

Schools Forum

Minutes of the meeting held on Monday, 18 July 2022

Present: Andy Park, Mike Cooke, Gavin Shortall, Tony Daly, Cllr Reid, Cathryn Baggaley, Lee Ormsby, Hatim Kapacee, Alan Braven, John Morgan, Edward Vitalis, Michael Carson, Andrew Burton

Also present: Amanda Corcoran

Apologies:, Joshua Rowe, Helen Child and Antonio De Paola

SF/22/15. Minutes

The minutes of the meeting held on 20 June 2022 were submitted for consideration as a correct record. It was noted that the date reported in those minutes incorrectly stated that the next meeting would take place on 15 instead of 18 July 2022.

Decision

To agree the minutes of the meeting held on 20 June 2022 as a correct record, subject to the amendment above.

SF/22/16. Analysis of Excessive School Balances 2021-22 and Clawback

The Forum considered a report of the Directorate Finance Lead – Children’s and Schools which discussed the annual analysis of reserves review for each maintained school that has an excessive revenue balance. Schools that had been identified as having a eligible surplus were listed in an appendix to the report. It was reported that in 2021/22, Manchester schools’ excessive balances had decreased by £1m in comparison with 2020/21 balances and an overview of commitments for retained balances was provided.

The report sought School Forum’s decision on the rate of the automatic clawback mechanism for the upcoming academic year (2022/23), with all maintained Schools Forum members being invited to vote on the clawback of eligible excessive balances for the next academic year at a rate of either 50% or 100%.

Key questions/comments in the meeting were:

- Given the current financial climate, whether consideration had been given for reducing the number of years an allowable balance may be retained before becoming eligible for the clawback mechanism.
- Whether a decision concerning the clawback of excessive balances could be taken earlier in the year to allow schools a greater period of notice in terms of spend, in view of the financial landscape
- That whilst the scheme in itself was reasonable in terms of its purpose, there was a degree of unfairness that the process did not also apply to the academy sector.

With regard to the number of years a surplus may be retained within the scheme, the Directorate Finance Lead - Children and Schools advised that due to current concerns of the cost of living increases and the significant challenges around rising energy costs and the COVID legacy, the Authority was not seeking to narrow the mechanism any further for the 2022/23 financial year, however this could be considered for future financial years. The Chair commented that it had been noted that Manchester's approach to the clawback of excessive balances was very generous in comparison to other practises in other authorities. In contrast, some Authorities opted to clawback surpluses at the end of the same financial year. He also highlighted the Authority's duty to manage surpluses in conjunction with the Forum where allocated funds had not been spent on pupils in the time allocated, and drew attention to the established mechanism in place to support schools who were seeking to save for a particular project (eg capital or similar) to manage and protect those funds until such time that they were required.

In respect of giving schools a greater notice period by taking decisions of this nature at the start of the academic year, it was highlighted that the scheme was only applicable to a retained surplus of over 4 years or more, meaning that ample opportunity to spend uncommitted funds could be argued. In addition, a member who had previously been involved in the previous year's Appeals Panel noted that a number of schools listed in the report's appendix had been through the clawback process in the previous financial year, indicating an awareness of the process. The Directorate Finance Lead - Education and Schools gave emphasis to all schools facing the same challenge around inflationary factors, energy increases etc, that schools were appropriately informed of the mechanism through being given access to the Authority's calculator to support effective financial modelling and that an added complexity was the requirement to finalise the Authority's year end budget calculation prior to any decision being taken. The Directorate Finance Lead - Children and Schools added that DfE /ESFA had noted a national trend in rising retained balances which had led to them forming the view that further financial help in respect of energy increases as a direct consequence of those retained surplus balances.

In response to a comment about the process being solely confined to maintained schools and not applying to Academies, the Chair said that whilst the Forum had no jurisdiction in terms of the management of academy reserves, a similar process was emerging in multi academy trusts because of recognition that equity across the sectors was the fairest approach. The Director of Education confirmed this and drew the Forum's attention to an upcoming item of business scheduled for the Forum's September meeting about to balance the High Needs block of the Dedicated Schools Grant. Given the long standing pressures of that particular funding block, the paper would again propose that any funding clawed back through this mechanism would be allocated to support the needs of pupils with High Needs in the city and would help mitigate the impact on other aspects of provision to support the High Needs Recovery Plan.

Maintained members of the Forum then proceeded to vote on the clawback of eligible excessive balances for the upcoming academic year at a rate of either 50% or 100%. A majority of eligible members present at the meeting (5:2) voted for 100% clawback for the 2022/23 academic year. The Chair confirmed that all schools would be duly notified of the changed approach. Noting that an appeals process was required to

support the process, the Forum appointed the following Panel members: Alan Braven, Hatim Kapacee, Councillor Reid and Andy Park

Decision

1. To note the level of maintained school balances 2021/22.
2. To note the excessive clawback mechanism for maintained schools in the academic year 2022/23.
3. To agree that for the 2022/23 academic year, the rate of clawback shall be at a rate of 100% of all excessive surplus balances held for more than four years.
4. To appoint the following Forum members to the Appeals Panel for the 2022/23 academic year's clawback mechanism.

SF/22/17. National Funding Formula (NFF) Consultation: Implementing the Direct NFF

The Forum considered a report of the Directorate Finance Lead – Children's and Schools which gave reference to a further consultation on the implementation of the National Funding Formula (NFF) which launched on 7 June 2022, with a submission deadline 9 September 2022. The aim of the consultation was to focus on a number of technical elements of the proposed implementation of the direct NFF and a number of proposals were presented including the Authority's draft response (with the intention that the final response would be circulated to schools in due course). The Directorate Finance Lead - Children and Schools took the Forum element by element to explain the Local Authority's stance in the consultation response.

The Forum was invited to note the DfE proposals under the National Funding Formula (NFF) consultation, the Authority's draft response and give consideration to the submission of the Forum's own response, noting that the Authority's final response would be circulated to schools in due course

With regard to the options of endorsing Approach One or Approach Two for Funding for schools experiencing significant growth in pupil numbers or falling rolls, the Director of Education confirmed this was currently an issue for the city and was confined to the lower end of primary schools (Reception and Year 1) though Key Stage 2 remained very full with very few available places across the city. A higher than expected number of in year school admissions had been received this year and because of the pressures schools faced in managing funds until such time the additional children were picked up in census data, the represented a significant challenge for the city. The Authority would therefore be addressing this point in its final response to the consultation in light of some schools relying on the Growth Fund to manage the impact of funding for growing in year admissions. The Chair added that opting for Approach Two, with the ESFA retaining control of allocating growth funding directly to schools based on information provided by the Local Authority, would be the safest approach, should insufficient funding be allocated to the city within the newly implemented NFF.

Noting that the Local Authority's , draft response would be circulated in due course, the Forum agreed to submit its own response to the consultation to be overseen by the Chair to be circulated to schools in the last week of August.

Decision

1. To note the DfE proposals under the National Funding Formula (NFF) consultation.
2. To note the Authority's draft response to the consultation and the intention to circulate the final response to Manchester's schools in due course.
3. To agree that the Manchester Schools Forum shall submit its own response with the support of the following members:

SF/22/18. Forward Planning Academic Year 2022/23

The Forum considered a report of the Directorate Finance Lead – Schools and Education which presented an overview of Schools Forum business for the forthcoming academic year including a list of meeting dates for the Forum to note.

A member suggested that a review of number of years an excessive balance may be retained by a school should be considered as part of the scheduled Annual Review of Scheme for Financing Schools and School Financial regulations. The Forum agreed to this.

The Chair highlighted the Forum's intention to continue to meet virtually in the upcoming academic year. This would be reviewed at the meeting scheduled for November 2022.

Decision

1. To note the report and agree the meeting dates for 2022/23.
2. To agree that a review of number of years an excessive balance may be retained by a school should be considered as part of the scheduled Annual Review of Scheme for Financing Schools and School Financial regulations. The Forum agreed to this.
3. To note the Forum's intention to meet virtually for the next two upcoming meetings in 2022.

SF/22/19. Any Other Business - School Bus Review

A member described recent discussions with TfGM about school bus service provision in the city in 2022/23. An Overview and Scrutiny Task and Finish Group had subsequently been constituted to review school bus service provision across the city as part of the Active Travel initiative recently endorsed by the Council at its July 2022 meeting. Members were therefore invited to contact Councillor Reid about any issues they felt should be explored.

SF/22/20. Early Years Consultation - Funding Formula for 2, 3 and 4 year olds

The Directorate Finance Lead - Education and Schools advised that a Early Years consultation had recently been released to consider the funding formula for 2, 3 and 4 year olds, with communications to follow shortly. Schools were therefore urged to respond to this consultation where indicated.