



Schools Forum

Date: Monday, 16 March 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 - 10
To note as a correct record the minutes of the meeting held 20 January 2020.
4. **Excessive Clawback Review** 11 - 16
Report of the Directorate Lead Children and Families Finance
5. **School Insurance** 17 - 24
Report of the Directorate Lead Children and Families Finance
6. **Pension Administration Duties Update** 25 - 26
Report of the Directorate Lead Children and Families Finance
7. **Date of next meetings**
Members of the Forum are asked to note the following dates:
11 May 2020
15 June 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 **Friday, 13 March 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension, Manchester M60 2LA

This page is intentionally left blank

Manchester Schools Forum

Minutes of the meeting held on 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/20/01 Minutes

Decision

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

SF/20/02 Dedicated Schools Grant 2020/2021

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/20/03 Payroll and Pension (Local Authority Ongoing Duties)

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 to 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/20/03 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

**Manchester City Council
Report for Resolution****Report to:** **Schools Forum****Subject:** **Excessive Schools Balance Clawback Review****Report of:** **Directorate Finance Lead – Children Services and Education**

Summary

Manchester's approved Scheme for Financing Schools includes a schools balance control mechanism, which is designed to control and claw back, where appropriate, schools' excessive surplus balances. The automatic clawback is based on excessive balances above the allowable threshold that have been held for more than four years.

Schools Forum decided that for 2019/20, the first year of the automatic clawback mechanism would be at a rate of 50%. This report seeks School Forum's opinion on the rate of the automatic clawback mechanism for 2020/21.

Recommendations

All maintained Schools Forum members are asked to note and comment on:

The two options for the schools automatic clawback for 2020/21:

- Option one: 50% of all excessive surplus balances held for more than four years in 2020/21
- Option two: 100% of all excessive surplus balances held for more than four years in 2020/21

Contact Officers:

Name: Reena Kohli

Position: Directorate Lead Children and Families Finance

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: Nehal Ayub

Position: Senior Finance Manger

Telephone: 0161 234 1467

E-mail: n.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.

Previous Reports:

14 May 2018	Schools Forum - Dedicated Schools Grant and School Balances 2017/18 Outturn Report
16 July 2018	Schools Forum - Analysis of Excessive School Balances 2017/18
19 November 2018	Schools Forum - Schools Excessive Balances update Report
18 March 2019	Schools Forum – Excessive Schools Balances Mechanism
13 May 2019	Schools Forum - Dedicated Schools Grant and School Balances 2018/19 Outturn Report
13 May 2019	Schools Forum – Consultation Outcome for the changes to the Scheme for Financing Schools
17 June 2019	Schools Forum – Excessive School Balance Mechanism Revised Proposal
18 November 2019	Excessive Schools Balance Clawback Update and Consultation on the arrangements of DSG Deficits and use of Local Authority General reserves.

1. INTRODUCTION

- 1.1 The Scheme for Financing Schools stipulates that schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year. School balances are part of the City Council's general reserves and may be used to support the overall financial requirement of the City Council but subject to the absolute undertaking that the balances will always be available for the use of school governing bodies when required.
- 1.2 In November 2019 the Local Authority (LA) confirmed an intention to review the impact of the excessive surplus balance mechanism criteria.

2. SURPLUS BALANCE CONTROL MECHANISM

- 2.1 The approved schools' balance control mechanism, as agreed by Schools Forum, which requests LA control and claw back, where appropriate, of schools' excessive surplus balances. The clawback mechanism applied to last year's cumulative balance was:
- 50% clawback of all excessive surplus balances held for more than four years in 2019/20.
- 2.2 Schools can appeal the application of the approved mechanism via an appeal panel that considers evidence from individual schools subject to clawback.
- 2.3 In 2019/20 in total, 34 of 114 schools maintained by the Council were subject to the automatic clawback, which totalled £2.12m. Out of the 34 schools subject to clawback 29 appealed the clawback, the outcome of the appeals were provided in November's Schools Forum. As previously reported and approved by the Schools Forum, the clawback has been used to offset high needs block pressures.
- 2.4 The DfE has re-confirmed that it is currently considering the timing of further moves to the National Funding Formula (NFF). Given the potential impact of these funding revisions, it is imperative that urban areas like Manchester do not undermine their case for adequate funding pre-implementation of the NFF and given this the Council recommends that the excess surplus balance mechanism remain in place.
- 2.5 After taking account of feedback from previous consultations and Forum meetings, Forum is asked to consider whether the clawback for 2020/21 is:
- Option one: 50% clawback of all excessive surplus balances held for more than four years in 2020/21.
- Or
- Option two: 100% clawback of all excessive surplus balances held for more than four years in 2020/21.

- 2.6 Table one below gives an illustration of the automatic clawback calculation at school level. All three schools have demonstrated sufficient robust plans to spend the excess balance, and all have the same excessive balance of £250k at the end of the current financial year. Each school is subject to a different clawback due to the lowest excessive balance over the five years.

Table one

	<u>School A</u>	<u>School B</u>	<u>School C</u>
	Excessive Balance (above 5% or 8% threshold)	Excessive Balance (above 5% or 8% threshold)	Excessive Balance (above 5% or 8% threshold)
Year one: 2019/20	£250,000	£250,000	£250,000
Year two: 2018/19	£8,500	£150,000	£780,000
Year three: 2017/18	£0	£95,000	£785,000
Year four: 2016/17	£0	£10,000	£700,000
Year five: 2015/16	£56,000	£100,000	£650,000
Excess Balance held for 5 years	£0	£10,000	£250,000
Option 1: Clawback at 50%	£0	£5,000	£125,000
Option 2: Clawback at 100%	£0	£10,000	£250,000

- 2.7 Where a school has not held an excess balance above the threshold for more than four years, like school A in the table above, but also has **not** demonstrated sufficient robust plans to spend the excess balance, the clawback will be applied prior to the lapse of the allowable balance retention period of more than four years. In this example, the school would be subject to clawback of a maximum of £250k.
- 2.8 The appeals panel will continue under both options as this gives schools subject to a clawback an opportunity to present evidence of their extenuating circumstances which have led to individual schools holding excessive balances over five years.
- 2.9 At period 9 2019/20, the revenue balance for schools reported to the Council forecast total £9.4m, which is a reduction £12.5m compared to 2018/19 revenue balances. Based on maintained schools budget monitoring returns to the Council, 11 schools would be subject to the automatic clawback in 2020/21, ten primary and one secondary school. The estimated possible clawback of all excessive surplus balances held for more than four years in 2020/21, using school's projected year-end balances at period 9, under each option would be:
- Option One: 50% = £204k
 - Option Two: 100% = £408k

- 2.10 Maintained schools historically traditionally under-project their year-end balance and it is likely that school balances will be higher than what has been reported to the Council at this stage.

3. RECOMMENDATION AND CONCLUSION

- 3.1 Schools Forum has previously expressed concerns regarding the level of school balances in the City. It has been previously recognised that the current level of school balances could incorrectly signal capacity to manage funding shortfalls through schools finding further efficiencies. Given the current risk to Manchester's funding levels, there is a need to continue to maintain the recently strengthened current balance control mechanism.

- 3.2 All maintained Schools Forum members are asked to note and comment on:

The two options for the schools automatic clawback for 2020/21:

- Option one: 50% of all excessive surplus balances held for more than four years in 2020/21

Or

- Option two: 100% of all excessive surplus balances held for more than four years in 2020/21

This page is intentionally left blank

**Manchester City Council
Report for Resolution****Report to:** **Schools Forum****Subject:** **Insurance for Schools****Report of:** **Directorate Finance Lead – Children’s and Schools**

Summary

The Department for Education (DfE) has extended the Academies Risk Protection Arrangement (RPA) currently operational for academy trusts to the local authority maintained schools sector in England, so that the sector can benefit from financial savings academies have gained through membership of the RPA. There are differences regarding what is covered by the Council insurance and the RPA. If maintained schools decide to become members of the RPA, they will need to ensure that differences are adequately covered by undertaking additional “gap” insurance.

Conclusion and Recommendation

The RPA offers an opportunity for cost savings for some schools and it is acknowledged that a primary duty of head teachers and governing bodies is to secure maximum value for money for their schools and pupils. For some schools, the RPA will offer a lower cost alternative, but value for money consideration needs to be based on costs as well as the overall value that is obtained from the service and the right protection for the school.

Schools Forum members (maintained school members) are asked to note and provide a view on the DfE’s RPA scheme.

Schools Forum members are asked to note and comment on the DfE’s Risk Protection Arrangements.

Contact Officers:

Name: Tom Powell
Position: Head of Internal Audit and Risk Management
Telephone: 0161 234 5273
E-mail: t.powell@manchester.gov.uk

Name: Lisa Richards
Position: Insurance and Risk Manager
Telephone: 0161 234 5295
E-mail: l.richards@manchester.gov.uk

Name: Reena Kohli
Position: Directorate Lead Children and Families Finance
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

1. INTRODUCTION

- 1.1 For Academy schools, since September 2014 the DfE has operated a “Risk Protection Arrangement (RPA)” for schools to voluntarily enter into. The RPA is not an insurance scheme but provides the same cover to schools as a mechanism through which the cost of risks that materialise will be covered by government funds. RPA is recognised by the Association of British Insurers (ABI). The arrangements will also be offered to maintained schools on a voluntary opt-in basis from 1 April 2020 with no penalties for not joining. It will be open to any Council maintained primary or secondary schools that are not contractually committed to another arrangement; and also open for individual local authorities to join up all their schools after securing approval from the Schools Forum.
- 1.2 The extension of RPA is intended to help drive down the costs of insurance premiums for schools and academies, and to reduce the number of claims through effective risk management initiatives and developments. It is expected that all schools will ultimately benefit from the RPA extension, whether they join RPA or not, in that it will open up the insurance marketplace and the competition should reduce the insurance premiums currently faced by schools.

2. INSURANCE ARRANGEMENTS – MAINTAINED SCHOOLS

- 2.1 Insurance is a delegated item for schools. The Council arranges a central contract, and Manchester’s Scheme for Financing Schools confirms the following: “Funds for insurance are delegated to schools within the individual schools budget share. Schools are required to ensure that cover relevant to the Local Authority’s insurable interest, under a policy arranged by the governing body, is at least as good as the relevant minimum cover which would otherwise be arranged by the Local Authority.”
- 2.2 The level and range of cover will vary from time to time and schools considering arranging their own policies must obtain advice including minimum cover levels from the City Treasurer before entering into negotiations with insurers to ensure the right level of protection is acquired. Once quotations have been obtained from insurance companies and before entering into a contract with an insurance company, schools must inform the City Treasurer’s Insurance and Risk Management Group. A representative of the group will then arrange a discussion with the head teacher and/or finance officer to review the adequacy of the cover and arrange for the financial appraisal of the insurance underwriters. Written advice will then be provided to the school by the Insurance and Risk Management Group within seven working days.
- 2.3 The school must notify the City Treasurer as soon as possible of the date when insurance will come into effect. Contingent insurance will then be arranged to cover the possibility of the failure of the schools insurance. The contingent

insurance will cover each of the major areas of risk and details can be obtained on request.

3. RISK PROTECTION ARRANGEMENTS (RPA)

- 3.1 In Autumn 2019, the DfE undertook a consultation proposing to allow the maintained schools to also enter into the RPA scheme rather than the Council's scheme. The DfE have also confirmed that all primary and/or secondary maintained schools in a local authority can join collectively by agreeing through the Schools Forum to de-delegate funding, as they currently can for purposes including insurance. Manchester did not propose the LA would apply for membership en-masse on behalf of all schools at budget setting in January 2020 as it was considering the coverage provided by the RPA and the current insurance, ongoing contracts with insurers and the financial commitments therein.
- 3.2 A comparison of the coverage of the Council's scheme and RPA was set out in renewal letters to schools currently buying insurance from the Council. This was issued on 28 February and a copy of the comparison is provided in Appendix one. The letter also explained some of the reasons why the Council's coverage might be considered preferable including the local advice, support, assessment and support provided by the service. In terms of policy coverage the main differences are:
- The RPA provides unlimited cover on employer and public liability claims whereas the Council policy has caps in place at £100m.
 - The Council's policy includes cover for sudden and unforeseen damage arising from engineering (pressure plant and lifting equipment) which is excluded from the RPA.
 - The Council's policy includes extensions for minibus cover and for maternity cover that are not offered as extensions to the RPA arrangements. Whilst the maternity scheme is likely to continue, schools opting into RPA will not be able to obtain cover for minibus from the Council.
- 3.5 If individual schools decide to opt into RPA arrangements, the Council will seek assurance over management arrangements for the following areas:
- That the RPA is in place, payments have been made and are up to date so that cover is in place.
 - That any amendments to the core terms of the RPA agreed with the School are notified to governors and the Council.
 - Annual inspections are in place for statutory compliance including engineering and maintenance inspections.

Points for consideration

- 3.6 The Council is in an agreement with external insurers and this cannot be cancelled without penalty. As such, the Council cannot encourage or sign all

schools up to the RPA without this likely being considered a material breach of the agreement and this would attract penalty costs.

- 3.7 Schools are not contractually obliged to remain with the Council for the provision of insurance. The Council will continue to offer insurance coverage for 2020/21 and depending on decisions taken by schools and volume of renewals will consider the position for the future. The Council's offer is based on cost recovery and based on current costs of policies and claims, it is not possible to price match the RPA rates across all schools.
- 3.8 Schools opting into the RPA will need to provide assurance to the City Treasurer as set out above so that the Council can be assured that appropriate insurance cover is in place.

4. RECOMMENDATIONS

- 4.1 The RPA offers opportunity for cost savings for some schools and it is acknowledged that a primary duty of head teachers and governing bodies is to secure maximum value for money for their schools and their pupils. For some schools the RPA will offer a lower cost alternative, but value for money consideration needs to be based on costs as well as the overall value that is obtained from the service and the right protection for the school.
- 4.2 Schools Forum members (maintained school members) are asked to note and provide a view on the DfE's RPA scheme.

[illegible]

Personal Accident - Pupils on Work Experience	limited to assault only for employees on official business; wider personal accident cover is provided for employees whilst on business trips abroad and on some business trips within the UK.	The maximum benefit is £120,000	Compensation for accidental bodily injury to employees, governors, trustees, volunteers and pupils of the school whilst on the business of the school in the UK	£100,000
	The insurance cover provides a scale of benefits for pupils who suffer injury whilst on excursions away from the school.			
	The insurance cover provides a scale of benefits for volunteers who suffer injury whilst undertaking activities in support of, and with the authorisation of, the School.	The maximum benefit is £25,000.		£100,000
	The insurance cover provides a scale of benefits for pupils who suffer injury whilst undertaking work experience.	The maximum benefit is £37,500.		£100,000
		The maximum benefit is £10,000.		
Fidelity Guarantee	Schools are insured against loss, destruction or damage of Money or other property occurring as a direct result of any act of fraud or dishonesty by any employee committed with the clear intent of obtaining an improper financial gain for themselves or for any other person or organisation intended by the employee to receive such gain.	£10m	Employee and third party dishonesty :Direct pecuniary loss due to the dishonesty of school employees and/or theft of money by computer fraud	£5000,00
Engineering	The insurance covers: Sudden & Unforeseen Damage (including Explosion and Collapse) – all Pressure Plant and Lifting Equipment: Limit of Indemnity £1,000,000 Damage to Own Surrounding Property (caused by Steam Boilers): Limit of Indemnity £5,000,000	£10m	Not included and not available as an additional cover	Not included and not available as an additional cover
Travel - Medical Expenses	The insurance covers medical expenses, cancellation, baggage and money of members, community representatives and employees on business trips abroad. The insurance covers medical expenses, cancellation, baggage and money of pupils on excursions away from the school.	Medical Expenses (Abroad) £Unlimited Cancellation £10,000 Baggage £5,000 Money £5,000 Medical Expenses (Abroad) £Unlimited Cancellation £10,000 Baggage £500 Money £500	School journey (winter sports included) Compensation for travel related costs in the UK and overseas. cover includes: medical expenses, loss of baggage, cancellation, curtailment, rearrangement, change of itinerary and accidental bodily injury to employees, governors, volunteers and pupils whilst on business of the school	£10,000,000 medical expenses cover
Extended Services	Please note that this is not a stand-alone option, policy coverage can only be obtained alongside the Insurance Risk SLA.	Annual policy	Risk Pooling Arrangement	
Minibus	This cover is available in respect of School vehicles other than vehicles hired from Environment & Operations - Fleet Management.	The cover is comprehensive and includes uninsured loss recovery services.	Not included and not available as an additional cover	
Maternity Cover	Under the Teachers Maternity/Paternity/Adoption Leave Scheme, in return for an annual charge, the Council will make payments to the academy/school for all teaching staff, as designated as a Teacher by payroll (excluding nursery nurses and teaching assistants) for maternity pay, paternity pay and for adoption leave in line with the payment terms	See Maternity SLA for terms and conditions	Not included and not available as an additional cover	

This page is intentionally left blank

**Manchester City Council
Report for Resolution****Report to:** **Schools Forum****Subject:** **Local Authority Pension Administration Duties and Charges****Report of:** **Directorate Finance Lead – Children's and Schools****Summary**

The Local Authority (LA) reported to Schools Forum in January 2020 regarding charging maintained schools an annual pension administrative fee and pension fines incurred as a result of non-compliance with the pension scheme. Schools Forum fed back that the fee for the annual pension administration should be proportional to size of individual schools rather than a fixed amount per school.

Recommendation

Schools Forum members (maintained school members) are asked to note the annual charge for pension administrative fee to maintained schools will be based on a rate per employee eligible to be a member of the teachers' pension scheme.

Contact Officers:

Name: Leigh Page

Position: Operations Manager, Shared Service Centre

Telephone: 0161 227 3494

E-mail: l.page@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.

Previous Reports:

20 January 2020	Schools Forum - Local Authority Payroll and On-going Pension Duties
------------------------	--

1. INTRODUCTION

- 1.1 Under the regulations of the Teachers' Pension scheme local authorities 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 Council retains these responsibilities even where a school chooses to use a different payroll provider.
- 1.2 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 £30 per employee eligible to be a member of the teachers' pension scheme.

2. PENSION ADMINISTRATION CHANGE FROM APRIL 2020

- 2.1 All maintained schools will incur a charge for the pensions work carried out by the Council. For schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. The Schools Forum report in January detailed the reasons for the Council's intention to charge schools who use payroll providers other than the Council an annual fee of £3k. Forum commented that the charge should reflect the size of the school to ensure fairness and affordability.
- 2.2 Following Schools Forum, shared services carried out a further detailed analysis of the charges in the payroll SLA along with benchmarking with other North West Authorities and Core Cities that have implemented this charge. The outcome was a charge per employee eligible to be a member of the teachers' pension scheme rather than a fixed fee, for 2020/21 the rate has been set at £30 per eligible employee for teachers' pension scheme.
- 2.3 The impact of the review of the pension administration charges means the charge will reflect the size of the school, and will be lower for most schools than the original fixed £3k charge. Schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. Schools who use payroll providers other than the Council will be charged a rate per employee eligible to be a member of the teachers' pension scheme.

3. RECOMMENDATIONS

- 3.1 Schools Forum members (maintained school members) are asked to note the change in the charge for pension administrative fees to maintained schools from a fixed charge to a rate per employee eligible to be a member of the teachers' pension scheme.