



Schools Forum

Date: Monday, 18 March 2019

Time: 4.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

Everyone is welcome to attend this committee meeting.

Access to the Council Antechamber

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

Membership of the Schools Forum

Secondary Sector Headteachers (1) Gillian Houghton

Secondary Sector Governors (1) vacancy

Primary Sector Headteachers (4) Patricia Adams, Mike Cooke, Sarah Navin, Saeeda Ishaq

Primary Sector Governors (4) Brendon Jones, Nichola Davidge, Tony Daly, Michael Flanagan

Special School Headteachers (1) Alan Braven

Special School Governor (1) Walid Omara

Academy Representative (6) Elizabeth Fritchley, Andy Park, Emma Merva, Ian Fenn, Joshua Rowe, Micheal Carson

Pupil Referral Unit Representative (1) Helen McAndrew

Nursery School Representative (1) Joanne Fenton

Non-School Members (9) Isobel Booter, Councillor Stone, Cath Baggaley, John Morgan, Elizabeth Cummings, Antonio de Paola

Agenda

1. **Election of Chair of Vice Chair**
2. **Urgent Business**
To consider any items which the Chair has agreed to have submitted as urgent
3. **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
4. **Minutes** 5 - 8
To approve as a correct record the minutes of the meeting held on 14 January 2019
5. **Exclusions - Individual School Budget Exclusions** 9 - 16
6. **Scheme for Financing Schools** 17 - 24
7. **Dedicated Schools Grant Budget Monitoring** 25 - 30
8. **Schools Forum Constitution 2019** 31 - 42

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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This agenda was issued on **Wednesday, 13 March 2019** 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 Schools Forum

Minutes of the meeting held on 14 January 2019

Present:

Secondary Sector Headteachers: -

Secondary Sector Governors: - vacancy

Primary Sector Headteachers: Mike Cooke, Patricia Adams, Saeeda Ishfaq

Primary Sector Governors: Nichola Davidge, Tony Daly

Special School Headteachers: Alan Braven

Special School Governor: -

Academy Representatives: Elizabeth Fritchley, Emma Merva, Ian Fenn, Joshua Rowe, Michael Carson

Pupil Referral Unit Representative: -

Nursery School Representative: - Joanne Fenton

Non-school members: Councillor Stone, Isobel Booler, Cath Baggaley

Council Officers: Amanda Corcoran (Director of Education), Reena Kohli, (Directorate Financial Lead, Children and Families), Anne Summerfield (Principal Finance Officer – Schools)

Apologies: Gillian Houghton, Sarah Navin, Michael Flanagan Walid Omara, Elizabeth Cummings

SF/19/01 Minutes

Elizabeth Fritchley and Saeeda Ishfaq stated that their apologies for the previous meeting had not been recorded.

In considering minute **SF/18/11**, there was a discussion about actions that had taken place since the matter was formally considered. The Chair reiterated the predicament posed by the retention of uncommitted excess balances when seeking to lobby central government about what was described as the continued underfunding of schools. It was then explained that officers had been asked to review the Local Authority's existing clawback mechanism for maintained schools with a view to improving equity and fairness in the process. This would be brought back to a future meeting of the Forum for comment with a view to formal endorsement prior to consultation with schools.

Decision

To agree the minutes of the meeting held on 19 November 2018 as a correct subject to the amendments concerning attendance above.

SF/19/02 Dedicated Schools Grant 2019/20

The Forum considered a report of the Directorate Finance Lead – Children and Schools which confirmed the city's Dedicated Schools Grant (DSG) funding 2019/20 allocation which had been announced by the Department for Education (DfE) on 16

December 2018.

The Directorate Finance Lead – Children and Schools introduced the report across its main themes. She advised that Manchester's **DSG settlement for 2019/20 was £530.06M** with the Schools Block receiving £409.07M, the Central Schools Services Block (CSSB) receiving £3.657M, the High Needs Block (HNB) receiving £76.498M and the Early Years Block (EYB) receiving £76.498M. An overview of the purpose of each block and an explanation of how the associated amounts had been calculated was also provided. It was explained that the settlement had increased by approximately £11.5M due to pupil number increases, predominantly in the secondary sector. There had been a reduction in the Central Schools Block allocation due to the transfer of PFI funding so that the funding was no longer centrally retained.

An **increase of £3.12M in HNB** was reported, the majority of which was attributable to an increased number of pupils in the city. £1.28M of that figure was described as additional money for the block. The increased amount would be allocated to the HNB for the next two consecutive financial years to offset ongoing pressures.

There was a discussion about the growth in pupil numbers and whether there had been any analysis with regard to the implication on budgets. The Director of Education said that whilst there had been a recent reduction in the number of Reception pupils but there had been no slowdown in the number of in-year arrivals. Discussions turned to the impact of the building of new homes in the city. It was explained that this was a complex and ongoing area of work which involved input from colleagues in numerous areas of the Council. Officers were seeking to determine phased completion dates and expectations on yield of new families. Additionally, other factors (such as Brexit) were also being taken into consideration to determine likely negative impacts on pupil numbers. The Forum was asked to note that the **funding for the two, three and four year old offer** would not be disclosed until June 2019 and June 2020

The Forum was asked to note that EYB funding was adjusted in-year based on January census figures but current indications were that the figure to be receive will be just under £41M. This was slightly less than the previous financial year because of the **lower than anticipated take up of the 15 hours for three and four year old offer**, by the DfE. Additionally, the allocation had been realigned for the next financial based on current levels of take up. A further update on this would be brought to the Forum early in the next financial year when the figure is finalised. It was emphasised that it could lead to further reductions if the codes from parents were not received.

In its consideration of the **Schools Block**, the Forum was invited to note that in order to ensure that Manchester schools see the 0.5% pupil led element increase, a 0.5% increase had been applied to the unit values of the parts of the formula that are pupil driven. Emphasis was given to the allocation of additional funding of £2.4M for the High Needs Block which meant that the Local Authority's would not seek to transfer of up to 0.5% from the Schools Block (SB) during 2019/20. A member asserted that the increase of just 0.5% fell well short of actual requirements.

With regard to the **Minimum Funding Guarantee (MFG)** the Directorate Finance Lead – Children and Schools explained that in order to ensure that the MFG protection and formula is affordable, some schools would have their budget gains capped. This would only be applied to the extent that it offset the cost of the MFG and it must be applied on the same basis to all schools. Therefore, capping would be applied at 0% and would ensure that all schools in the city would see a 0.5% increase before adjusting for changes in pupil characteristics and pupil numbers. It was noted that due to existing funding pressures within the block, the 0.5% increase would not apply to special schools. It was explained that this was due to a significant number of special schools having uncommitted excess balances. A member asserted that not all special schools had excess balances and in such circumstances those schools were having to take difficult decisions in relation to either reducing staff or reducing the offer. The Directorate Finance Lead – Children and Schools said that she planned to propose a review of special school budgets at a forthcoming meeting with special school heads in recognition of the pressures faced within that sector. It was acknowledged that the lack of funding that had been allocated for high needs by central government.

It was reported that funding for **Central School Services Block** was broadly in line with expectations.

There had been an increase in **High Needs Block** funding of £3.12M which would largely to be spent on special school expansions / place values within that sector. It was also anticipated that there would be an additional spend relating to pupils with EHCPs because of the city's population increase. It was anticipated that there would be a £1M pressure in this block which would lead to the need for further efficiencies that would most likely focus on non-statutory services

No change was reported for the **Early Year Block**.

A member asked whether the **Growth Fund** values would change next year. The Directorate Finance Lead – Children and Schools explained that whilst the total amount the city received had reduced because of the changed way in which the DfE allocated funding, the Local Authority had no plans to reduce the unit values that are paid to schools that have been expanded.

Decisions

1. To note the Dedicated Schools Grant settlement for the 2019/20 financial period.
2. To note the additional High Needs Block (HNB) funding within the Dedicated Schools Grant 2019/20 allocation meaning that the Local Authority would no longer to seek to transfer funds from the Schools Block to support the HNB during that period.
3. To note the intention to set the Minimum Funding Guarantee to 0.5% and cap at 0% to allow all Manchester schools see a 0.5% increase in the pupil element of the budget.
4. To note that notice of the adjustment to funding levels for the two, three and four year old offer will be received in June 2019 and June 2020.
5. To note the funding formula for 1410 places in line with DfE guidance for new

and growing schools and the intention to fund an additional 955 in year pupil places in schools that are expanding.

6. To note the intention to create an additional 100 special school places and 10 resource school places.

Manchester City Council**Report for Resolution****Report to:** Schools Forum**Subject:** Exclusions Individual School Budget Deductions**Report of:** Directorate Finance Lead – Children’s and Schools

Summary

Where a pupil is permanently excluded from a school maintained by the Council (other than a special school, pupil referral unit or from a place which the authority have reserved for children with special educational needs) the Council must re-determine the excluding school’s budget share in accordance with The School Finance (England) Regulations 2018. Academies and Free Schools are covered by the same policy under formal agreement with the Council, as per their Master Funding Agreement.

Currently Manchester re-determines the per pupil basic entitlement. It is proposed when a pupil is permanently excluded the Council reduces its budget share by the amount of funding attributable to a pupil with similar characteristics to the excluded pupil. The adjustment is calculated pro rata to the number of weeks remaining in the funding period and takes into account any financial adjustment order made by a review panel.

Recommendations

Schools Forum is asked to note the intention to reduce an excluding school’s budget share by the amount of funding attributable to a pupil with similar characteristics to the excluded pupil. Schools will be notified of this planned change and will be asked for comments, the responses will be provided to Schools Forum at a later date.

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Background documents (available for public inspection):

None

1. INTRODUCTION

- 1.1 Where a pupil is permanently excluded from a school maintained by the Council (other than a special school, pupil referral unit or from a place which the authority have reserved for children with special educational needs) the Council must re-determine the excluding school's budget share in accordance with The School Finance (England) Regulations 2018. Academies and Free Schools are covered by the same policy under formal agreement with the Council, as per their Master Funding Agreement.

2. PERMANENT EXCLUSIONS

- 2.1 At present the excluding school's per pupil basic entitlement funding is deducted from the school's budget share and passed back to the Council . The Council uses this funding to support the funding for Alternative Provision for the child. The amount of per pupil basic entitlement deducted is on a pro-rata basis, from the relevant date (6th school day following the date of permanent exclusion) over the remaining weeks in the financial year.

The formula is as follows: $A \times (B / 52 \text{ weeks}) = C$

- **A** is the £ basic entitlement
- **B** is the number of complete weeks remaining in the financial year calculated from the 'relevant date'. Or, if the exclusion takes effect between 1 April to 31 August (inclusive) and pupils of the same age group as the pupil in question normally leave the school prior to being admitted to secondary school, then it is adjusted for the number of complete weeks remaining in that school year
- **C** is the amount of the adjustment made to the school's budget share under a financial adjustment order.

2.3 Table one: Basic Entitlement Amounts Per Pupil 2019/20

Basic Entitlement	£
Key Stages One and Two	3,151.28
Key Stage Three	4,171.40
Key Stage Four	4,792.57

- 2.4 It is intention that from 2019/20, the calculation for re-determining the excluding school's budget allocation for that particular pupil be based on the funding that a pupil of the same age and personal circumstances (as the pupil in question) would have received through the Council's local funding formula and Pupil Premium for the relevant financial year. The proposal is that the calculation for re-determining the budget allocation would be based on the individual school's per pupil unit value (table two below shows the average unit value by sector) rather than the basic entitlement, for the weeks remaining in the financial year. The change proposed is in line with the Department of Education (DfE) operational guidance. The current funding mechanism for permanently excluded (PE) pupils will continue until a decision is taken to update this.

Table two: Average Unit Value Per Pupil by sector

Sector	2019/20 Average Unit Value (incl. pupil led characteristics) £	2019/20 Pupil Premium £
Primary	4,110	1,320
Secondary	5,736	935

- 2.5 The regulations stipulate that academies are to be treated in the same way as maintained schools regardless of their different financial year, or that actual pupil numbers can be used instead of lagged pupil numbers in school budget calculations in certain circumstances. The basis on which the Education Funding Skills Agency fund an individual academy will not, therefore, be taken into account in the calculation of exclusion charges. If the academy did not restore funding through the exclusion charge, all DSG funding to support the education of the excluded pupil in the following financial year would be lost.
- 2.6 Schools Forum is asked to consider this arrangement in respect of school's financial obligations towards pupils excluded from schools.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 Schools Forum is asked to note the intention to reduce an excluding school's budget share by the amount of funding attributable to a pupil with similar characteristics to the excluded pupil. Schools will be notified of this planned change and will be asked for comments, the responses will be provided to Schools Forum at a later date.

APPENDIX 1: Operational Revenue Guidance

Redetermination of budgets where pupils have been excluded

79. Where pupils are excluded, funding should flow in-year from the school that has excluded the pupil to the provision that takes responsibility for the pupil.

79.1. If a school subsequently admits a pupil who has been permanently excluded during that financial year, it should then receive additional funding.

79.2. The provisions here also apply to pupils who leave a mainstream school for reasons other than permanent exclusion, and are receiving education funded by the local authority, other than at a school.

79.3. The provisions also act independently of whether a particular pupil has been on the census in the first place, and whether the school has received funding for them. Deductions from the excluding school's budget

80. The finance regulations apply specifically to mainstream maintained schools.

80.1. When a pupil is excluded from a mainstream maintained school, the local authority must deduct from the school's budget in-year the amount within the formula relating to the age and personal circumstances of that pupil, pro rata to the number of complete weeks remaining in the financial year from the 'relevant date'.

80.2. This means the deduction should cover not just the basic entitlement, but also the relevant amounts for pupil-led factors, such as free school meals or English as an additional language, where the pupil attracted funding through those criteria.

80.3. Where the pupil is funded according to the post-16 formula, the amount attributable to the pupil is £4,000.

80.4. The 'relevant date' is the sixth school day following the date of permanent exclusion.

81. The following worked example demonstrates how the deduction from the excluding school's budget should be calculated, where the 'relevant date' is 1 October (26 weeks remaining in the financial year):

Funding formula factor	
Amount	
Basic entitlement	£4,000
Free school meals	£500
English as an additional language	£300
Sub-total	£4,800
32	
Funding formula factor	
Amount	
Pro-rata total for 26 weeks	£2,400
Deduction from excluding school's budget	£2,400

Table 8: Example of calculating the deduction from a school's budget for a pupil excluded in-year.

82. The only exception to using the number of weeks remaining in the financial year is where the exclusion takes place after 1 April, in a school year where the pupil would normally have left at the end of that school year.

82.1. In that case, the calculation is based just on the number of weeks left until the end of the school year.

83. Where the excluded pupil is eligible for the pupil premium, the budget must be adjusted on the same basis as the calculations above.

84. The deduction should also include the amount of a Financial Adjustment Order as made under regulation 25(5)(b) of the School Discipline (Pupil Exclusions and Reviews) (England) Regulations 2012, where this is relevant.

85. The adjustment for a particular exclusion relates only to the current financial year, and cannot be applied to subsequent years. Additions to the admitting school's budget

86. Where a mainstream maintained school admits a pupil who has previously been permanently excluded, then the authority must increase the school's budget in-year.

86.1. The increase must be at least the amount of the deduction taken off the excluding school, multiplied by the number of complete weeks remaining in the financial year, and divided by the number of complete weeks remaining in the financial year from the 'relevant date'.

87. In the example above, if a school then admitted the pupil from 1 January, this is with 13 weeks of the financial year remaining. As this is half the 26 weeks originally remaining, the admitting school should have its budget increased by at least £1,200.

88. Where the pupil is eligible for the pupil premium, the same principles apply as set out above.

89. The principles also apply where the school's governing body subsequently reinstates a permanently excluded pupil. 33

90. The increase can also include an amount up to the amount of the Financial Adjustment Order where this was applied to the excluding school.

Academies

91. Most academies have provisions in their funding agreement that require the same adjustments to their budgets if requested to do so by their local authority. The wording in model funding agreements states: "If asked to by a local authority, the academy trust must enter into an agreement with that local authority that has the effect that where: • the academy admits a pupil who has been permanently excluded from a maintained school, the academy itself, or another academy with which the local authority has a similar agreement; or • the academy trust permanently excludes a pupil from the academy the arrangements for payment will be the same as if the academy were a maintained school, under regulations made under section 47 of the School Standards and Framework Act 1998."

92. As the wording relates to the finance regulations, the adjustments should also relate to the local authority financial year; local authorities can change this to the academy financial year, by local agreement.

93. Some of the oldest academies do not have any provisions in their funding agreement. In these situations, any adjustments would have to be by agreement between the local authority and academy.

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**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Excessive Schools Balances Mechanism

Report of: Directorate Finance Lead Children's and Schools

Summary

In July and November 2018, Schools Forum was provided with detailed analysis of schools' excessive balances, which has increased by £2.1m between 2016/17 and 2017/18. Manchester's increasing level of school balances does not support the City's case for sufficient funding for additional need following the full implementation of the national funding reforms, scheduled 2020/21 onwards.

Currently Schools Forum has the right to clawback excess balances under the Scheme of Finance for Schools if they are not deemed to be properly assigned. During the autumn the Council established if individual school excessive balances have been properly assigned. Where resources could not be proven to have been properly assigned clawback of funds was considered. Two schools with excessive balances have voluntarily returned £0.779m back to the Council within the financial year.

At January 2019 Schools Forum requested that the Council reviews the current mechanism and propose revisions to improve its effectiveness in reducing excessive surplus balances. This report seeks Schools Forum comments on a proposed revision to the excessive surplus balance control mechanism and recommends consultation with Manchester maintained schools.

Recommendations

All School Forum members are asked to provide comment on the proposed change to the balance control mechanism prior to consultation with maintained schools.

Contact Officers:

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Background Papers

The documents listed overleaf 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.

19th November Schools Forum - Schools Balances Report
16th July Schools Forum - Analysis of Excessive School Balances
14th May Schools Forum - Dedicated Schools Grant and School Balances 2017/18 –
Outturn Report

1. INTRODUCTION

- 1.1 Annually an analysis of schools' reserves is completed for each maintained school that has an excessive surplus balance. 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.
- 1.2 In July and November 2018, Schools Forum was provided with detailed analysis of schools' excessive balances, which has increased by £2.1m between 2016/17 and 2017/18. Manchester's increasing level of school balances does not support the City's case for sufficient funding for additional need following the full implementation of the national funding reforms, scheduled 2020/21 onwards.
- 1.3 At January 2019 Schools Forum requested that the Council reviews the current mechanism and propose revisions to improve its effectiveness in reducing excessive surplus balances. This report seeks Schools Forum comments on a proposed revision to the excessive surplus balance control mechanism and recommends consultation with Manchester maintained schools.
- 1.4 Manchester's current balance mechanism is provided in Appendix One of this report.

2. SCHOOL BALANCES

- 2.1 Manchester maintained schools are projecting an overall revenue surplus balance of £16.97m and capital balance of £0.9m at quarter three. This includes six schools that are reporting deficits.
- 2.2 Many schools are predicting a deficit or low balance by year three of the multi-year budgeting. In the future the Council will request multi-year approved budgets with underlying assumptions on what they have used in preparing their budgets. This will enable the Council to identify and support schools with financial issues sooner.
- 2.3 The Council is also working with the Department for Education who have devised a School Efficiency Tool, this provides a range of key indicators, both financial and performance related.
- 2.4 Actions taken by the Council at the moment to support financial resilience and better planning include:
- Support and challenge board.
 - Regular briefings/updates at head teachers, school business managers & governors conferences.
 - Detailed budget guidance document going out to schools with their indicative budgets, to support with budget planning.
 - Where a school is causing significant concern the Council have parachuted an experienced business manager in to support and resolve issues.
 - Part of the welcome pack for head teachers includes a schedule of financial tasks which the head teacher needs to have an oversight of.
 - There is continuous communication with finance, quality assurance and audit, although formal Assurance meetings are planned to be rescheduled.
- Continuously improving the good relationship with schools and their budget

officers.

- 2.5 Based on the latest information provided by schools it is projected at 2018/19 financial year end 52 schools will have a revenue and capital balance above the allowable threshold.

Table one: Balances

	Projected 2018/19 year-end Number of Schools	2017/18 Number of Schools
Deficit	6	2
Allowable surplus balance threshold	57	47
Category A Above 8% (or 5% for secondary) -14%	38	41
Category B 15-19%	6	11
Category C 20-29%	5	10
Category D 30% and over	3	8
Total	115	119

- 2.6 When comparing budget monitoring information provided by individual schools and actual year-end it can be seen historically schools are cautious and can under-project the level of their balances in-year. Given this it is anticipated that surplus balances will be higher than the £17.87m reported to the Council at the end of quarter three.
- 2.7 Schools Forum is asked to note that of the schools with the highest level of balances, 14 were in an excessive balance position for more than 2 years. One Manchester primary school was in the top 10 highest balances nationally and seven primaries were in the highest (revenue) balances in the North West.
- 2.8 The DfE published 2016/17 academy revenue balances information in July 2018, the information can be found by using the link below:

<https://www.gov.uk/government/statistics/academy-trusts-with-a-revenue-surplus-or-deficit-2016-to-2017>

- 2.9 This link above does not provide data for individual academies but provides summaries on the proportion that are in surplus and deficit.

3. PROPOSED REVISION TO THE BALANCE CONTROL MECHANISM

- 3.1 The allowable threshold for surplus balances is 8% of the budget share of individual Primary, Special or Nursery schools and 5% of the budget share for Secondary. Anything above this threshold is subject to clawback by the Council. Under the current mechanism the Council allows deductions from the excessive surplus balance for any sum which the governing body has declared to be assigned to specific purposes permitted by the Council. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question,

without the consent of the Council.

- 3.2 A large number of schools with larger balances have stated that their balance is retained for capital works or earmarking balances to sustain their staffing levels post implementation of the funding reforms. All these balances were built up over a period of more than two years. Schools should not be building high balances for capital works. Effective and planned use of resources is where the funding schools receive is spent on the children currently in the school. The Council can provide capital loans to schools seeking to finance a capital project scheme which the school cannot fully fund from its own or other resources.
- 3.3 The management of the current mechanism is resource intensive for schools, Schools Forum and the Council and has not been effective in reducing excessive surplus balances. One area of particular difficulty is in relation to identifying 'committed' and 'uncommitted' balances.
- 3.4 The proposed change to the mechanism is for the Council to clawback of balances above the allowable threshold that have been held for more than 2 years. It is proposed that the change apply to balances as of the 31 March 2019 and is phased 50% for 2018/19 excessive surplus balances (to be reviewed in 2019/20) and 100% for 2019/20 excessive surplus balances (to be reviewed in 2020/21).
- 3.5 A revision to the balance control mechanism in the Scheme for Financing Schools requires consultation with the maintained schools within Manchester, before final ratification by Schools Forum. It is proposed that briefings are held with representative groups of governors and schools staff to provide an update on balances and any changes to the scheme.

4. RECOMMENDATIONS

- 4.1 All School Forum members are asked to provide comment on the proposed change to the balance control mechanism prior to consultation with maintained schools.

Appendix One

MANCHESTER'S BALANCE CONTROL MECHANISM

- 1.0 Section 4.2 of the Scheme for Financing Schools stipulates that schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year. School balances are part of the City Council's general reserves and may be used to support the overall financial requirement of the City Council but subject to the absolute undertaking that the balances will always be available for the use of school governing bodies when required.
- 1.1 Surplus balances held by schools, as permitted under this scheme, are subject to the following restrictions with effect from 1 April 2007:
- a) The Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
 - b) The Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
 - c) The Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority as listed at Annex D of the scheme, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
 - d) **If the result of steps a-c is a sum greater than whichever is the greater of 5% of the current year's budget share (secondary schools) or 8% (primary and special schools), or £10,000 (where that is greater than either percentage threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.**
- 1.5 For schools that hold balances greater than the Authority's recommended guideline the Authority shall be empowered to deduct from the current year's budget share a percentage of the excess surplus balances (clawback) as agreed following consultation with Manchester's Schools Forum.
- 1.6 The Council has applied the balance control mechanism to all balances and all schools deemed to have an excess balance have confirmed that the balances are held for a specific purpose(s). However, a number of schools have been holding excessive balances for a number of years. In order to establish whether the balance is properly

assigned or not the Council has:

- gathered / requested further confirmation in the autumn term timelines associated with planned spend;
- looked at school outcomes where the budget has not been spent on improving outcomes.

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**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Scheme for Financing Schools

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

Summary

The Scheme for Financing Schools sets out the financial relationship between the Council and the schools it maintains. Any changes to the Scheme need to be agreed by members of the Schools Forum representing maintained schools. Schools Forum is presented with a series of proposed changes following an officer’s review of the current Scheme compared to the model Scheme provided to the Council by the Department for Education.

Recommendations

The Scheme sets out the principles underlying the funding of schools, and the basis for the financial relationship between maintained schools in Manchester and the Council. The proposed revisions reflect statutory changes and changes to the DfE guidance on schemes for financing schools effective from April 2019. The revisions also include changes to ensure the Scheme reflects current practices and desired ways of working. The Council will keep the Scheme under review and stakeholders are invited to comment on the Scheme at any time to the Council.

Forum is asked to comment and note that the consultation will be shortly launched. The responses on the consultation will be brought back to Forum in May 2019.

Contact Officers:

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Background documents (available for public inspection):

None.

1. INTRODUCTION

- 1.1 Members of Forum representing schools maintained by Manchester Council are asked to agree changes to the Scheme. These relate to changes in budget submission requirements for maintained schools, changes to update text as set out in Appendix one of this report.
- 1.2 A consultation will be launched on the proposed changes to the scheme in a report. Results of the consultation will be brought back to Forum before any changes are made and ratified by Forum.

2. SCHEME FOR FINANCING SCHOOLS CHANGES

- 2.1 The Scheme for Financing Schools sets out the financial relationship between the Authority and the schools it maintains.
- 2.2 Regulations require that any changes to the Scheme are approved by members of School Forum representing maintained schools. Maintained Schools Forum members are asked to comment on the proposed changes.
- 2.3 Following a review of the Scheme, the Council plans to consult on:
- changing the requirement for schools to submit a budget with underlying assumptions by the 30th June and a financial forecast for the following two years.
 - making a number of changes to remove obsolete text, align the Scheme with the DfE outline Scheme and update roles and references to legislation or regulations.
 - loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.
 - cash advances and not loans will be used as a means of ensuring a school has sufficient funds where it has arisen because a school's recurrent costs exceed current income.

3. CONSULTATION

- 3.1 The proposed changes to text are set out in the table one. A full proposed Scheme will also published alongside the consultation. The Consultation will open on 19th March 2018 and closed on 30th April 2019. It will be sent directly to maintained Head Teachers. Responses need to be sent to finance4schools@manchester.gov.uk. If there are any queries please contact finance4schools@manchester.gov.uk. The proposed revised scheme will incorporate the new excessive schools balances mechanism, which is being discussed in another paper (Item 5) in the agenda.
- 3.2 A report on the consultation responses will be given to Schools Forum on the 13th May 2019. The updated scheme will come into effect after this meeting.

4. **RECOMMENDATIONS**

- 4.1 The scheme sets out the principles underlying the funding of schools, and the basis for the financial relationship between maintained schools in Manchester and the Authority. The proposed revisions reflect statutory changes and changes to the DfE guidance on Council schemes for financing schools effective from April 2019. The revisions also include changes to ensure the scheme reflects current practices and desired ways of working. The Authority will keep the scheme under review and stakeholders are invited to comment on the scheme at any time to the Council.
- 4.2 Forum is asked to comment and note that the consultation will be shortly launched. The responses on the consultation will be brought back to Forum in May 2019.

Appendix one

	Paragraph of Scheme	Reason for Change	Change	Financial Impact
1	Throughout document	Update	Update of Director of Education Services title and other MCC roles	None
2	Throughout document	Update	Update to website links and statutory guidance	None
3	2.3	Revision	Require schools to submit multi-year budget plans and to underlying assumptions on which financial plans were based.	None
4	2.9	Directed Revision and clarification	Register of business interest. DfE directed revision requires schools register to include: Details of any other educational establishments that the head teacher they govern. Any relationships between school staff and members of the governing body.	None
5	2.10.1	Clarification	Application of contracts to schools outlining that governing bodies are empowered to enter into contracts, but in most cases do so on behalf of the Local Authority.	None
6	3.2	Revision	A number of schools have requested school budget share payments are made in 12 equal instalments at the start of the month. Currently the first instalments is 10.405% and then 8.145% for the remaining 11 payments, The consultation seeks schools view on changing the payment profile to 12	None

			equal instalments.	
7	3.6	Directed Revision and clarification	Update to add that Salix loans are permissible (alignment with DfE outline Scheme)	None
8	4.9	Directed Revision	<p>Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.</p> <p>Cash advances and not loans will be used as a means of ensuring a school has sufficient funds where it has arisen because a school's recurrent costs exceed current income.</p>	None
9	8.3	DfE Proposed Inclusion	<p>Schools will have a month to consider the terms of Service Level Agreements (SLAs).</p> <p>SLAs starting on or after the inception of the scheme will be reviewed at least every three years.</p>	None
10	11.1	DfE Required Inclusion	The costs of individual school staff attending child protection case conferences and other related activity will be met from the school's individual budget.	None
11	13.1	DfE Proposed Inclusion	<p>Responsibility of repairs and maintenance lies with schools via use of delegated budget shares.</p> <p>Capital expenditure is to be retained by authorities.</p>	None

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**Manchester City Council
Report for Resolution**

Report to: Schools Forum – 18 March 2019
Subject: Schools Forum Constitution
Report of: Directorate Finance Lead – Children’s and Schools

Summary

The purpose of this paper is to present to the Schools Funding Forum the Constitution and Procedural Rules of the Forum.

Recommendations

All Schools Forum members are asked to:

- Agree to removing secondary school governor representative and replacing with an additional academy representative, this would better reflect the proportion of children maintained schools and academies.
- Comment and approve the updated constitution.

Contact Officers:

Name: Reena Vandhna Kohli
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Background documents (available for public inspection):

None

1. INTRODUCTION

- 1.1 The purpose of this paper is to present to the Schools Forum the Constitution and Procedural Rules of the Forum.

2. PROPOSED CHANGE

- 2.1 Agree to removing secondary school governor representative and replacing with an additional academy representative, this would better reflect the proportion of children maintained schools and academies.

3. RECOMMENDATIONS

- 3.1 All Schools Forum members are asked to:

Constitution, Membership and Procedural Rules for the Conduct of Meetings 2019

1. Interpretation and Chair's Ruling

- 1.1 These procedural rules apply to all meetings of the Schools Forum.
- 1.2 References in these rules to the Chair include the appointed Vice Chair, or any other member appointed by the Forum to act in their absence.
- 1.3 Any reference in the rules to "Forum" shall apply to any subgroups where appropriate.
- *1.4 These rules are subject to any statute or other enactment whether passed before or after they came into effect.
- 1.5 The ruling of the Chair on the application and interpretation of these rules is final.

2. Suspension of Rules

- *2.1 With the exception of rules marked with an asterisk (*), any rule may be suspended at a meeting, either by a motion included in the agenda, or by a motion put to the meeting without notice and passed by a majority of those members present and voting.

3. Chair and Vice Chair

- *3.1 The Chair and Vice Chair will be elected annually at the second meeting after the start of the academic year. At the end of their term, both the Chair and Vice Chair shall be eligible for re-election.
- *3.2 In the interests of balance, the Forum should try to ensure that the Chair and Vice Chair are drawn from members representing different categories of interest. In addition, the Chair or Vice Chair cannot be an elected member or officer of the Council.
- *3.3 The Chair and Vice Chair shall be elected by a simple majority of the constituent members defined in rule 4.1 present and voting.
- *3.4 If there are an equal number of votes between candidates for the office of Chair or Vice Chair, those candidates will be deemed not to have been elected. The Clerk will then invite further nominations.
- *3.5 In the event of a casual vacancy in the office of Chair or Vice Chair, the Forum should elect a member to fill that vacancy at its next meeting. Any member elected will (subject to rule 4.6) hold office until the date of the meeting at which the Chair or Vice Chair would have held office had the casual vacancy not occurred. This will be subject to the provisions of rule 3.2 above continuing to be observed by such an appointment.

- *3.6 A Chair or Vice Chair shall cease to hold office if (a) they resign their office by written notice given to appointing authority, or (b) ceases to be a member of the Forum.

4. Membership

- *4.1 The Forum shall consist of 29 members to represent the following groups -

- (a) Nine non-school members as appointed by Manchester City Council. This will specifically exclude any Executive member of the Council, and any officer involved with responsibility for strategic resource management.
(To include two union representatives – see paragraph 4.9, one non executive member, one operational senior manager, one Private, Voluntary & Independent sector representative and one 16-19 representative)
- (b) Four members appointed to represent primary school head teachers;
- (c) One member appointed to represent secondary school head teachers
- (d) One member appointed to represent special school head teachers;
- (e) Two members to represent the governing bodies of secondary schools
- (f) Four members appointed to represent the governing bodies of primary schools (*)
- (g) One member appointed to represent the governing bodies of special schools (*)
- (h) Five members to represent academies
- (i) One member appointed to represent the governing bodies of nursery schools
- (j) One member appointed to represent the head teachers of pupil referral units

(*) This excludes Executive Members of the Council who may not be regarded as a schools' member in their capacity of governor of any maintained school.

- 4.2 Manchester City Council will organise the elections for Schools Forum representatives. In doing so, the Council will ensure that all relevant bodies are involved in the election process within the relevant peer groups.
- 4.3 Individuals appointed to be members of the Forum shall hold and vacate office in accordance with their term of appointment which is for a period of 4 years from the date of appointment. Members will then be eligible for re-election. A non-schools' member shall remain in office until they resigns his office or until the relevant authority makes a further appointment to replace him/her or nominate from the relevant body.
- 4.4 Executive members and senior officers with responsibility for resource management are entitled to attend and speak at a Forum meeting.

- 4.5 A member may resign their membership at any time by giving written notice to the Council.
- 4.6 A member must vacate their office where -
- (a) they cease to hold the office by virtue of which they became eligible for appointment to the Forum;
 - (b) their office as a member comes to an end or
 - (c) they resign as a schools' forum member.
- 4.7 A member will be deemed to have vacated their office if they fail to attend Forum meetings on three consecutive occasions without good cause or reason.
- 4.8 The local authority shall invite nominations from the other groups referred to in above and the relevant teacher and non-teaching unions for the two Union representatives, and seek nomination of LA Operational Senior Manager from the Head of Children's Services. The elected member will be appointed annually in May by the Constitutional and Nomination Committee. Rule 5.1 below will apply to these appointments. Non schools' member shall remain in office until they resign their office or until the relevant authority makes a further appointment to replace them or nominate from the relevant body.

5. Substitute And Alternate Members

- *5.1 A member of the Forum may nominate a substitute member to attend meetings of the Forum in their absence. The absence of members of the Forum will however still be deemed to be accountable in accordance with rule **4.7 above**.

6. Clerk

- 6.1 Manchester City Council will appoint an independent clerk to the Forum

7. Notice of Meetings

- *7.1 The dates of meetings will be agreed between the Chair and the local authority, but, subject to rule 7.3 below, they shall comply with any direction in the matter -
- (a) given by the Forum at a previous meeting, or
 - (b) given by the Chair, or in their absence, the Vice Chair, so far as such direction is not inconsistent with any direction given at (a) above.
- 7.2 Every member of the Forum shall be given at least five working days before the date of the meeting:
- (a) written notice of the date, time and place of the meeting
 - (b) a copy of the agenda for the meeting and associated papers.
- 7.3 The Chair may cancel or postpone any meeting, prior to the issue of the

agenda, or subsequently, if there is no business to be transacted.

8. Urgent Business

- 8.1 In the exceptional case where there is a genuine business need for a decision or formal view to be expressed by the Forum before the next scheduled meeting, and it is not possible to call an unscheduled meeting, clearance of proposals will be conducted via e-mail with a formal report then being brought to the next scheduled meeting.

9. Voting

- *9.1 Each member of the Schools Forum will have a single vote. The decisions on proposals presented to the Forum will be determined by a simple majority vote of those members attending and voting (i.e. excluding abstentions). Where there is an equal number of votes for or against a particular proposal, the Chair can exercise a casting vote.
- *9.2 The voting eligibility for members on different decisions is set out in table one below:

Table One:

Schools Members	Academies Members	Non-School Members
<ul style="list-style-type: none"> • Only primary representatives can vote on primary school de-delegation • Only secondary representatives can vote on secondary school de-delegation • All schools members can vote on any other Schools Forum business, including the consultation on the funding formula 	<ul style="list-style-type: none"> • No voting on de-delegation • All academy members can vote on any other Schools Forum business, including the consultation on the funding formula 	<ul style="list-style-type: none"> • No voting on de-delegation • Only PVI representatives can vote on the consultation on the funding formula. • All non-school members can vote on any other business.

- 9.3 The overall vote on the Forum must be recorded in the minutes including details of number of votes for, against and abstaining.

10. Quorum

- *10.1 The meeting will be quorate if at least two fifths of the total membership is present at the meeting. Based on the current membership (25) the meeting will be quorate with 10 members.
- *10.2 If the meeting is inquorate it can proceed only in terms of responding to authority consultation and give views to the authority but cannot legally take

any decisions. This rule also applies if the number of members present falls below the quorum level during the course of a meeting.

- 10.3 If the Forum is required to take a vote on a decision, two fifths of the members that are eligible to vote on that decision must be present at the meeting.

11. Minutes of meetings

- 11.1 The Clerk will prepare the minutes of each meeting as soon as practical after the meeting. The minutes will be submitted for approval as a correct record at the following meeting.

12. Motions without notice

- 12.1 The following motions may be moved without prior notice:
- (a) To appoint a member to Chair the meeting;
 - (b) To approve or correct the minutes of the previous meeting;
 - (c) To change the order of business on the agenda;
 - (d) To withdraw an item from the agenda;
 - (e) To require a member to leave the meeting;
 - (f) To suspend particular rules;
 - (g) To go to the next business item of business. If seconded, the vote will then be taken and if carried the item under discussion will be treated as withdrawn;
 - (h) Put the question immediately to a vote. If seconded, the vote will then be taken and if carried the mover of the original motion shall have a right of reply;
 - (i) To adjourn the meeting. If the motion to adjourn is carried, there will be no right of reply allowed;
 - (g) To exclude the public during considerate and confidential business in accordance with access to information regulations.

13. Conduct at meetings

- 13.1 If the Chair calls the meeting to order, members shall be silent.
- 13.2 If a member behaves improperly or offensively, or deliberately obstructs business, the Chair may direct that member to be silent. If the member continues such behaviour, the Chair may direct either that the member leaves the meeting, or that the meeting be adjourned for a specified period.
- 13.3 If a member of the public interrupts the meeting, the Chair will warn the person concerned. If the interruption continues the Chair may order their removal from the meeting.

14. Public Admission to Meetings

- *14.1 All meetings are open to the public.
- *14.2 Members of the public can be invited to speak at the Chair's discretion.
- *14.3 The public may be excluded from a meeting during the consideration of

confidential business. The reasons for confidentiality must be recorded in the minutes.

15. Interests

- 15.1 A member of the Forum must declare an interest in an individual proposal which directly affects:
- An individual school where they work;
 - an individual school at which their children attend, or
 - An individual decision where in which they might have a prejudicial interest in the decision made. A prejudicial interest is defined as one where the personal interest in an item of business could be perceived as prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard this as so significant that it is likely to prejudice your judgment of the public interest. Where such a declaration is made, a member must withdraw from the meeting and take no part in the decision.

16. Powers and Duties of the Forum

- 16.1 The powers and duties of the Forum and its relationship with Manchester City Council and the Department for Education and Skills are set out in table two.

Table Two – Schools Forum powers and responsibilities

Function	Local Authority	Schools Forum	DfE Role
Formula change (including redistributions)	Proposes and decides	Must be consulted [Voting restrictions to school members] and informs the governing bodies of all consultations	None
Contracts	Propose at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None
Financial issues relating to: arrangements for pupils with special educational needs; arrangements for use of pupil referral units and the education of children otherwise than at school; arrangements for early years provision; administration arrangements for the allocation of central government grants	Consult annually	Gives a view and informs the governing bodies of all consultations	None
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval

Function	Local Authority	Schools Forum	DfE Role
De-delegation for mainstream schools for: contingencies, administration of free school meals, insurance licences/subscriptions, staff costs, facility arrangements, supply cover support for minority ethnic pupils/underachieving groups, behaviour support services, library and museum services	Proposes	Primary and secondary school member representatives will decide for their phase	Will adjudicate where Schools Forum does not agree LA proposal
Central spend on and the criteria for allocating funding from: growth fund (to meet requirements for basic need and infant class size regulations), falling rolls fund for surplus places in good or outstanding schools where a population bulge is expected in 2-3 years.	Proposes	Decides	Adjudicates where Schools Forum does not agree LA proposal
Central spend on: funding for significant pre-16 pupil growth, back-pay for equal pay claims, places in independent schools for non-SEN pupils early years expenditure	Proposes	Decides	Adjudicates where Schools Forum does not agree LA proposal

Function	Local Authority	Schools Forum	DfE Role
Central spend on: admissions, servicing of schools forum	Proposes up to the value committed in 2013-14	Decides for each line	Adjudicates where Schools Forum does not agree LA proposal
Central spend on: capital expenditure funded from revenue contribution to combined budgets, schools budget centrally funded termination of employment costs, schools budget funded prudential borrowing costs, special education needs transport costs	Proposes up to the value committed in 2013/14 and where expenditure has already been committed.	Decides for each line	Adjudicates where Schools Forum does not agree LA proposal
Carry forward a deficit on central expenditure to the next year to be funded from the schools budget	Proposes	Decides	Adjudicates where Schools Forum does not agree LA proposal
Scheme of financial management changes	Proposes and consults the governing body and Head of every School	Approves	Adjudicates where Schools Forum does not agree LA proposal
Membership: length of office of members	Decides	None (but good practice would suggest that they gave a view)	None
Voting procedures	None	Determine voting procedures	None
Chair of Schools Forum	Facilitates	Elects (<i>may not be an elected member of the Council or officer</i>)	None

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