3.13 **Post-16 with High Needs £1.700m increase** - For funding purposes, a high needs student is defined as a young person aged 16-18 who requires additional support costing over £6,000; and any young person aged 19-25 subject to an EHCP that requires additional support costing over £6,000. Post-16 pressures mainly relate to the growth in learner numbers, additional responsibilities for high needs post 19 year olds that came into force September 2013, and increased complexity of need. In 2019/20 (year to date) Manchester's post-16 learners total 443, it is expected that there will be 90 additional post-16 learners with high needs next year.
- 3.14 **Out of City Placements £3.059m increase** – Expected growth of 81 pupils placed in independent specialist provisions 2020/21. It is anticipated that demand for out of city school placements will increase in line with the increase in the City's school aged population.
- 3.15 **High Needs Central Services £279k** – This reflects the increased investment in caseworkers in order to meet the rising demand for EHCPs, as well as the Council's priorities towards promoting and implementing an effective inclusion strategy.
- 3.16 **DSG deficit recovery £1.832m** - Manchester's HNB is projected to overspend by £5.332m 2019/20, giving an expected DSG overspend of £3.665m. The additional £11.994m will fund existing shortfalls and expected growth in both special schools and EHCPs in 2020/21 but not fully cover the 2019/20 shortfalls. It is proposed that the deficit is recovered over two year period.

Table nine: High Needs Block growth 2020/21

	2020/21 £m
Additional HNB Allocation	11.994
<u>Growth: Current and Future</u>	
Mainstream EHCPs, Special School places, Resource units, Education, Health and Care Plans	5.124
Post 16 Places	1.700
Out of City Places	3.059
Central Services	0.279
TOTAL: Growth	10.162
Recovery Balance (year 1)	1.832
Balance	0

Special School Funding Formula Review

- 3.17 The Council has undertaken a review of the special schools funding formula to establish an equitable and efficient funding system that aligns funding to individual pupils needs. Special schools places are funded on a £10k place plus top-up based on primary needs of children in their school.
- 3.18 The Council has worked with special schools and has re-classified top-up values based on all the needs of the child instead of the child's primary diagnosed need. This has also allowed the Council to equalise funding rates across all of the special schools, Special schools were consulted on the change in October 2019, 12 out of 13 schools agreed with the changes proposed. Appendix five shows the current and proposed unit values for special school funding.
- 3.19 Schools Forum is asked to recommend changing the formulas top-up based on primary need to being based on individual pupils need. Based on the revised formula the average increase per special school per place is 2%.
- 3.20 At the time of writing the report the impact on individual special schools cannot be provided as special schools and the Council have not yet agreed categorisation of pupils across the revised bands.

Early Years

- 3.21 Manchester's funding rate per hour for both the universal and additional hours provision for 3 and 4 year olds as well as the 2 year offer is proposed to be increased by 8p on the base rate, in line with the 8p increase by the DfE. Appendix six shows the early years funding rates.

4. Conclusions and recommendations

- 4.1 DSG arrangements for 2020/21 are the same as the current year with the grant continuing to be allocated in four blocks based on national formulae.
- 4.2 Funding in the schools block will be based on a national formula but LAs can continue to fund schools on local formula for 2020/21. All Manchester schools should see a minimum of 1.84% and a maximum of 2.50% per pupil related increase in their individual school budget shares.
- 4.3 The high needs block has increased by £11.994m in 2020/21, this should enable the Council to manage some existing pressures and anticipated pressures next year. The current DSG overspend will need to be recovered over a two year period.
- 4.4 Central services school block funding has reduced on a per pupil basis by 2.5% despite there being no reduction in functions LAs are required to provide.
- 4.5 Early year rates have increased by 8p per hour, this will be passed to schools and private, voluntary and independent providers in full.
- 4.6 Final notification of the adjustment to funding of the two, three and four year old offer will be received in July 2020 and July 2021.
- 4.7 This report provides a summary of the DSG settlement for 2020/21 and a breakdown of the schools block (5-16 year olds), with overall indicative individual school budgets and overall early years block, high needs block budgets and central school services block.
- 4.8 Table ten below sets out the grant breakdown of DSG blocks. The table provides a summary of the split between individual school budgets and those budgets retained centrally by the authority across each of the blocks in 2019/20 and 2020/21. Schools Forum made a number of decisions on the amount of DSG to be centrally retained by the Council in 2020/21 for specified purposes at the November 2019 meeting.

Table ten – DSG individual school budgets and retained school budgets

	Schools	Central School Services Block	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
Retained School Budgets	3.756	3.658	22.761	1.151	31.326
Individual School Budgets	405.317	0	54.163	39.962	499.442
DSG 2019/20	409.073	3.658	76.924	41.113	530.768
Retained School Budgets	2.392	3.661	29.532	1.262	36.847
Individual School Budgets	423.552	0	59.386	40.519	523.457
DSG 2020/21	425.944	3.661	88.918	41.781	560.304

Appendix one: Local Formula Factor Values

		Manchester	Manchester	Increase	National Funding Formula
		2019/20	2020/21		2020/21
Per Pupil Factors		£	£	£	£
Basic Entitlement	Primary	3,151	3,209	1.84%	2,857
	KS3	4,171	4,248	1.84%	4,018
	KS4	4,793	4,881	1.84%	4,561
FSM	Primary	0	0	-	450
	Secondary	0	0	-	450
FSM Ever 6	Primary	498	507	1.84%	560
	Secondary	478	487	1.84%	815
IDACI Primary	Band A	576	586	1.84%	600
	Band B	493	502	1.84%	435
	Band C	439	447	1.84%	405
	Band D	387	394	1.84%	375
	Band E	357	363	1.84%	250
	Band F	299	304	1.84%	210
IDACI Secondary	Band A	504	513	1.84%	840
	Band B	443	452	1.84%	625
	Band C	379	386	1.84%	580
	Band D	237	242	1.84%	535
	Band E	201	205	1.84%	405
	Band F	143	146	1.84%	300
EAL	Primary	384	391	1.84%	535
	Secondary	2,085	2,123	1.84%	1,440
Mobility	Primary	529	538	1.84%	875
	Secondary	1,508	1,535	1.84%	1,250
Prior Attainment	Primary	661	673	1.84%	1,065
	Secondary	2,829	2,881	1.84%	1,610
Minimum Funding Level	Primary				3,750
	Secondary				5,000
Budgets		£	£	£	£
Lump Sum	Primary	155,000	155,000	-	114,400
	Secondary	155,000	155,000	-	114,400

Appendix two: Places - Special Schools

	Institution Category	Total Pre-16 Places	Total 16-18 Places	Full Year Expansions	Sept 20 Agreed Expansions	Total High Needs Places
SPECIAL SCHOOLS						
Ashgate Specialist Support School	Maintained Special	133	-	16	-	133
Bridgelea PRU	PRU	74	-	-	-	74
Camberwell Park	Maintained Special	146	-	2		146
Grange School	Maintained Special	187	11	27	-	198
Lancasterian School	Maintained Special	136	-	14	-	136
Manchester Hospital Schools	Maintained Special	60	10	-	-	70
Manchester KS3 & 4 PRU	PRU	418	-	-	-	418
Meade Hill	Maintained Special	53	-	-	-	53
Melland High	Academy – Special	124	45	5	-	169
North Ridge High	Maintained Special	132	52	20	-	184
Piper Hill High	Academy – Special	149	45	19	-	194
Pioneer House	Academy – Special	83	22	30	-	105
Rodney House	Maintained Special School	62	-	-	-	62
Southern Cross	Maintained Special	61	-	-	-	61
Castlefield Campus	Maintained Special	109	-	-	-	109
The Birches	Maintained Special	154	-	1	-	154
Anticipated Additional Increases		88			88	88
TOTAL SPECIAL SCHOOLS		2,169	185	134	88	2,354

Appendix three: Places - Resource Units in Mainstream Schools

	Institution Category	Total Pre-16 Places	Total 16-18 Places	Total 19+ School Places	Sept 20 Agreed Expansions	Total Places
Alma Park	Maintained	12	-	-	-	12
Barlow Hall Primary	Academy	7	-	-	-	7
Abraham Moss	Maintained	12	-	-	-	12
Bowker Vale Primary	Maintained	7	-	-	-	7
Broad Oak Primary	Maintained	7	-	-	-	7
Manchester Academy	Academy	15	-	-	-	15
Newall Green High School	Academy	12	-	-	-	12
Pike Fold Primary School	Maintained	7	-	-	-	7
Plymouth Grove Primary	Maintained	-	-	-	-	-
Rack House Primary School	Maintained	7	-	-	-	7
St James' CofE Primary School Gorton	Academy	7	-	-	-	7
St Peter's RC High	Maintained	12	-	-	-	12
St Willibrord's RC Primary	Maintained	7	-	-	-	7
Webster Primary School	Academy	7	-	-	-	7
William Hulme Grammar	Academy	12	-	-	-	12
Ashbury Meadow Primary	Maintained	8	-	-	8	16
TOTAL RESOURCE UNITS IN MAINSTREAM SCHOOLS		139	-	-		147

Appendix four: Post-16 Providers

	Institution Category	Total 16-18 Places	Total 19+ Post School Places	Sept 20 Agreed Expansions	Total Places
Loreto College	Further Education Provider	40	20	-	60
The Manchester College	Further Education Provider	113	53	67	233
Xaverian College	Further Education Provider	13	-	-	13
Manchester Adult Education Services	Further Education Provider	8	39	-	47
TOTAL POST-16 PROVIDERS		174	112	67	353

Note: The table relates to agreed commissioned places, based on place change notification.

Appendix five: Special School Place and Top up Values**Current 2019/20**

Category	Need	Details	Average value £
Elements 1 and 2 place funding	Pre and post 16	Funding for all LA commissioned places	10,000
Element 3 top up funding	SEMH	Social, emotional and mental health needs	10,068
	ASD	Autism spectrum disorders	7,718
	MLD	Moderate learning difficulties	1,130
	PD	Physical disabilities	8,062
	PMLD	Profound and multiple learning disabilities	8,776
	SLCN	Speech, language and communication needs	4,827
	SLD	Severe learning difficulties	7,598

Proposed 2020/21

Category	Need	Details	Values £
Elements 1 and 2 place funding	Pre and post 16	Funding for all LA commissioned places	10,000
Element 3 top up Banding (using Matching Provision to Need Tool Descriptions)	S1	An independent learner within a specialist setting.	7,300
	S2	A structured learner within a specialist setting.	8,200
	S3	A supported learner within a specialist setting.	9,300
	S4	Highly severe, complex or exceptional needs. Approach to meeting individual needs is required. Consideration may be given to accessing partnership funding.	11,000
	S5	Pupils with the most complex/exceptional needs and previously moderated accessing Partnership funding.	15,000

Appendix six: Early Years Rates**2 Year olds**

Current Formula	Applies to	<i>2019/20 (hourly rate)</i> £	2020/21 (hourly rate) £
Base Rate	All providers	5.19	5.27

3 and 4 Year olds

Current Formula	Applies to	<i>2019/20 (hourly rate)</i> £	2020/21 (hourly rate) £
Base Rate	All providers	4.36	4.44
Deprivation supplement*	All	0.00 - 0.45	0.00 - 0.45

Deprivation Supplement	
Post code of Child	Hourly Rate (£)
Top 6% most deprived	0.45
7% - 15% most deprived	0.31
16% - 30% most deprived	0.21
31% - 50% most deprived	0.11
51% and above	0

*Average Deprivation supplement of £0.27p per hour, no change from 2019/20.

**Manchester City Council
Report for Resolution**

Report to: **Schools Forum**

Subject: **Local Authority Payroll and On-going Pension Duties**

Report of: **Directorate Finance Lead – Children's and Schools**

Summary

This report sets the intention to:

- Implement a single monthly payday for all maintained schools staff that purchase the Local Authority Payroll service in order to streamline processes, improve the quality of data and provide one deadline to work towards for both the Shared Service Centre and schools.
- Charge maintained schools an annual pension administrative fees.
- Charge schools pension fines incurred as a result of non-compliance with the Pension scheme.

Recommendations

Schools Forum members (maintained school members) are asked to note and provide a view on:

- 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.

Contact Officers:

Name: Leigh Page
Position: Operations Manager, Shared Service Centre
Telephone: 0161 227 3494
E-mail: l.page@manchester.gov.uk

1. Introduction

- 1.1 Historically, non-teaching staff in schools are paid on the 15th day of the month along with all Council employees, while teaching staff are paid on the last working day of the month. There are two dates in the year whereby teaching staff are paid early due to holiday periods (July and December).
- 1.2 The Shared Service Centre (SSC) has carried out a number of school engagement sessions, further promotion and support throughout the year and have seen positive results, by more schools converting to a single payday. There are now only 27 maintained schools using the Council's payroll services who are not on a single pay date. This report details reasons for moving all maintained school to a single mid-month payday.
- 1.3 Under the regulations of the Teachers' Pension scheme, Local Authorities (LA) are responsible for the provision of data and contributions to the Teachers' Pensions Scheme, and for ensuring compliance with the disclosure and Auto Enrolment regulations. The LA retains these responsibilities even where a school chooses to use a payroll provider other than the Council.
- 1.4 All maintained schools will incur a charge for statutory pensions work carried out by the Council. For schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. For schools who use payroll providers other than the Council there will be an annual charge to these schools from April 2020, in the financial year 2020/21 it will be £3k. Section 3 of the report explains why this charge is to be implemented.

2. Single Payday

- 2.1 Historically, non-teaching staff in schools are paid on the 15th of the month along with all Council employees, while teaching staff are paid on the last working day of the month. There are two dates in the year whereby teaching staff are paid early due to holiday periods (July and December).
- 2.2 In 2015, Circular 0914 was distributed to schools for them to consider moving to one payday. Since then a total of 103 schools have voluntarily taken up this option.
- 2.3 The SSC has carried out a number of school engagement sessions, further promotion and support throughout the year and have seen positive results as more schools have converted to a single payday. There are now only 27 maintained schools using the Council's payroll services who are not on a single pay date.
- 2.4 The movement to a single payday provides a number of advantages 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.
- Effective way to streamline financial processes, SSC 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.

Points for consideration

2.5 It will need to be ensured that any change to pay date and impact on associated processes is in line with the strategic aims of the Council and is supportive to schools. The following has been considered prior to the proposed April 2020 implementation:

- Reputation and relationships with the schools, schools could decide to opt out of the Employee Services SLA if they don't support this decision.
- Any financial impact on employees, direct debit dates and standing orders may need to be adjusted by individuals depending on their financial circumstances. There would be no funding associated costs with changing direct debits as monies are being paid earlier.
- Revised statement of particulars (SOP) are not required to be produced as the pay frequency will not be changing. No change to contractual arrangement. The SOP currently states *"You will be paid calendar monthly in twelve equal payments by credit transfer"*.
- The LAs at Salford, Bury, Wigan, Blackburn, and Darwin have all successfully implemented a move to one single payday.

2.6 Schools Newsletter has already been issued in December 2019 with information to promote and encourage the move to a single payday. The Council intends to:

- Advise schools of move to one pay date with effect from April 2020.
- Ensure processes are in place within the SSC to facilitate the bulk upload of data changes to amend the payroll area within SAP as a seamless change to schools. No impact for schools to enable this change.

- Teaching staff would be paid on the 31 March 2020 for the full month and then again on the 15 April 2020 for the full month of April.
- 2.7 There is no impact on records for pension and payroll. Only the pay date will change to be 15 of each month, or before if the 15th falls on a non-working day or bank holiday.
- 2.8 The Council intends to move the remaining 27 schools to one mid-month pay date from April 2020, in line with the new financial year and the SLA for 2020/21. This provides schools with notice to inform their teaching staff of the change and allow for them to make any necessary provisions.
- 2.9 Implementing the move for all school staff within the Council's payroll portfolio to a single mid-month pay date will achieve efficiencies for schools and the SSC, allowing for focus on quality of data and supports resource requirement for compliance across key areas for payroll and pension. It also enables SSC to work in a more streamlined and efficient manner, allowing for smarter working and resulting in achieving the savings targets required. Any new customers that purchase the Employee Services SLA are only offered the option for their staff to be paid on a single mid-month payday.

3. Pension Administration

- 3.1 Under the regulations of the Teachers' Pension scheme, Local Authorities (LA) are responsible for the provision of data and contributions to the Teachers' Pensions Scheme, and for ensuring compliance with the disclosure and Auto Enrolment regulations. LAs retain these responsibilities even where a school chooses to use a payroll provider other than the Council.
- 3.2 All maintained schools will incur a charge for the pensions work carried out by the Local Authority. For schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. The Council intend to charge schools who use payroll providers other than the Council an annual fee and seek School Forum's view. The pension administration charge will be effective from April 2020, in the financial year 2020/21 it will be £3k as a number of monthly returns are submitted to the Teacher's Pension Scheme. Birmingham, Bristol, Nottingham and Wigan have already implemented this charge, and other North West authorities are in the process of implementation.
- 3.3 The Council's Scheme for Financing Schools section 6.2 allows a charge to be made to schools for these retained pensions duties. This work is carried out by the Council's SSC, although the cost has not been previously charged to schools. As a result of changes within the administration of pensions (the move to monthly data collection and uploads), along with an increasing number of historic missing service cases, the volume of work for the Council has increased. To adequately resource this work, the Council needs to make a charge starting from the financial year 2020/21 of £3k, and subsequent financial years, to all schools who use other payroll providers. Schools will be invoiced directly by the SSC for the charges at the start of the new financial year. The prices quoted may be adjusted in line with RPI at the start of each financial year, and schools will be issued reasonable notice of this.

- 3.5 Schools who purchase the Employee Services (Payroll & Pensions) SLA from the Council have the costs of the retained pensions work is included in the existing SLA fee. Schools engaging a payroll provider other than Council should ensure that any contract for payroll services is accompanied by an indemnity for any liabilities arising from that contract. Due to the nature of pensions work, any liabilities may not come to light for several years and may include significant amounts of compound interest. Details of the work covered in this regard will be circulated to schools and made available on the schools hub by March 2020.
- 3.6 Additional casework will also be charged on an individual basis, and any costs or fines incurred by the Council as a result of non-compliance with the requirements of the scheme will be passed on to the school.

4. RECOMMENDATIONS

- 4.1 Schools Forum members (maintained school members) are asked to note and provide a view on:
- 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.

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