

Manchester Schools Forum

Minutes of the meeting held on 24 September 2018

Present:

Secondary Sector Headteachers: Gillian Houghton

Secondary Sector Governors: - vacancy

Primary Sector Headteachers: Mike Cooke

Primary Sector Governors: Brendon Jones, Tony Daly

Special School Headteachers: Alan Braven,

Special School Governor: - Walid Omara

Academy Representatives: Emma Merva, Michael Carson, Ian Fenn, Andy Park, Elizabeth Fritchley

Pupil Referral Unit Representative: Helen McAndrew

Nursery School Representative: Joanne Fenton

Non-school members: Isobel Booler (Head of Inclusion), John Morgan, Antonio De Paolo

PVI Sector Representative: Elizabeth Cummings

Council Officers: Reena Kohli, (Directorate Financial Lead, Children and Families),

Apologies: Michael Flanagan, Councillor Stone Joshua Rowe, Cath Baggaley

SF/18/9. Minutes

Noting that the meeting that had been scheduled for 16 July 2018 had not been quorate, the minutes of the meeting that took place on 18 June 2018 were resubmitted for consideration as a correct record. Saeeda Ishaq highlighted that her attendance had not been recorded for the June meeting.

In addition, a note of the non-quorate meeting was also submitted for consideration although no formal business was transacted nor any decisions made at that meeting.

Decision

1. To agree the minutes of the meeting held on 18 June 2018 as a correct subject to the amendment above.
2. To note the record of the meeting that was not quorate on 16 July 2018.

SF/18/10. Dedicated Schools Grant pressures and plan for recovery

The Forum considered a report of the Directorate Finance Lead – Children's and Education which set out the current position on the centrally held Dedicated Schools Grant (DSG) provisional outturn for 2018/19. Within this report was also the expected financial position with regard to the DSG in 2019/20 onwards.

It was explained that the forecast year end position on the centrally retained DSG was a net overspend of £2.9m which was largely due to ongoing pressures in the High Needs Block which had been well recognised at local level by the Forum and at national level by the Department for Education (DfE).

The Directorate Lead: Children and Families Finance referred to the main points and themes within the report which included:

- an explanation and breakdown of the High needs block overspend. The forecast was estimated to be £2.9M (2018/19) and £2.4M (2019/20) based on current trends and expected DSG grant allocations
- an overview of the factors that have contributed to the Early Years Block shortfall
- a summary of recovery proposals to bring the High Needs Block back into balance which included:
 - a proposal to transfer 0.5% of funds from the DSG's Schools Block (2019/20) to the High Needs block (2019/20) in order to address the funding shortfall following consultation with Local Authority maintained schools and Academies. Within this discussion the report made reference to the DfE's Teachers Pay Grant 2018/19 and 2019/20, Free School Meal eligibility and transitional grant protection funding for the roll out of Universal Credit as potential sources of mitigation.
 - a review of Out of City Residential placements
 - a review of commissioned services
 - the execution of a central High Needs Block line by line review
 - Post 16 years de-designation to 25 years

Some of the key points that emerged from consideration of the report were:

- **The growth in the number of pupils in the city who are funded by the High Needs Block.** This growth has taken place at a rate which is greater than the growth that is reflected within the DSG. There had been an increase in the special school pupil population as well as the number of pupils in the city with an EHCP. The growth in this particular population was reflected nationally, although Manchester's rate was found to be at a slightly higher rate. This was attributed in part to population growth and children coming into the city, as well as effectiveness of Manchester Early Years Delivery Model pathway which has led to earlier diagnosis. There was also said to be a disproportionate rate of growth in the number of pupils with an EHCP within the 20 – 25 year age bracket compared to nationally. Officers were continuing to explore the extent to which further efficiencies may be achieved.
- **The impact of the HNB funding shortfall on Pupil Referral Units (PRUs)** and the extent to which all schools are committed to paying the voluntary permanent exclusion levy. The manner in which PRUs are funded was outlined and there was recognition that PRUs, particularly secondary PRUs account for a significant proportion of high needs funding. It was asserted that there should be recognition that the resource is called upon to a different extent by different

schools with some schools drawing from that resource disproportionately, which it was felt in itself was worthy of analysis.

- The **impact of the deficit on schools that are 'more inclusive'**: some members felt that schools who embraced a more inclusive approach in an attempt to reduce the number of permanent exclusions and meet the needs of those pupils would be doubly penalised by the lack of funding.
- There was an Early Years Block funding reduction due to schools being unable to utilise the **full- time working parents offer**. Officers felt that this was more due to under-claiming of the offer as opposed to under-delivery of the offer. Ultimately, £1.5M would be 'clawed back'. Some members commented that primary schools are already supporting very disadvantaged children in the 30 hour provision without proper staffing or proper funding.
- There was a **lack of clarity about the funding clawback mechanism following permanent exclusion from Academies**.
- The **extent to which other options to manage the HNB deficit had been explored**, including whether the shortfall may again be addressed through the allocation of funding from Council resources. Officers felt that the likelihood of securing funding from Council resources was doubtful in light of the cumulative impact of ongoing pressures on the Council budget and the a projected overspend on which proposal were being developed. It was emphasised that ultimately a decision of that nature had a political basis.

Discussions then turned to what was described by members of the Forum as the national issue of chronic underfunding of schools and the stark situation they faced in terms of budget pressures in trying to hold together basic services. They spoke about the need for an open and frank discussion about the root causes of underfunding as well as the impact in real terms on schools. Members felt that more should be done to report that schools are in crisis as a result and that this was neither due to mismanagement nor profligacy and that this should be raised with the DfE.

- Some members felt that the **proposal to top slice 0.5%** would take money that was now desperately needed by schools. They felt that this was potentially very detrimental to schools and may potentially precipitate higher level spending for specialist places. Members also asked how a decision to top slice at 0.5% would impact on the Minimum Funding Guarantee (MFG). Officers explained that if the Forum gave its approval to top slice at 0.5% the Forum would also be asked to set the MFG to 0%.
- Some members felt that the report's **narrative around protection from mitigating factors** was over simplistic and misleading and was not an effective means to shore up school budgets. Some members of the Forum felt that although schools had received confirmation of **transitional grant protection for the roll out of Universal Credit**, the Scheme was not yet in place therefore the level protection had not yet been fully established. It was also felt that the level of protection within the **Teachers Pay Grant** was not

clear cut and at best would proffer protection in part only.

- Mitigation to be achieved through **Free School Meal eligibility** - Members described huge pressures on schools and their administrative staff to chase up parents and help them with the paperwork. Whilst it was acknowledged that there may be some underreporting in terms of eligibility it was felt to be an administrative and financial burden on schools and parents and the process was not always clear cut. Additionally some members felt that whilst the number of pupils who were eligible for Pupil Premium funding would influence budget share, it was simply 'carve up' funds that had been allocated through the deficient DSG. Officers responded that according to their findings view schools were under-reporting and that they were seeking to raise awareness in schools in terms of how they might pursue more income.

Discussion then moved to the matter of reserves. At the last scheduled meeting of the Forum the Forum had been asked to take a report entitled '**Analysis of Excessive School Balances to consider the annual analysis**' of reserves review across Manchester's maintained schools (where the revenue balance met the agreed criteria to be deemed 'excessive'). The Forum had been asked for their opinion on whether a clawback mechanism should be implemented, however as that meeting was not quorate, no formal business was transacted and no decisions made. Members of the Forum had asked why the business for the last meeting had not been resubmitted to today's meeting as a matter of procedure. Officers explained that the necessary delegations were in place for the LA to implement the clawback under the Scheme of Finance for Schools if they are deemed to be uncommitted without having formally consulted the Forum. Consequently all LA maintained schools had been contacted about this. The Forum noted that there was no requirement on Academies to report their excess balances and discussions then turned to the importance of managing excessive balances in a fair and consistent way across the sectors. There was, however, recognition that the clawback in itself would not solve the deficit within the DSG.

Decisions

1. To note the 2018/19 DSG budget monitoring position and the anticipated deficit position.
2. To note the plan for funding to address the high needs deficit and the need to consider the options as set out in this report.
3. To await feedback on the consultation with Manchester schools.