



## **Schools Forum**

Date: Monday, 21 September 2020

Time: 4.00 pm

Venue: Virtual Meeting with Remote Participants

Everyone is welcome to attend this committee meeting.

## **Membership of the Schools Forum**

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**Secondary Sector Headteachers (1)** Gillian Houghton

**Primary Sector Headteachers (4)** Vacancy, Mike Cooke, Hatim Kapacee, Saeeda Ishaq

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

**Special School Headteachers (1)** Alan Braven

**Special School Governor (1)** Walid Omara

**Academy Representative (7)** vacancy x 2, Andy Park, Emma Merva, Joshua Rowe, Michael Carson, Edward Vitalis

**Pupil Referral Unit Representative (1)** Phil Hoyland

**Nursery School Representative (1)** Joanne Fenton

**Non-School Members (6)** Isobel Booter, Councillor Stone, Cath Baggaley, John Morgan, Elizabeth Cummings, Antonio de Paola

## Agenda

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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. **Statement concerning Chair of the Meeting and Membership of the Forum**
4. **Minutes**  
To note as a correct record the minutes of the last meeting
5. **Dedicated Schools Grant and School Balances Outturn 2019/20** 5 - 16
6. **Outcome of Financial Transparency Consultation** 17 - 26
7. **Growth Fund: Post Opening Grant - New Schools** 27 - 30
8. **Provisional Funding Settlement** 31 - 38

## Information about the Forum

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Schools are represented on the Forum by headteachers and school governors, elected to reflect all categories of school. In Manchester; there are non-school representatives from the teacher associations; additional non-voting places are reserved for invited elected members and representatives of other interested bodies.

The Forum members work together to provide a clear consensus of professional advice to education decision-makers, to achieve a transparent deployment of available resources. The Forum provides a formal channel of communication between the Council and schools for consultation concerning the funding of schools, and aims to agree recommendations which present the best possible compromise between competing claims on limited resources; has strategic oversight of ALL funding decisions affecting schools, and is involved in annual consultation in respect of the Council's functions relating to the schools budget in connection with the following:

- pupils with SEN (Special Educational Needs)
- early years
- revisions to the Council's scheme for the financing of schools
- administration of central government grants to schools including Standards Funds
- arrangements for free school meals

The Forum must be consulted on any proposed changes to the Council's school funding formula, and the financial effects of any proposed changes.

Smoking is not allowed in Council buildings.

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

## Further Information

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

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This agenda was issued on **Tuesday, 15 September 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 City Council  
Report for Resolution**

**Report to:** **Schools Forum**

**Subject:** **Dedicated Schools Grant (DSG) and School Balances  
2019/20 – Outturn Report**

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

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**Summary**

The provisional outturn for Manchester maintained schools is an overall surplus of **£14.81m**, which is a decrease of **£11.42m** in the total Schools Balances (Revenue & Capital) held compared to 2018/19. The final position on the centrally retained element of the Dedicated Schools Grant (DSG) was **£4.28m overspend**.

This report summarises the:

- Outturn position on school balances as at 31 March 2020
- Provisional outturn position on the DSG including the centrally retained DSG.

**Recommendations**

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

- Maintained school balances as at 2019/20
- The DSG deficit balance carried forward into 2020/21
- Suspension of the automatic Excessive Surplus Balance Mechanism for 2020/21 in light of the COVID-19 pandemic.
- The Local Authority intends to resume the automatic excessive balance clawback mechanism next year.

Schools Forum members are asked to approve DSG deficit balance on central expenditure carried forward to 2020/21 of (£4.28m). Prior to COVID-19, the DSG deficit was planned to be recovered over the next three years, 2020/21 to 2022/23, further details in section 5 of the report.

**Contact Officers:**

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E-mail: [n.ayub@manchester.gov.uk](mailto: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.

**1. INTRODUCTION**

- 1.1 The purpose of this report is to state and explain the provisional position of the Dedicated Schools Grant (DSG) for 2019/20 in respect of schools and the Council. The final position will be confirmed once the audited accounts have been authorised. The 2019/20 DSG allocation after academy and high needs recoupment was **£312.02m**, of which **£293.71m** was delegated to schools and **£18.31m** was retained centrally by the Council.

**2. PROVISIONAL OUTTURN POSITION FOR SCHOOLS**

- 2.1 The provisional outturn position for maintained schools is an overall surplus of **£14.81m**. This is a decrease of **£11.42m** in the total balances held compared to 2018/19. There are two schools, a secondary and special school, which converted to Academy status in 2019/20, reducing school balances by £1.76m. The reduced balances includes the 2019/20 excess balances clawback of £2.08m from Manchester maintained schools. Table one below displays total schools balances by sector, showing the primary sector reduced their balances by £7.06m, of which £3.04m can be accounted for by seven schools. Tables two and three show surplus and deficit balances respectively. Appendix one provides individual school revenue and capital balances (excludes capital balances for voluntary aided schools).

**Table one: Maintained School Balances**

	2019/20		2018/19		Variance	
Sector	No.	£000's	No.	£000's	No.	£000's
Nursery	2	34	2	216	0	(182)
Primary	93	13,453	93	20,518	0	(7,065)
Secondary	6	582	7	2,742	(1)	(2,160)
Special	12	745	13	2,762	(1)	(2,017)
<b>Total</b>	<b>113</b>	<b>14,814</b>	<b>115</b>	<b>26,238</b>	<b>(2)</b>	<b>(11,424)</b>

**Table two: Surplus Balances**

	2019/20		2018/19		Variance	
Sector	No.	£000's	No.	£000's	No.	£000's
Nursery	2	34	2	216	0	(182)
Primary	91	13,769	91	20,589	0	(6,820)
Secondary	5	793	7	2,742	(2)	(1,949)
Special	11	1,631	10	3,333	1	(1,702)
<b>Total</b>	<b>109</b>	<b>16,227</b>	<b>110</b>	<b>26,881</b>	<b>(1)</b>	<b>(10,654)</b>

**Table three: Deficit Balances**

	2019/20		2018/19		Variance	
Sector	No.	£000's	No.	£000's	No.	£000's
Nursery	0	0	0	0	0	0
Primary	2	(316)	2	(71)	0	(245)

Secondary	1	(212)	0	0	1	(212)
Special	1	(885)	3	(571)	(2)	(314)
<b>Total</b>	<b>4</b>	<b>(1,413)</b>	<b>5</b>	<b>(642)</b>	<b>(1)</b>	<b>(771)</b>

- 2.2 Annually, an analysis of reserves review is completed for each school with an excess surplus balance. It is classified to be a surplus where the balance is above 8% of the budget share for nursery, primary and special schools, and above 5% of the budget share for secondary schools. The following tables provide details of the excess surplus balances for 2019/20 on all schools above the 5% and 8% thresholds. Appendices two and three show the categories of committed spend and the school level reserves, respectively. Table four shows that overall excess surplus balances have reduced by £8.66m during 2019/20 to £3.04m at March 2020. This reduction reflects the excess balances clawback in 2019/20 of £2.08m from maintained schools. Table five shows the value of the minimum and maximum excess surplus balance for each sector.

**Table four: Excess Balances**

Sector	2019/20		2018/19		Variance	
	No.	£000's	No.	£000's	No.	£000's
Nursery	0	0	2	81	(2)	(81)
Primary	40	2,887	63	9,081	(23)	(6,194)
Secondary	0	0	4	964	(4)	(964)
Special	3	157	9	1,572	(6)	(1,415)
<b>Total</b>	<b>43</b>	<b>3,044</b>	<b>78</b>	<b>11,698</b>	<b>(35)</b>	<b>(8,654)</b>

**Table five: Range of individual school excess surplus balance**

Sector	2019/20	
	£000's	£000's
	From	To
Nursery	0	0
Primary	4	516
Secondary	0	0
Special	5	157

- 2.3 In 2018/19, the Local Authority updated its balance control mechanism in the scheme of delegation, following which an automatic excessive surplus balance clawback would be administered on those schools holding balances above the 5% / 8% thresholds for a period of more than four years, at a percentage rate agreed at Forum. This was agreed at 50% for 2019/20, leading to the clawback of £2.08m, which was set against the DSG high needs overspend. In light of the COVID-19 pandemic, the Local Authority acknowledges schools will be burdened with additional costs and is keen to facilitate business continuity where possible. It has therefore been decided that the automatic excessive balance clawback will not be implemented in 2020/21. Forum members are asked note to that this decision was made before the Covid Fund for schools was confirmed. The Local Authority intends to resume the automatic excessive



balance clawback mechanism next year.

### 3. RETAINED SCHOOL BUDGET 2019/20

- 3.1 The 2019/20 outturn position for the overall retained schools DSG budget is an overspend of **£4.28m**. Table six below sets out the note to the Council's provisional Annual Accounts in respect of the DSG, which will be reported to the Department for Education (DfE). The Council's expenditure on schools is funded primarily by grant monies provided by the DfE in the DSG. An element of DSG is recouped by the DfE to fund Academy schools in Manchester. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the Schools Finance (England) Regulations 2020. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Table six: 2019/20 DSG deployment

DSG Note to the Accounts 2019/20	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2019/20 before academy and high needs recoupment			530,768
Academy and high needs figure recouped for 2019/20			218,746
Total DSG after academy recoupment for 2019/20			312,021
Plus brought forward from 2018/19			(1,711)
Less carry forward to 2019/20 agreed in advance			0
Agreed initial budgeted distribution in 2019/20	18,311	292,000	310,310
In year adjustments	0	1,711	1,711
Final budgeted distribution for 2019/20	18,311	293,711	312,021
Less actual central expenditure	17,491	0	17,491
Less actual ISB deployed to schools	0	298,811	298,811
Plus local authority contribution for 2019/20	0	0	0
<b>Carry forward surplus/(deficit) to 2020/21</b>	<b>819</b>	<b>(5,101)</b>	<b>(4,281)</b>

### 4. RETAINED DSG DEFICIT

- 4.1 High needs block 2019/20 overspend of £7.18m has been offset by underspends on the early years block, schools block, and central services block of £1.35m, £1.44m, and £0.1m, respectively. The resulting DSG outturn position for 2019/20 is £4.28m overspend.
- 4.2 Early years block funding is based on estimated pupil numbers and an

adjustment to funding is made by the DfE in July to reflect any increases/decreases between January censuses (i.e. January 2019 and January 2020). The estimated financial impact of this impending adjustment has been built into the 2019/20 early years balances.

## **5. DSG RECOVERY**

- 5.1 Prior to COVID-19 pandemic: DSG deficit of £4.28m was expected to be recovered over a three year period from 2020/21 to 2022/23. Based on original budgets set for 2020/21, the Local Authority plans to reduce the DSG deficit by £1.8m in 2020/21 and the balance over the following two years. The financial impact of the increasing pressures in the high needs block on DSG recovery, along with the COVID-19 pandemic will need to be worked through and reported to Schools Forum.

## **6. RECOMMENDATIONS**

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

- Maintained school balances as at 2019/20
- The DSG deficit balance carried forward into 2020/21
- Suspension of the automatic Excessive Surplus Balance Mechanism for 2020/21 in light of the COVID-19 pandemic.
- The Local Authority intends to resume the automatic excessive balance clawback mechanism next year.

- 6.2 Schools Forum members are asked to approve DSG deficit balance on central expenditure carried forward to 2020/21 of (£4.28m).

**Appendix One: Individual School Revenue & Capital Balances March 2020**

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
<u>Nursery</u>						
1008	CY	Collyhurst Nursery	819	6,229	7,048	N
1007	CY	Martenscroft Nursery	14,143	12,614	26,758	N
<b>2</b>		<b>Nursery Total</b>	<b>14,963</b>	<b>18,843</b>	<b>33,806</b>	<b>0</b>
<u>Primary</u>						
2001	CY	Abbott	15,787	6,198	21,985	N
2048	CY	Acacias	203,717	0	203,717	Y
3301	VA	All Saints (Newton Heath)	82,000	0	82,000	N
2321	CY	All Saints (Gorton)	130,748	11,264	142,012	Y
2006	CY	Alma Park	80,680	0	80,680	N
3043	VC	Armitage	182,864	0	182,864	N
2010	CY	Ashbury Meadow	565,965	141,548	707,514	Y
2326	Foundation	Baguley Hall	171,886	35,189	207,074	Y
2341	Foundation	Benchill	342,749	26,064	368,813	Y
2328	CY	Birchfields	314,655	0	314,655	Y
2039	CY	Bowker Vale	127,240	0	127,240	N
2298	CY	Broad Oak	-196,506	0	-196,506	N
2340	CY	Button Lane	189,006	431	189,436	Y
2057	CY	Cavendish	114,788	7,581	122,370	N
2058	CY	Chapel Street	193,412	16,720	210,132	N
2060	CY	Charlestown	138,523	12,558	151,081	N
2288	VC	Cheetwood	7,078	657	7,735	N
3003	VC	Chorlton	192,966	7,164	200,131	Y
3402	VA	Christ the King	173,236	0	173,236	Y
2068	CY	Claremont	202,499	43,194	245,693	N
3490	VA	Cof E of The Resurrection	111,251	0	111,251	Y
2296	CY	Crab Lane	156,691	0	156,691	N
2075	CY	Crosslee	161,536	14,513	176,050	N
2076	CY	Crowcroft Park	188,692	0	188,692	Y
2327	CY	Crumpsall Lane	73,841	0	73,841	N
2129	CY	Heald Place	360,310	0	360,310	Y
2303	CY	Higher Openshaw	193,434	1,101	194,535	Y
3408	VA	Holy Name	83,304	0	83,304	N
3005	VC	Holy Trinity	162,985	0	162,985	N
2249	CY	Irk Valley	105,247	10,137	115,384	N

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
2142	CY	Lily Lane	53,771	2,556	56,327	N
2305	CY	Manley Park	242,070	20,103	262,173	Y
2161	CY	Mauldeth Road	277,646	0	277,646	Y
2324	CY	Medlock	321,873	0	321,873	Y
2164	CY	Moston Fields	-127,403	8,030	-119,373	N
2165	CY	Moston Lane	324,184	178	324,361	Y
3503	VA	Mount Carmel	54,104	0	54,104	N
2184	CY	New Moston	207,055	0	207,055	Y
2186	CY	Northenden	83,713	7,792	91,505	Y
2330	CY	Oswald Road	193,316	289	193,606	N
3475	VA	Our Lady's	163,684	0	163,684	Y
3506	CY	Park View	187,318	9,000	196,319	Y
2300	CY	Peel Hall	103,989	2,506	106,496	N
2302	CY	Pike Fold	459,451	8,906	468,356	Y
2216	CY	Plymouth Grove	166,381	2,684	169,065	N
2232	CY	Rack House	158,998	2,655	161,653	N
2234	CY	Ravensbury	196,169	0	196,169	Y
2008	CY	Ringway	8,539	1,465	10,004	N
3464	VA	Sacred Heart (Baguley)	92,835	0	92,835	Y
3505	VA	Sacred Heart (Gorton)	146,443	0	146,443	Y
2301	CY	Sandilands	138,516	2,159	140,674	N
3491	VA	Saviour	118,554	0	118,554	Y
3041	VC	St Agnes	201,147	2,935	204,081	Y
3415	VA	St Aidan's Catholic	121,616	0	121,616	Y
3418	VA	St Ambrose	124,681	0	124,681	Y
3310	VA	St Andrew's	57,464	0	57,464	N
3504	VA	St Anne's (Ancoats)	55,740	0	55,740	N
3422	VA	St Anne's (Crumpsall)	87,940	0	87,940	N
3011	VC	St Augustine's	151,576	6,451	158,027	Y
3473	VA	St Bernard's	82,715	0	82,715	N
3429	VA	St Brigid's	83,586	0	83,586	N
3432	VA	St Catherine's	85,456	0	85,456	N
3434	VA	St Chad's	123,418	0	123,418	Y
3015	VC	St Chrysostom's	144,905	3,772	148,677	N
3501	VA	St Clare's	157,674	0	157,674	N
3042	VC	St Clement's	119,614	21,646	141,260	Y
3500	VA	St Cuthbert's	148,313	0	148,313	Y

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
3439	VA	St Dunstan's	93,567	0	93,567	N
3440	VA	St Edmund's	71,904	0	71,904	N
3445	VA	St Francis	84,760	0	84,760	N
3316	VA	St James' (Rusholme)	82,204	0	82,204	N
3446	VA	St John Bosco	10,274	0	10,274	N
3045	VC	St John's (Longsight)	118,879	6,768	125,646	N
3489	VA	St John's (Chorlton)	199,700	0	199,700	Y
3494	VA	St Joseph's	71,635	0	71,635	N
5200	VA	St Kentigern's	102,099	9,737	111,836	N
3044	VC	St Luke's	39,292	13,063	52,355	N
3452	VA	St Malachy's	157,428	0	157,428	Y
3455	VA	St Margaret Mary's	144,334	0	144,334	Y
3022	VC	St Margaret's	161,304	27,885	189,189	N
3028	VC	St Mary's (Moss Side)	230,631	0	230,631	Y
3484	VA	St Mary's (Moston)	24,700	0	24,700	N
3457	VA	St Mary's (Levenshulme)	101,251	6,289	107,541	N
3460	VA	St Patrick's	75,671	0	75,671	N
3039	VC	St Paul's Primary	77,765	22,443	100,208	N
3465	VA	St Peter's Catholic	51,062	0	51,062	N
3325	VA	St Philip's	77,072	0	77,072	N
3482	VA	St Richard's	91,486	7,372	98,859	N
3034	VC	St Wilfrid's (Newton Heath)	109,830	19,061	128,891	Y
3469	VA	St Wilfrid's (Hulme)	75,448	0	75,448	N
3472	VA	St Willibrord's	130,256	0	130,256	Y
3507	VA	The Divine Mercy	107,485	21,197	128,682	N
2278	CY	Varna Street	241,311	3,089	244,400	Y
93		<b>Total</b>	<b>12,878,982</b>	<b>574,348</b>	<b>13,453,330</b>	<b>40</b>
<b>Secondary</b>						
4271	CY	Abraham Moss High	77,620	40,711	118,331	N
4753	VA	Loreto High	208,975	0	208,975	N
4761	VA	Our Lady's High	251,241	0	251,241	N
4762	VA	St Matthew's High	-248,684	36,835	-211,848	N
4770	VA	St Peter's High	96,305	-27,709	68,597	N
4768	VA	The Barlow High	124,027	22,218	146,245	N
6		<b>Secondary Total</b>	<b>509,485</b>	<b>72,055</b>	<b>581,541</b>	<b>0</b>

DfE No	Type	Name of School	Schools Balance as at 31 March 2020			19/20
			REVENUE	CAPITAL	TOTAL	Excess Balances Yes (Y) or No (N)
			£	£	£	
<u>Special</u>						
7749	CY	Ashgate	95,788	0	95,788	N
7023	CY	Camberwell Park	309,692	59,680	369,372	Y
7029	CY	Lancastrian	33,260	6,775	40,035	N
7007	CY	Manchester Hospital	204,277	14,416	218,693	Y
7042	CY	Meade Hill	57,283	203	57,486	N
7061	CY	North Ridge High	174,656	29,885	204,541	N
7047	CY	Rodney House	154,797	56	154,854	Y
7056	CY	Southern Cross	71,089	423	71,512	N
7041	CY	The Birches	121,342	32,441	153,783	N
7959	CY	The Federation	83,739	331	84,070	N
1102	CY	Bridglea PRU	178,663	2,044	180,708	N
1105	CY	Man Secondary PRU	-896,822	11,460	-885,362	N
12		Special Total	587,765	157,716	745,481	3
113		Total All School	13,991,195	822,962	14,814,157	43

## Appendix Two: Commitments against Reserves 2019/20

2019/20	Excess Balance	Bals on Behalf of other schools	External Balances e.g. Banker School	Planned Work not yet begun or completed	Planned Asset Purchase	To off-set future year budget reduction	Contingen cy for backdated payments	Unspent Grants
£000's								
Nursery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Primary	2,953.87	5.71	20.29	1,464.64	683.05	470.18	47.97	262.03
Secondary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special	157.15	0.00	0.00	110.11	29.84	0.00	0.00	17.20
<b>Total</b>	<b>3,111.01</b>	<b>5.71</b>	<b>20.29</b>	<b>1,574.75</b>	<b>712.89</b>	<b>470.18</b>	<b>47.97</b>	<b>279.23</b>

### Appendix Three: Summary of the Analysis of Reserves 2019/20

DFE NO	School	YEAR END BALANCES (Revenue & Capital)	EXCESS BALANCES	BUDGET SHARE INCOME (Early Years, Schools Block, & High Needs)	YEAR END BALANCE as % of BUDGET SHARE
		2019-20 £	2019-20 £	2020-21 £	%
<b>Primary</b>					
2010	Ashbury Meadow Primary	707,514	516,861	2,383,154	29.7%
2302	Pike Fold Primary	468,356	290,757	2,219,990	21.1%
3003	Chorlton CofE Primary	368,813	114,574	1,069,456	18.7%
3475	Our Lady's RC Primary	262,173	87,150	956,683	17.1%
2076	Crowcroft Park Primary	277,646	92,891	1,197,514	15.8%
2341	Benchill Primary	200,131	171,787	2,462,829	15.0%
2324	Medlock Primary	163,684	149,183	2,158,620	14.9%
2165	Moston Lane Primary	188,692	145,834	2,231,588	14.5%
3452	St Malachy's RC Primary	148,313	65,786	1,145,526	13.7%
2161	Mauldeth Road Primary	321,873	114,052	2,044,925	13.6%
2305	Manley Park Primary	324,361	105,517	1,958,204	13.4%
3011	St Augustine's CofE Primary	124,681	60,763	1,215,804	13.0%
3042	St Clement's CofE Primary	360,310	45,970	1,191,125	11.9%
3500	St Cuthbert's RC Primary	244,400	47,448	1,260,810	11.8%
3418	St Ambrose RC Primary	123,418	38,490	1,077,386	11.6%
2321	All Saints Primary (Gorton)	128,891	42,859	1,239,412	11.5%
3489	St John's RC Primary Chorlton	142,012	58,618	1,763,516	11.3%
2303	Higher Openshaw Primary	194,535	55,465	1,738,375	11.2%
2278	Varna Street Primary	141,260	69,616	2,184,796	11.2%
2129	Heald Place Primary	157,428	101,448	3,235,779	11.1%
3034	St Wilfrid's CofE Newton Heath	121,616	35,023	1,173,353	11.0%

DFE NO	School	YEAR END BALANCES (Revenue & Capital)	EXCESS BALANCES	BUDGET SHARE INCOME (Early Years, Schools Block, & High Needs)	YEAR END BALANCE as % of BUDGET SHARE
		2019-20 £	2019-20 £	2020-21 £	%
3434	St Chad's RC Primary	314,655	32,182	1,140,448	10.8%
3028	St Mary's CofE Moss Side	199,700	58,212	2,155,237	10.7%
3415	St Aidan's Catholic Primary	111,251	28,566	1,163,129	10.5%
3491	Saviour CofE Primary	204,081	26,802	1,146,908	10.3%
2328	Birchfields Primary	158,027	70,207	3,055,599	10.3%
3472	St Willibrord's RC Primary	146,443	26,477	1,297,247	10.0%
3490	CofE of The Resurrection	196,319	22,300	1,111,893	10.0%
3041	St Agnes CofE Primary	230,631	35,079	2,112,526	9.7%
3505	Sacred Heart RC Primary Gorton	203,717	24,681	1,522,022	9.6%
2048	Acacias Primary	118,554	34,171	2,119,327	9.6%
3455	St Margaret Mary's RC Primary	144,334	22,575	1,521,986	9.5%
3506	Park View Primary	130,256	28,870	2,093,105	9.4%
2186	Northenden Primary	189,436	9,414	1,026,136	8.9%
2234	Ravensbury Primary	91,505	14,792	2,267,212	8.7%
2184	New Moston Primary	196,169	13,794	2,415,761	8.6%
2340	Button Lane Primary	207,055	10,876	2,232,010	8.5%
3464	Sacred Heart Catholic Primary Baguley	207,074	4,664	1,102,129	8.4%
3402	Christ the King RC Primary	92,835	7,453	2,072,294	8.4%
2326	Baguley Hall Primary	173,236	5,664	2,517,626	8.2%
<b>40</b>	<b>Primary Total</b>	<b>8,485,385</b>	<b>2,886,870</b>	<b>69,981,442</b>	
7023	Camberwell Park	369,372	139,944	2,867,857	12.9%
7047	Rodney House	154,854	11,515	1,791,733	8.6%
7007	Manchester Hospital School	218,693	5,804	2,661,116	8.2%
<b>3</b>	<b>Special Total</b>	<b>742,920</b>	<b>157,263</b>	<b>7,320,705</b>	
<b>43</b>	<b>Total</b>	<b>9,228,305</b>	<b>3,044,133</b>	<b>77,302,147</b>	



**Manchester City Council  
Report for Resolution**

**Report to:** **Schools Forum**

**Subject:** **Outcome of Financial Transparency Consultation**

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

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**Summary**

The purpose of this paper is to present the outcome and the impact from the government consultation on the financial transparency of local authority (LA) maintained schools and academies. The consultation outlined the current financial transparency arrangement for maintained schools, and proposed a number of changes to bring in line with academies, which the government consider to have stronger transparency. The changes impact on both schools and LA, and are detailed in this report.

**Recommendations**

All Schools Forum members are asked to note and comment on the outcome from the consultation response regarding the financial transparency of LA maintained schools and academies.

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**Background documents (available for public inspection):**

None

## 1. INTRODUCTION

- 1.1 The financial transparency of LA maintained schools and academies consultation was launched in July 2019, which outlined eight proposals for maintained schools to improve the transparency of their financial health in line with academy trusts. Appendix one details the financial comparison of maintained schools and academies. The driver for the change is that there is a higher percentage of maintained schools across England accumulating a deficit compared to academy trusts (evidence from financial data: 2016/17 and 2017/18). The DfE recognise the good work authorities do in overseeing schools finances, but the current arrangements for academies are viewed as generally stronger than those of maintained schools.
- 1.2 The LA responded to the consultation in September 2019, that the proposals on the whole seemed reasonable for improving and strengthening transparency between maintained schools and academy trusts. The LA's response identified additional financial burdens would be incurred in order to be effectively compliant and implement some of the proposals.
- 1.3 The outcome of the consultation has recognised that some of the new measures to be put into place may create additional burdens on local authorities. Department of Education (DfE) have confirmed an additional burdens grant will be paid in 2021/22 to local authorities. The overall grant amount and distribution has not been finalised, but it is expected to be in proportion to the number of maintained schools for each authority.

## 2. PROPOSALS AND IMPLEMENTATION

- 2.1 Following the consultation, the DfE are implementing seven out of the eight proposals. In light of issues raised by a number of responses to the consultation, the DfE will not be imposing proposal 5: minimum of a three-year audit cycle for maintained schools, but will be working with LAs to identify how audits can be regular and targeted effectively. Table one below gives a brief description, for more details on each proposal, refer to Appendix two.

**Table One**

Financial Transparency Proposals		Implemented	
Brief Description		Yes / No	When
1	Make public LA failing to comply with deadlines for completing assurance returns and financial collections.	Yes	2020/21
2	Strengthening DSG annual assurance returns, additional data required	Yes	2020/21
3	Maintained schools to provide three-year budget forecasts.	Yes	2021/22
4	Strengthening Related Party Transaction (RPT) arrangements in maintained schools.	Yes	2021/22

5	Maintained schools be subject to internal audit at least every 3 years (minimum three year cycle).	No	
6	Strengthening arrangements to help schools that are in financial difficulty (recovery plans, and formalising data collection form LA)	Yes	2020/21
7	Transparency: maintained schools required to publish annually on their websites the number of individuals earning over £100k in £10k bandings.	Yes	January 2021
8	Transparency: maintained schools to publish a link on their website to the schools financial benchmarking website.	Yes	January 2021

### 3. Impact on Local Authority (LA) and Maintained schools

- 3.1 Manchester already requires maintained schools to submit multi-year budgets. The biggest impact will be of proposal 6: Strengthening work with schools in deficit, the council requires a more detailed formal process for schools in deficit, or at risk of deficit. The updates will need to be reflected in the Scheme for Financing schools and the Financial Regulations, and will be presented to Schools Forum at a later date this year.
- 3.2 Most of the other changes detailed in proposal: 2, 4 and 6b require the Local Authority to provide additional information on the DSG annual assurance statement. Whereas proposals: 7 and 8 schools need to action, mainly regarding additional data on their school website. Also part of proposal 4 is for schools to complete additional data on their School Financial Value statement (SFVS).

### 4. RECOMMENDATIONS

- 4.1 All Schools Forum members are asked to note and comment on the outcome from the consultation response regarding the financial transparency of LA maintained schools and academies.

## Appendix One: Financial Transparency Comparison Table

	Local Authority Maintained Schools	Academies
<b>Accountable body</b>	<p><b>LOCAL AUTHORITY = ACCOUNTABLE BODY</b></p> <p>Departmental frameworks, guidance and conditions of funding agreements apply at LA level. LAs are then responsible for setting local frameworks for their schools. Required to maintain <i>schemes for financing schools</i> (School Standards and Framework Act 1998).</p>	<p><b>ESFA = ACCOUNTABLE BODY</b></p> <p>Academies Financial Handbook (AFH) and conditions of individual funding agreements apply.</p> <p>The prime responsibility sits with the board of trustees, but the Secretary of State (SoS) acts as charitable regulator and this regulation is communicated through the ESFA's Academies Financial Handbook and conditions of individual funding agreements apply.</p> <p>The funding agreements set out the overall relationship with the SoS and provide for the AFH to detail financial management and governance the requirements. The AFH is effectively an appendix to the funding agreements.</p>
<b>Annual Accounts</b>	<p>LA submits annual accounts at LA level. These do not contain any details relating to individual schools.</p> <p>Maintained schools, or LAs on their behalf, make annual Consistent Financial Reporting returns to DfE giving details of their income, expenditure and balances.</p>	<p>All academy trusts must produce an annual report and accounts in a format prescribed by the ESFA in its annual Accounts Direction and based on accounting standards which reflect their status as companies and charitable trusts.</p> <p>Academy trusts are also required to submit an annual accounts return, which the ESFA will consolidate into an annual Sector Annual Report and Accounts (SARA).</p>

<b>Annual assurance returns to Department</b>	<p>LA Chief Financial Officers submit signed annual assurance statement and notes to accounts. They gain assurance from schools via the schools financial value standard (SFVS) described below.</p>	<p>The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts. The accounting officer must also demonstrate how the trust has secured value for money via the governance statement in the audited accounts</p>
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<b>Self-assessment</b>	<p>The ESFA requires all LAs to return a signed CFO statement to confirm the number of schools that have complied with the SFVS.</p> <p>For the 2017/18 cycle LAs had until 31/5/2018 to return their SFVS assurance statements to the ESFA.</p> <p>From 2019 to 2020 the SFVS is being updated to match the academy school resource management self-assessment tool.</p> <p>The new version of the SFVS is split into two sections:</p> <ul style="list-style-type: none"> <li>• A checklist, which asks questions in six areas of resource management to provide assurance that the school is managing its resources effectively.</li> <li>• A dashboard, which shows how a school's data compares to thresholds on a range of statistics that have been identified as indicators for good resource management and outcomes.</li> </ul>	<p>Academy trusts are required to submit Financial Management and Government Self-assessment (FMGS) in their first year followed by annual Accounting Officer value for money statements from there on.</p> <p>Tailored version of the revised self-assessment was developed this year for academies.</p> <p>The academy version of the school resource management self-assessment tool went live in September 2018 and is available here <a href="https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool">https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool</a></p>
<b>Budget Setting and Monitoring</b>	<p>Our guidance states that the scheme of finance “should contain a provision requiring each school to submit a plan to the authority by a stipulated date showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The provision may require the submission of revised plans throughout the year.”</p> <p>It also says the school’s formal annual budget plan must be approved by the governing body or a committee of the governing body.</p> <p>LAs may insert in their schemes a requirement that provisional budget plans be submitted by a certain date; but these should</p>	<p>Academies must set a balanced budget and must produce monthly management accounts which must be shared with the chair of trustees each month and other trustees at least six times a year</p>

	be differentiated from the formal budget plan which should not be required before 1 May.	
<b>Forecasts</b>	<p>LAs submit annual forecasts of their planned spend on children's services including schools. These are published in a statistical release.</p> <p>Our guidance for local authority schemes for financing schools states the LA "may require schools to submit a financial forecast covering each year of a multi-year period." We ask LAs to consider and explain how forecasts will be used and to ensure requirements are "proportionate to need."</p> <p>We don't specify the timelines for forecasts or collect information on what is requested.</p>	It is a requirement for academy trusts to submit three-year financial forecasts. The ESFA, using financial data supplied by trusts, is also generating wider improvements and delivering value for money for the taxpayer by working with trusts to support effective school resource management, three-year financial forecasting and developing buying hubs and national deals for all schools.
<b>Audit</b>	<p><u>Internal Audit</u></p> <p>The LA will determine an annual risk-based audit programme by reviewing the SFVS. Therefore, not all maintained schools will be subject to internal audit each year. The period within which all schools would be audited at least once will vary between LAs.</p> <p><u>External Audit</u></p> <p>Maintained schools are allowed but not required to procure independent external audits. Maintained schools are included in the remit of the LA statutory external audit but will not be individually audited.</p>	<p>All academy trusts must have an audit committee or equivalent.</p> <p>Academies are required to have an annual independent external audit of their annual report and accounts.</p>

<b>Fraud prevention and reporting</b>	<b>Both academies and maintained schools have a duty to prevent and detect fraud</b>	
	<b>Both academies and maintained schools are required to have whistleblowing policies and procedures in place</b>	
<b>Fraud prevention and reporting</b>	The LA are required to report instances of fraud (no minimum threshold) to the ESFA on an annual basis via the assurance statement. They provide value and description of fraud and action taken to address the issue: they do not report amounts recovered. Amounts reported in the last 5 years are:	The trust must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. They are required to provide full details of the event(s) with dates, the financial value of the loss, measures taken by the trust to prevent recurrence, whether the matter was referred to the police (and if not why), whether insurance or the RPA have offset any loss. Amounts reported in the last 5 years are:

Year	Total (£ million)
2013-14	1.7
2014-15	2.8
2015-16	1.6
2016-17	1.4
2017-18	0.5

Year	Total (£ million)
2013-14	2.8
2014-15	1.0
2015-16	1.4
2016-17	1.1
2017-18	0.9

	<p><u>Fraud definition</u> – included in footnote in the CFO assurance statement.</p> <p>“We define fraud as an intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss. We include cases where management authorised action has been taken, including, but not limited to, disciplinary action, civil action or criminal prosecution. Further information about fraud can be found in Cabinet Office guidance”</p>	<p>ESFA may conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy trust, and involve other authorities, including the police. ESFA will publish reports about its investigations and about financial management and governance reviews at academy trusts.</p> <p>ESFA also publishes guidance on reducing fraud in academy trusts. Trusts are required to refer to this and to the findings from ESFA’s investigation reports, as part of its risk management approach.</p> <p><u>Proven fraud</u> since 2012 totals £4.9m. This involved theft of money by a member of staff over a substantial period.</p> <p>Last year the value of reported fraud committed against academy trusts was <b>£778,894</b> and the amount recovered by academy trusts was £429,681</p>
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## Appendix Two: Financial Transparency Changes

Proposal		Implemented:	
Brief Description		Yes / No	Date
1	<p>Make public (via gov.uk) where local authorities (LA) fails to comply with three deadlines for completing assurance returns and financial collections, listed below:</p> <ul style="list-style-type: none"> <li>• Dedicated Schools Grant CFO assurance statement</li> <li>• Consistent Financial Reporting</li> <li>• Section 251 Budget</li> <li>• Section 251 Outturn</li> </ul>	Yes	Start of 2020/21



2	Strengthening DSG annual assurance returns, additional data required:-	Yes	2020/21 returns
2a	Number of schools with suspended budgets and notices of financial concern		
2b	Amounts that LAs have recovered from investigating fraud		
3	Maintained schools to provide local authorities with three-year budget forecasts, (directed revision of the schemes for financing schools)	Yes	Starting 2021/22
4	Strengthening Related Party Transaction (RPT) arrangements in maintained schools:-		
4a	Schools to append a list of RPTs to the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs. Additional columns included in the LAs Assurance Statement, for the number of RPTs and value.	Yes	2021/22 (schools submit SFVS by March 2022)
4b	Schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority	No	
4c	Schools to seek permission from the LA to enter into RPTs above a certain amount.	No	
*5	Maintained schools be subject to internal audit at least every 3 years.  <i>Not implement due issues raised by a number of respondents to imposing minimum of a three-year audit cycle. Instead, DfE will continue to work with LAs to identify how audits can best be made both regular and targeted in the most effective way.</i>	No	
<b>Proposal</b>		<b>Implemented:</b>	
<b>Brief Description</b>		<b>Yes / No</b>	<b>Date</b>
6	Strengthening arrangements to help schools that are in financial difficulty:-		
6a	Maintained schools to submit a recovery plan to their LA when their revenue deficit rises above 5%. A directed revision to the scheme for financing schools.	Yes	2020/21 – measured as at 31 march 2020
6b	Collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.	Yes	2020/21 returns

6c	Formalise the approach to working with LAs and include a request for high level action plans from some LAs:	Yes	Now - LAs could be requested to submit high level action plans this year.
7	Maintained schools required to publish annually on their websites the number of individuals earning over £100K in £10K bandings.	Yes	1 January 2021
*8	Maintained schools required to publish annually on their website their latest Consistent Financial Reporting (CFR) statement of income, expenditure and balances.	Yes	1 January 2021
*	<i>Amend as result of feedback: Maintained schools to publish a link on their website to the schools financial benchmarking website, where CFR statement is already published.</i>		

**Manchester City Council  
Report for Resolution**

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

**Subject:** **Amendment to Growth Fund Criteria**

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

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**Summary****Recommendations**

All Schools Forum members are asked to approve the amendment to the growth fund criteria, including:

- changes to the post opening grant element at a new school.

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**Background documents (available for public inspection):**

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

**1. INTRODUCTION**

- 1.1 In the June 2015 Forum meeting, the Forum approved changes to the Growth Fund criteria to fund post opening costs in new schools set up through the local authority presumption route to help schools meet the cost of diseconomies of scale in the initial years of operation.
- 1.2 Currently the Department for Education (DfE) operate their own Post Opening Grant (POG) scheme whereby they provide a grant to new free schools to reflect the additional costs in establishing a new publicly funded school which cannot be met through the GAG.
- 1.3 The Local Authority proposes to align the LA post opening grant mechanism with that of the DfE, so that new schools opening via support of the Local Authority are offered the same funding as new free schools.

**2. CURRENT LOCAL AUTHORITY POST OPENING GRANT FUNDING**

- 2.1 Post opening funding enables new schools to cover essential costs after opening to support leadership and premises costs that cannot be fully funded from funding formula when school numbers are low in the early years of a new school.
- 2.2 In June 2015, the Local Authority's Growth Fund criteria was amended to include a provision for post opening funding for new schools. It was agreed to fund diseconomies of scale in new schools at a rate of average per pupil amount per sector per percentage point below 90% of planned capacity for the first three years after opening. The current average per pupil amount is £4,669 for primary and £6,209 per secondary pupil.
- 2.3 For example, in a new one form entry secondary school opening with expected places of 20 in year one against a planned capacity of 30 places, the growth fund post opening costs funding would total £193k over three years, as illustrated in Table 1 below.

Table 1: School A POG under current LA Mechanism

<b>School A</b>	<b>One form entry school places</b>		
	<b>Year one</b>	<b>Year two</b>	<b>Year three</b>
Class one	20	30	30
Class two		20	30
Class three			20
Planned Capacity	30	60	90
% points school is full	67%	83%	89%
90% ceiling	90%	90%	90%
Diseconomies	23%	7%	1.11%
<b>Proposed post opening costs</b>	<b>£143k</b>	<b>£43k</b>	<b>£7k</b>

**3. DFE POST OPENING GRANT FUNDING**

- 3.1 The DfE's POG provides funding in two elements as the new free school grows: non-staffing resources, paid on a per-pupil basis; and a leadership grant.
- 3.2 The first (resource) element is paid each year that the school builds up to capacity for each new pupil expected to be on roll and is not revisited to reflect actual pupil numbers and is taken from the final finance plan submitted before opening. It is paid at:
- £250 for each new mainstream pupil in the primary phase (R to Yr 6)
  - £500 for each new mainstream pupil in the secondary phase (Yrs 7 to 13)
- 3.3 The secondary (leadership) element is paid annually based on the number of year groups that the school will ultimately have that do not yet have pupils, i.e. the number of empty year groups (cohorts) in any given year, up to a maximum as detailed in Table 2 below.

Table 2: DfE POG Rates: Leadership Element

Empty cohorts	6+	5	4	3	2	1	Maximum
Primary	£80,500	£67,500	£54,000	£40,500	£27,000	£13,500	£283,000
Secondary			£125,000	£93,500	£62,500	£31,000	£312,000
All-through	£125,000	£93,500	£625,000	£54,000	£40,500	£27,000	£402,500

- 3.4 Applying this formulaic approach to the hypothetical scenario outlined above, School A would attract £382k of funding over five years under DfE's POG.

Table 3: School A POG under DfE Mechanism

School A	Year one	Year two	Year three	Year four	Year five	Total
Planned capacity:	30	60	90	120	150	
Expected pupils:	20	50	80	110	140	
Expected <i>new</i> pupils:	20	30	30	30	30	
<b>Resource Allocation</b>	<b>£10,000</b>	<b>£15,000</b>	<b>£15,000</b>	<b>£15,000</b>	<b>£15,000</b>	<b>£70,000</b>
Empty year groups:	4	3	2	1	0	
<b>Leadership Allocation:</b>	<b>£125,000</b>	<b>£93,500</b>	<b>£62,500</b>	<b>£31,000</b>	<b>£0</b>	<b>£312,000</b>
<b>Total POG</b>	<b>£135,000</b>	<b>£108,500</b>	<b>£77,500</b>	<b>£46,000</b>	<b>£15,000</b>	<b>£382,000</b>

**4. MIRRORING THE DFE APPROACH**

- 4.1 To facilitate a consistent and equitable approach to funding post opening costs in new LA presumption schools and new free schools, the Local Authority proposes to mirror the DfE approach outlined above.
- 4.2 Whilst this is expected to cost more across the full growth period of the new school, it is an affordable increase as the Local Authority's Growth Fund budget will be able to absorb these costs.

## **5. RECOMMENDATION**

- 5.1 All Schools Forum members are asked to approve the amendment to the post opening grant element of the growth fund criteria at a new school.

**Manchester City Council  
Report for Resolution****Report to:** Schools Forum**Subject:** Schools Funding Settlement 2021/22**Report of:** Directorate Finance Lead – Children’s and Education**Summary**

Included in this report is a summary of the recently announced provisional school funding settlement for 2021/22, it outlines the potential impact on Manchester. The settlement includes funding for pupil growth, inflation, and high needs funding.

**Recommendations**

School Forum members are asked to:

- Note school funding settlement headlines.
- Note that Manchester has yet not received the confirmed settlement, and at this stage the estimates of grant increases are based on interpretation of recent announcements.

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**Background documents (available for public inspection):**

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

**1. INTRODUCTION**

- 1.1 In July 2020 the Department for Education (DfE) announced the provisional school funding settlement for 2021/22, most of the announcement relates to the second year of the £14.4bn schools' funding settlement over three years. It is expected that later this year the DfE will put forward its proposals to move to a "hard" National Funding Formula (NFF).
- 1.2 This report outlines the key headlines and potential impact of the provisional settlement for Manchester.

**2. SCHOOL FUNDING SETTLEMENT (ENGLAND)**

- 2.1 The three year school funding settlement totals £14.5bn nationally, table one below sets out the core funding settlement and the Teachers' Pay and Pension grant settlement. Most of the announcement relates to the second year of the £14.4bn school funding settlement over three years, an additional £2.6bn has been allocated this year. Additionally, £1.5bn towards Teachers' Pay (TPG) and Teachers' Pension (TPECG) grant funding, which will be rolled into core schools funding from 2021/22, as opposed to separate grants as in previous years.

**Table one: School Funding Increase**

	2020/21	2021/22	2022/23	Total
	£bn Cumulative			
<b>Schools and High Needs Block</b>	2.6	4.8	7.1	<b>14.5</b>
<b>Teachers' Pay &amp; Pension Grant</b>	1.5	1.5	1.5	<b>4.5</b>

**National key headlines - Schools Block 2021/22**

- Pupil-led formula factors have been increased by on average 4% since 2020/21 NFF, except IDACI and basic entitlement, which have seen bigger increases.
- Teachers' Pay (TPG) and Teachers' Pension (TPECG) Grant funding has been rolled into core NFF funding, as opposed to separate grants as in previous years.
- Basic entitlement factors have been increased by 3%, as well as by a further £180 to the primary unit rate and £265 to each of the KS3 and KS4 unit rates, representing the per pupil increases for TPG and TPECG.



- Minimum funding levels in 2021/22 will increase to be £4,180 per primary pupil; £5,215 per KS3 pupil; and £5,715 per KS4. These MFLs have been inflated to account for TPG & TPECG being rolled into core unit funding.
- 2% funding floor (protection) on a per pupil basis to ensure schools attract at least a 2% increase compared to their 2020/21 baseline pupil-led funding per pupil. (The baseline funding will be uplifted to include TPG and TPECG paid out in 2020/21 in order to provide a meaningful comparison.)
- IDACI factors have been updated using new IDACI data published in 2019.
- Lump sum amount increased to £117,800. This is still below MCC's lump sum of £155,000.
- Local authorities will continue to set a minimum funding guarantee in local formulae.
- DfE will publish final funding allocations in December 2020, including local authorities' final primary and secondary units of funding for the schools block.
- The government will, later this year, put forward its proposals to move to a 'hard' NFF in future.

#### **National key headlines - High Needs Block (HNB)**

- HNB funding is increasing by a further £0.73bn, or 10%, in 2021/22, bringing the total high needs budget to over £8bn. This is in addition to the £0.7bn provided in financial year 2020/21.
- Every local authority receives an increase of at least 8% per head of population, compared to this year. Above this minimum increase, the formula will allow local authorities to see increases of up to a cap of 12%.
- Funding from Teachers' Pay (TPG) and Teachers' Pension (TPECG) Grant, including the supplementary pension grant, is to be added to the formulae from 2021 to 2022.

#### **National key headlines - Early Years Block (EYB)**

- EYB allocations 2021/22 are expected to be published in December 2020 on the initial estimate of the January 2020 census.

#### **Other Grants**

- From 2021/22 the TPG and TPECG will be added to the formulae from 2021 to 2022, and paid through the schools and high needs funding formulae, instead of separate grants.
- Pupil Premium and the PE and Sports grants are part of current school baseline budget. The recent announcements focus on increase to current baseline and therefore at this stage it is assumed that these grants will continue, and will not be rolled into the NFF, pending confirmation from the

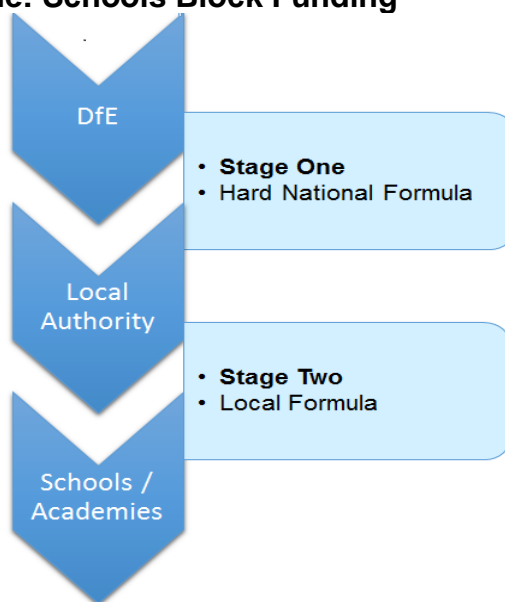
DfE to be provided at a later date.

### 3. POTENTIAL IMPACT FOR MANCHESTER

#### Primary and Secondary Schools Core Funding

- 3.1 DSG funding is provided in two stages. First stage is the government's grant to a local authority area, and then the local authority determines the grant distribution to the local educational establishments. There is a national funding formula (NFF) at local authority level, which was introduced in 2018/19.

#### **Illustration one: Schools Block Funding**



- 3.2 Stage one - funding allocated to local authority areas from DfE. Funding is based on pupil characteristics, premises characteristics and pupil numbers. Alongside funding as per national formula, funding floor protection is provided if a minimum increase on a per pupil basis is not allocated through the funding formula.
- 3.3 In 2021/22 Manchester will see an increase in total cash terms due to changes in individual schools' pupil characteristics (Ever 6 Free School Meals, IDACI, Prior Attainment) **or** as a result of funding floor protection to ensure all schools' NFF allocations see a 2% increase compared to their 2020/21 baseline pupil-led funding per pupil. The NFF formula rates: 2020/21 and 2021/22 are provided in Appendix one of this report.
- 3.4 Stage two - The school formula allocation is the distribution of the grant received from the DfE across educational establishments in the local authority area. Manchester local formula factors are different to the national funding formula rates, please see Appendix one, showing the local formula factors compared to the NFF. At this stage, the per pupil increase to Manchester schools under the local formula is not known, and it is expected that rates will be increased

depending on affordability once settlement information is received from the DfE in December.

### High Needs

- 3.5 Local Authorities will receive an increase of at least 8% per head for 2 to 18 year old population through the funding floor. This minimum increase in 2021/22 allocations will be based on local authorities' high needs allocations in 2020/21, including the additional £0.7 billion announced in December 2019. Above this minimum increase, the formula will allow local authorities to see increases of up to a limit of 12%, again calculated on the basis of per head of population. Based on this, it is estimated that Manchester's additional allocation will be in the range of £10m-£11m.
- 3.6 The high needs block forecast overspend is estimated to be £1.7m in 2020/21 based on current trends and taking account of the additional funding provided in the December 2019 settlement. Demographic growth for special school places, EHCP and post 16 SEND growth is estimated to total £4m in both 2020/21 and 2021/22 respectively. Special schools heads had requested consideration be given to recognise inflationary pressures as their top-up values had not been uplifted for a number of years. The special schools formula has been reviewed in consultation with special school, and to-up values have been re-classified based on all the needs of the child, instead of the child's primary diagnosed need. This has allowed the Council to equalise funding rates across all of the special schools and provide significant financial support for inflationary pressures as each special school received a minimum of 1.7% increase in their top-up values.
- 3.7 Local authorities will continue to be able to transfer up to 0.5% from their schools block funding, with agreement from their Schools Forum and schools to the high needs block. Local authorities are expected to demonstrate to Schools Forum that they have consulted locally with all maintained schools and academies when seeking approval to transfer funds from the schools block. The Council would want to avoid any reduction from school budgets and based on the estimated position at this stage does not propose to consult on a request a transfer 0.5% from the schools block funding to the high needs block next year in 2021/22.
- 3.8 However if actual additional allocations are lower than estimated to be and the projected deficit increases during the autumn term, the Council may need to consider a proposal transfer from the schools to high needs blocks. A further detailed report reviewing the HNB will be brought to Schools Forum in November 2020.

### Early Years

- 3.9 The early years allocations 2021/22 are expected to be published in December 2020, on the initial estimate of the January 2020 census. Details will be reported to School Forum once information is released from DfE.

- 3.10 Funding of the maintained nursery school (MNS) supplementary grant beyond March 2021 is not yet confirmed, however updates on the grant are expected to be announced December 2020. In 2020/21, Manchester's MNS supplementary grant totalled £311k, this was a reduction of £27k from the previous financial year.

#### Teachers' Pay (TPG) and Teachers' Pension Grants (TPEG)

- 3.11 Both the TPG and TPEG will be rolled in to schools core funding and be part of the NFF from 2021/22. DfE have ensured that the additional funding schools will attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as separate grants.

### **4. CONCLUSIONS AND RECOMMENDATIONS**

- 4.1 The estimated allocations provided in the report are based on an interpretation of the detail provided in the schools' settlement announcements. Further information is expected to be provided by the Government in December 2020. Dedicated School grant (DSG) allocations for next year will also be provided in December 2020.
- 4.2 Where actual DSG additional allocations are lower than forecast and the projected deficit 2020/21 increases in this term, the Council may need to seek a 0.5% transfer from the schools to high needs block.
- 4.3 Further updates on the budget settlement will be reported to Schools Forum over the forthcoming months.

#### All School Forum members are asked to:

- Note school funding settlement headlines.
- Note that Manchester has yet not received the confirmed settlement, and at this stage, the estimates of grant increases are based on interpretation of recent announcements.

**Appendix One - Schools Block National and Local Formula Funding**

		Manchester's Local Funding Formula	National Funding Formula	National Funding Formula	NFF Increase
		2020/21	2020/21	2021/22	20/21 to 21/22
Per Pupil Factors		£	£	£	£
Basic Entitlement	Primary	3,209	2,857	3,123	9.32%
	KS3	4,248	4,018	4,404	9.61%
	KS4	4,881	4,561	4,963	8.81%
FSM	Primary		450	460	2.22%
	Secondary		450	460	2.22%
FSM Ever 6	Primary	507	560	575	2.68%
	Secondary	487	815	840	3.07%
IDACI Primary	Band A	586	600	620	3.33%
	Band B	502	435	475	9.20%
	Band C	447	405	445	9.88%
	Band D	394	375	410	9.33%
	Band E	363	250	260	4.00%
	Band F	304	210	215	2.38%
IDACI Secondary	Band A	513	840	865	2.98%
	Band B	452	625	680	8.80%
	Band C	386	580	630	8.62%
	Band D	242	535	580	8.41%
	Band E	205	405	415	2.47%
	Band F	146	300	310	3.33%
EAL	Primary	391	535	550	2.80%
	Secondary	2,123	1,440	1,485	3.13%
Mobility	Primary	538	875	900	2.86%
	Secondary	1,535	1,250	1,290	3.20%
Prior Attainment	Primary	673	1,065	1,095	2.82%
	Secondary	2,881	1,610	1,660	3.11%
Minimum Funding Level	Primary		3,750	4,180	11.47%
	Secondary		5,000	5,415	8.30%
School-led factors		£	£	£	£
Lump Sum	Pri & Sec	155,000	114,400	117,800	2.97%
Funding Floor (per pupil)	Pri & Sec		1.84%	2.00%	0.16%

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