



Schools Forum

Date: Monday, 14 November 2022
Time: 4.00 pm
Venue: To be held virtually over Zoom.

Everyone is welcome to attend this committee meeting.

Membership of the Schools Forum

Secondary Sector Headteachers: Lee Ormsby (Interim)

Primary Sector Headteachers: Mike Cooke, Hatim Kapacee, Saeeda Ishaq, Gavin Shortall

Primary Sector Governors: Tony Daly, Philip Geldard, Lolita Hall Vacancy

Special School Headteachers: Alan Braven

Special School Governor: Walid Omara

Academy Representative:, Joseph Brownridge, Helen Child, Andy Park, Emma Merva, Joshua Rowe, Michael Carson, Edward Vitalis

Pupil Referral Unit Representative: Andrew Burton

Nursery School Representative: Amy Davenport

Non-School Members:, Councillor Reid, Cath Baggaley, John Morgan, Vacancy, Vacancy, Antonio de Paola

Agenda

- 1. Urgent Business**
To consider any items which the Chair has agreed to have submitted as urgent
- 2. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda
- 3. Minutes** 5 - 8
To approve as a correct record the minutes of the last meeting held on 26 September 2022.
- 4. De-delegated Budgets 2023/24** 9 - 14
The report of the Directorate Finance Lead – Education and Schools is enclosed.
- 5. Review of Excess Schools Balance Clawback** 15 - 20
The report of the Directorate Finance Lead – Education and Schools is enclosed.

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:

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Manchester Schools Forum

Minutes of the meeting held on 26 September 2022

Present: Andy Park, Paul Greenwood, Cathryn Baggaley, Antonio de Paola, John Morgan, Alan Braven, Helen Child, Vandhna Kohli, Amanda Corcoran, Anne Summerfield, Cllr Reid, and Cllr Bridges

Also present: Patrick Grant – Department for Education

Apologies: Andrew Burton, Edward Vitalis, Tony Daly, Michael Carson, Mike Cooke, Gavin Shortall, Philip Geldard, Hatim Kapacee, Lee Ormsby and Saeeda Ishaq.

SF/22/21 Minutes

The minutes of the meeting held on 18 July 2022 were submitted for consideration as a correct record.

Decision

To agree the minutes of the meeting held on 26 September 2022 as a correct record.

SF/22/22 High Needs Block (HNB) Recovery Plan

The Forum considered a report of the Directorate Finance Lead – Children’s and Schools which discussed the High Needs Block portion of the Dedicated School’s Grant (DSG). The HNB had an overspend of £3.14m in 2021/22 but this deficit was offset by underspends in the early years block and school’s block.

The report noted that a structural deficit had been created in the DSG, primarily due to the exponential growth in Education, Health, & Care Plans (EHCP) and Post-16 within the HNB. This pressure had been acknowledged at national level and formed part of the Government’s SEND review.

The report and presentation at Appendix one sought to illustrate the potential funding gap over the next three years, whilst providing detail on the draft HNB Recovery Plan and its associated risks. The report requested School Forum to note the projected deficit identified in the HNB three-year projected position: 2022/23 to 2024/25, which could reach £20m. The report also requested School Forum to comment on the draft recovery plans and actions to try to mitigate the HNB gap, and the HNB risk register.

Key questions/comments in the meeting were:

- Concerns about the growing demand and the situation this could create.
- An Academy Representative discouraged the proposal to transfer 0.5% from the school’s block to support the HNB. They encouraged more money to be spent in schools on preventative measures and felt that taking away funding from schools could lead to a higher demand on the HNB.
- Concerns were raised that there are a number of pupils ready to return to mainstream education, provided there was a change in environment for those

pupils to learn. It was felt that there is sometimes a reluctance from schools to do that.

The Head of Finance – Children’s, Education Services and School stated that based on the proposals, the deficit in the HNB reduces from a possible £20m to around £5m. However, this included the proposed 0.5% transfer from the school’s block, which concerns had been raised about. They noted that the Local Authority had been reporting a deficit for a number of years and stated that a new requirement to demonstrate how that deficit will be covered will come into effect next year due to the lifting of the ring-fence on the DSG.

The Director of Education stated that there would be monthly HNB Recovery meetings to report on the progress on the suggested workstreams. Alan Braven had agreed to attend as the Special School Representative. A request was made for a Primary and Secondary Representative. The Chair volunteered to be the Secondary Representative. As there were no Primary Representatives at the Forum, the Director of Education stated they would write to each of them.

Decision

To note the projected deficit identified in the HNB three-year projected position: 2022/23 to 2024/25.

SF/22/23 Review of Excess Schools Balance Clawback

The Forum considered a report of the Directorate Lead – Education and Schools Finance which detailed the method of controlling and clawing back, where appropriate, schools’ excessive surplus balances. It noted an agreement, made at Forum in July 2022, for the 100% clawback for the ten schools subject to the clawback mechanism in 2022/23. The clawback totalled £193k from the ten schools and its intended use is to go towards the DSG deficit, subject to approval by DfE. The clawback mechanism can be used when a school has held an excessive surplus balance above the allowable threshold for five years, with a right to appeal.

All School Forum members were asked to note and comment on reducing the length of time a school can hold an excessive balance before being subject to clawback. Maintained Schools Forum members had been asked to vote on the number of years that maintained schools can retain an excessive balance before becoming subject to a clawback:

- Option 1: Remain at five years (no change)
- Option 2: Reduce from five years to four years
- Option 3: Reduce from five years to three years
- Option 4: Reduce from five years to two years

However, there was not enough Maintained Schools Forum members in attendance and therefore did not meet the Quorum rules required for a vote and so members were invited to note and comment on the report.

The Special School Headteacher noted that with ongoing budget pressures, surplus budgets could be reduced. However, they did not understand why the surplus budget is not already spent on children, acknowledging that some balances are too high and supporting reducing the clawback to two years.

The Chair noted that all schools can have an unintended surplus and felt the clawback mechanism is very generous in allowing 5 years. The mechanism itself had had an impact on reducing excessive balances. The Chair stated that if schools needed to save money for certain things, a mechanism is still there to allow for them to plan appropriately. Provided this mechanism remained, the Chair felt there was no reason to not reduce the number of years.

The Chair requested that this item be brought to the next meeting of the Schools Forum on 14 November 2022 to allow for the necessary vote to occur.

Decision

To note the possibility of reducing the length of time schools excessive balance can be retained before becoming subject to a clawback.

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**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: De-delegated Budgets 2023/24

Report of: Directorate Finance Lead – Education and Schools

Summary

De-delegation is an option that enables some services to maintained schools to be provided centrally, and the funding to do so is retained by the local authority (LA). If de-delegation stops, then the centrally retained funding would be delegated in the main school budget and the local authority would either stop providing or would charge for the service.

The “de-delegation” approach means that the deductions occur after the funding formula has been applied and individual schools can see the cost of each element in their budget share.

The purpose of the report is to seek permissions from maintained School Forum representatives on the 2023/24 de-delegation, for the deduction of education services grant duties and trade union facilities.

The Council has managed the loss of the School Improvement Monitoring & Brokering Grant (SIMBG) and is not looking to increase de-delegation 2023/24 to cover the loss of this grant.

Recommendations

In accordance with Schools Forum powers, maintained schools’ representatives are asked to approve de-delegation for the following:

- Trade Union Duties: £196k which at current pupil levels equates to £5.37 per school aged pupil (section 2).
 - Education Services Grant General Duties: £0.5m which at current pupil levels equates to £13.70 per school aged pupil (section 3).
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Contact Officers:

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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. Schools Finance Regulations sets out that certain amounts can be deducted from maintained school budgets with the approval of the sector representative at Schools Forum. Most of the items concerned were previously centrally top-sliced so that the funding was not included in the total available for distribution by formula. The “de-delegation” approach means that the deductions occur after the funding formula has run and individual schools can see the cost of each element in their budget share.
- 1.2. In line with Schools Finance Regulations, the Local Authority (LA) is seeking Forum (maintained school representatives only) approval to the proposed schools block de-delegation of budgets 2023/24, in respect of maintained primary and secondary schools only:
 - Trade Union Facility £196k
 - Education Services General Duties (ESG) £0.5m

2. Trade Union Facility Arrangements

- 2.1. Facilities time is provided for specific Trade Unions representatives to represent staff in other schools and academies where required, and cover for these representatives are reimbursed to the employing school through this budget. This covers the support of staff at all levels of seniority and includes representatives for a range of teaching and support staff from Trade Unions. Based on current academy conversions and pupil numbers based on May 2022 census, this equates to a de-delegated budget of £196k, which is approximately £5.37 per pupil. This is a reduction of 2p per pupil compared to previous financial year at £5.39 per pupil. Although salary cost and union recharge have increased there has been a change in the number of union representatives supporting this service, which has contributed to the slight reduction on per pupil rate. These provisional figures will be re-worked once the October 2022 census data is available and reported to Schools Forum in January 2023.
- 2.2. The Union also offers this service on a traded basis to academies, special and nursery schools, at the same rate as maintained schools. Currently fifty-five academies (79%), all sixteen special schools, and both nursery schools purchase this SLA. There has been an increase in the take-up of the traded offer since 2019/20, which has enabled the rate to be maintained below the 2019/20 rate of £6.14 per pupil.
- 2.3. Schools’ Forum members representing maintained schools are asked to approve the de-delegation of the Trade Union budget 2023/24.

3 Education Services General (ESG) Duties for Maintained Schools

- 3.1. It is proposed that £0.5m is held by the LA to cover statutory general duties which were previously covered through general element of education services grant. Table one below provides an outline of the contribution to current general rate ESG funded budgets. Based on current academy conversions and estimated pupil numbers, this equates to a budget of £0.5m, which is approximately £13.70 per pupil, subject to October 2022 census confirmation.

- 3.2. The approximate £13.70 per pupil 2023/24 is a small increase of 3p per pupil compared with 2022/23 rate of £13.67 per pupil. This per pupil increase is due to the slight drop in maintained school's pupil numbers, the rate per pupil will be updated once October 2022 census data is available and reported to School Forum.

Table one: Former Education Services grant (ESG) duties

General former ESG Duties	£000	
Human Resources advice to maintained schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff, determination of conditions of service for nonteaching staff, appointment or dismissal of employee function	61	Contribution to cost of Schools Humans Resources Manager post.
Governor Support Advice to maintained schools around appointment of governors	68	Contribution to Governor Support Team (Not funded from other sources of education funding)
Quality Assurance To monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.	321	Contribution to cost of six School Senior Quality Assurance (SSQA) posts. Plus supports the moderation of assessments for National Curriculum monitoring.
Asset Management General landlord duties for all maintained schools. General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).	50	Contribution to cost of Asset Management post.
Total	500	

- 3.4. Schools' Forum members representing maintained schools are asked to approve the de-delegation of the ESG budget 2023/24.

4 **School Improvement Monitoring & Brokerage Grant (SIMG)**

- 4.1. School Improvement Monitoring & Brokering Grant (SIMBG) will cease from 2023/24, as reported to School Forum June 2022. A number of local authorities are following DfE advice, that this is funded by de-delegation from mainstream schools, Manchester will not be including this in the de-delegation 2023/24. The Council use the grant to fund quality assurance professional (QAP), the offer is a universal offer for all Manchester schools and provides an overview of majority of schools in City and supports the Council to implement its statutory duties in relation to: Special Education Needs (SEND), attendance and education of vulnerable pupils. Consequently, these aspects will continue to be funded via Council budget which means there is not a proposal to delegate from maintained school budgets.

5. **Conclusions and Recommendations**

- 5.1. In accordance with Schools Forum powers, maintained schools' representatives are asked to approve de-delegation for the following:
- Trade Union Duties: £196k which at current pupil levels equates to £5.37 per school aged pupil (section 2).
 - Education Services Grant General Duties: £0.5m which at current pupil levels equates to £13.70 per school aged pupil (section 3).

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**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Review of Excessive Schools Balance Clawback

Report of: Directorate Finance Lead – Education and Schools

Summary

Manchester's Scheme for Financing schools includes a balance control mechanism, which is designed to control and clawback, where appropriate, schools' excessive surplus balances. The clawback mechanism (section 4: Scheme for Financing Schools) is where schools who have held an excessive surplus balance above the allowable threshold for five years will be subject to a clawback, with a right to appeal.

In July 2022, Schools Forum members approved 100% clawback for the ten schools subjected to the clawback mechanism 2022/23 and requested that the Council give consideration for reducing the number of years an excessive balance may be retained before becoming eligible for the clawback mechanism.

This report illustrates the 2022/23 clawback based on different timescales for excessive balances being retained by schools prior to clawback.

Recommendations

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

- Reducing the length of time schools excessive balance can be retained before becoming subject to a clawback.

Maintained Schools Forum members are asked to vote on the number of years that maintained schools can retain an excessive balance before becoming subject to a clawback:

- Option 1: Remain at five years (no change)
 - Option 2: Reduce from five years to four years
 - Option 3: Reduce from five years to three years
 - Option 4: Reduce from five years to two years
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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.

Previous Reports:

18 July 2022	Agenda Item 4 – Analysis of Excessive School Balances 2021/22 & Clawback
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1. Introduction

- 1.1 The Scheme for Financing Schools (section 4.2) outlines that maintained schools are subject to a clawback of any excessive surplus balances held by the school for a period of five years. Schools' balances are deemed excessive if the surplus is higher than the allowable balance, whereby the allowable balance is deemed to be 8% of the budget share for nursery, primary and special schools, and 5% of the budget share for secondary schools. Schools have the right to challenge this clawback via appeal to a panel, made up of Schools Forum members. An example of how the excessive clawback mechanism works is illustrated in Appendix one.
- 1.2 The rate of the clawback to be actioned in 2022/23 was agreed at 100% in July 2022 by Maintained Schools Forum members, totalling £193k from ten schools (9 primary and 1 special), subject to appeals process in the Autumn term. It is intended that, following approval by the Secretary of State, the 2022/23 clawback will be used towards offsetting the Dedicated School Grant (DSG) deficit of £2.702m.
- 1.3 The DSG deficit is a result of pressures within the high needs sector, as noted in previous report: Agenda item 5 High Needs Block Recovery, primarily due to the exponential growth in the Education, Health, & Care Plans (EHCP) and Post-16. Schools' balances in 2021/22 totalled £19.50m, of which £4.04m are classified as excessive balances.
- 1.4 This report, as requested by Schools Forum, explores the impact of reducing the number of years a school can hold a surplus balance above the allowable threshold before being subject to a clawback.

2. Excessive Balances Clawback Appeals Panel

- 2.1 As reported, 2022/23 £193k was clawback from ten schools (9 primary and 1 special) under the excessive balance clawback mechanism, of which the Council received three appeals from primary schools. The appeals panel, made up of three School Forum members took place 12th October 2022, which reviewed the three appeals submitted, totalling £69k. All clawbacks were upheld as no exceptional circumstances was identified; the schools have been informed of the panel's decision.

3. Review the number of years an allowable balance to be retained

- 3.1 Ten schools (9 primary and 1 special) were subject to the excessive balance clawback in 2022/23, with collective excessive balances over the allowable threshold totalling £0.67m, of which £193k had been held for five years. Table one below shows the impact, based on current data, of reducing the number of years from five. Appendix two illustrates how the excessive clawback mechanism would work for option 1 to 4.

Table One: Impact of reducing no. of years

	Option 1 5 YR	Option 2 4yrs	Option 3 3yrs	Option 4 2yrs
	Excess Balance held for 5 years	Excess Balance held for 4 years	Excess Balance held for 3 years	Excess Balance held for 2 years
No of schools	10	15	19	34
	£'000	£'000	£'000	£'000
Total Excessive Balances	£673	£1,388	£1,840	£2,896
Clawback (at 100%)	£193	£439	£737	£2,322
Excessive Balances after clawback	£479	£948	£1,104	£574

- 3.2 Schools budgets are allocated from the DSG, a ring-fenced revenue grant. If funds deemed to be excessive are being held by schools over several years, this means that funds have not been spent on pupils in the time allocated. It is appreciated that schools hold excessive balances to fund capital projects, and in order to support this the Council has an established mechanism to manage funds until such a time that they are required.
- 3.3 The Council acknowledges school concerns on the rising cost of inflation on schools' budgets, but high levels of school balances do not support the City's case for the need for sufficient funding and does not provide long term solutions to financial sustainability. By schools holding high balances it supports the DFE view that there is sufficient funding in the school system, for example to fund teacher/staff pay increases. This is detrimental to schools funding issues, especially for those schools which are not holding high balances, and it helps to conceal the problem of not enough funding in schools.
- 3.4 Gathering data from North-West authorities and core cities on their mechanism for managing school balances is still being collated. So far there have been sixteen responses; eight authorities have a clawback mechanism (most have been suspended at some point due to COVID). Of these eight authorities, four have a control mechanism based on two years' excessive balances above a threshold, one authority has a one-year mechanism, although the threshold is higher than Manchester, set at 12%, and the remainder is either an internal assessment or the process is being reviewed.
- 3.5 If the Maintained Forum representatives' decision is to change the clawback mechanism, the Scheme for Financing Schools will need to be updated. To do this a full consultation will be carried out with all maintained schools in the Autumn term, and the outcome will be reported back to Schools Forum.

4. Recommendations

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

- The review of reducing the number of years to under five years, where schools excessive balance may be retained before becoming subject to a clawback.

Maintained Schools Forum members are asked to vote on the number of years that maintained schools can retain an excessive balance before becoming subject to a clawback:

- Option 1: Remain at five years (no change)
- Option 2: Reduce from five years to four years.
- Option 3: Reduce from five years to three years
- Option 4: Reduce from five years to two years

Appendix One: Illustration of Excessive Clawback mechanism (five years)

Table below gives an illustration of the automatic clawback calculation at school level. All three schools have demonstrated 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.

	School A	School B	School C
	Excessive Balance (above 5% or 8% threshold)	Excessive Balance (above 5% or 8% threshold)	Excessive Balance (above 5% or 8% threshold)
Year one: 2021/22	£250,000	£250,000	£250,000
Year two: 2020/21	£8,500	£150,000	£780,000
Year three: 2019/20	£0	£95,000	£785,000
Year four: 2018/19	£0	£10,000	£700,000
Year five: 2017/18	£56,000	£100,000	£650,000
Excess Balance held for 5 years	£0	£10,000	£250,000
Clawback at 50%	£0	£5,000	£125,000
Clawback at 100%	£0	£10,000	£250,000

Where a school has not held an excess balance above the threshold for more than four years, like school A in the table above, and has demonstrated robust plans to spend (Analysis of Reserves) there will be no clawback. But if School A 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.

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.

Appendix Two: Illustration of Excessive Clawback mechanism Option 1 - 4

Option 1: Excessive Balance 5 Years	<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: 2021/22	£250,000	£250,000	£250,000
Year two: 2020/21	£8,500	£150,000	£780,000
Year three: 2019/20	£0	£95,000	£785,000
Year four: 2018/19	£0	£10,000	£700,000
Year five: 2017/18	£56,000	£100,000	£650,000
Excess Balance held for 5 years	£0	£10,000	£250,000

Option 2: Excessive Balance 4 Years	<u>School A</u>	<u>School B</u>	<u>School C</u>
Year one: 2021/22	£250,000	£250,000	£250,000
Year two: 2020/21	£8,500	£150,000	£780,000
Year three: 2019/20	£0	£95,000	£785,000
Year four: 2018/19	£0	£10,000	£700,000
Excess Balance held for 4 years	£0	£10,000	£250,000

Option 3: Excessive Balance 3 Years	<u>School A</u>	<u>School B</u>	<u>School C</u>
Year one: 2021/22	£250,000	£250,000	£250,000
Year two: 2020/21	£8,500	£150,000	£780,000
Year three: 2019/20	£0	£95,000	£785,000
Excess Balance held for 3 years	£0	£95,000	£250,000

Option 4: Excessive Balance 2 Years	<u>School A</u>	<u>School B</u>	<u>School C</u>
Year one: 2021/22	£250,000	£250,000	£250,000
Year two: 2020/21	£8,500	£150,000	£780,000
Excess Balance held for 3 years	£8,500	£150,000	£250,000