

Schools Forum

Minutes of the meeting held on Monday, 13 May 2019

Secondary Sector Headteachers: - Gillian Houghton

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

Primary Sector Governors: Nichola Davidge, Tony Daly, Michael Flanagan

Special School Headteachers: Alan Braven

Special School Governor: - Walid Omara,

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

Pupil Referral Unit Representative: - Helen McAndrew,

Nursery School Representative: - Joanne Fenton

Non-school members:, Isobel Booter, Cath Baggaley

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

Apologies: Councillor Stone, Andy Park, John Morgan, Hatin Kapacee, Joshua Rowe

SF/18/8. Minutes

Decision

To agree the minutes of the meeting held on 18 March 2019 as a correct record.

SF/18/9. Dedicated Schools Grant and School Balances 2018/19 - Outturn

The Forum considered a report of the Directorate Finance Lead – Children and Schools which discussed the outturn position on school balances as at 31 March 2019 and the final outturn position on the Dedicated Schools Grant (DSG) including the centrally retained DSG.

The provisional outturn for schools was reported as overall revenue surplus of £26.2m, a decrease of £1.4m in the total Schools Balances (Revenue & Capital) held compared to 2017/18. The final position on the centrally retained element of the DSG was an overspend of £1.71m. This was attributable to a High Needs Block overspend in 2018/19 of £2.72m, an Early Years Block overspend of £2.19m and had been offset by an underspend in the Schools Block of £3.15m.

The Forum was asked to note and comment on the maintained school balances as at 2018/19, the DSG deficit balance of £1.71m to be carried forward into 2019/20, in the context of the proposal to transfer 0.5% from Schools Block to the High Needs Block as well as the proposed changes to the Excessive Surplus Balance Mechanism in the Scheme for Financing Schools report.

Current analysis had revealed that across the 48 schools, the surplus balances maintained for more than two years ranged from less than £1,000 to £1.26M. The

Forum was also asked to note that the following analysis under the existing balance control mechanism, the potential clawback of 50% would be £3.224m.

There was a discussion about the extent to which alternatives to transfer 0.5% from the Schools Block had been explored to help fill the deficit. The Directorate Finance Lead – Children and Schools explained that actions proposals to mitigate pressures in the HNB were outlined in item 6 of this meeting's published agenda and urged members of the Forum to note that subject to approval the 0.5% transfer would only be applicable to the financial year 2020/21 and would not be sufficient to fill the deficit in isolation. In addition, any transfer from the Schools Block would be applicable to all schools, local authority maintained, or otherwise.

Decision

1. To note the maintained school balances for 2018/19.
2. To note that the Dedicated School Grant deficit balance to be carried forward into 2019/20.
3. To note the financial impact of the proposed changes to the excessive surplus balance clawback mechanism as part of the Scheme for Financing Schools.
4. To approve the Dedicated Schools Grant deficit balance on central expenditure carried forward to 2019/20 of £1.71m to be recovered through 1) a proposal to begin consultation on transfer of 0.5% from schools block to high needs block (as set out in **SF/19/12**) and 2) a proposed change to the locally managed excess surplus balance mechanism to claw back 50% of all excessive surplus balances held for two years or longer - a further amendment on which will be brought to a future meeting of the Forum (see **SF/19/11**)

SF/18/10. Consultation Outcome for the Changes to the Scheme for Financing Schools

The Forum considered a report of the Directorate Finance Lead – Children and Schools which presented the outcome of a consultation on proposed changes to local Management of the Scheme for Financing Schools. The proposed change to the Scheme was to establish an excess surplus balance mechanism to claw back 50% of all excessive surplus balances that are held for two years or longer.

In light of the Forum's, power to approve changes to the Scheme for Financing Schools, maintained school members were invited to vote on a number of questions concerning the local management of the Scheme. It was noted however that directed revisions by the Department for Education are required to be adopted by Council and schools. The questions are set out below:

- (Q1) Scheme Ref: 2.3 - Require schools to submit multi-year budget plans and underlying assumptions on which financial plans were based.
- (Q2) Scheme Ref: 2.9 - Further detail and clarification required in schools' register of business interests.

- (Q3) Scheme Ref: 2.10.1- 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.
- (Q4) Scheme Ref: 3.2 - Budget share payments should be made in 12 equal instalments throughout the year.
- (Q5) Scheme Ref: 3.6 - Update to clarify Salix Loans are now permissible.
- (Q6) Scheme Ref: 4.2 - The Council to clawback balances above the allowable threshold that have been held for more than 2 years.
- (Q7) Scheme Ref: 4.9 – a DfE directed revision - Cash advances and not loans will be used as a means of ensuring a school has sufficient funds. 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.
- (Q8) Scheme Ref: 8.3 - Schools will have a month to consider the terms of Service Level Agreements (SLAs). SLAs starting on or after the inception of the scheme will be reviewed at least every three years.
- (Q9) Scheme Ref: 11.10 - The costs of individual school staff attending child protection case conferences and other related activity will be met from the school's individual budget.
- (Q10) Scheme Ref: 13.1 - Responsibility of repairs and maintenance lies with schools via use of delegated budget shares. Capital expenditure is to be retained by authorities.

The Forum noted that a consultation across Local Authority maintained schools had been launched which had received 73 responses. The report provided the consultation responses to each of the questions that were circulated in the following style: number of responses received; number in favour; number opposed and a summary of comments.

The Forum took into consideration each of the consultation responses and the Directorate Finance Lead – Children and Schools responded to questions from Forum Members before proceeding to debate each question in turn prior to moving to vote.

There was a lengthy discussion about Q6 (excessive balances clawback mechanism at a rate of 50% for any excessive balance held for over two years). The Forum noted that a strong majority of respondents had not given their support for the mechanism as described in its current form, citing a variety of concerns about the need for cuts, contingency arrangements. It went on to discuss the complex and unpredictable manner in which maintained schools across the sectors are sometimes funded, and how budgets are set and the consequences this may have on school balances at the end of a financial period.

Officers emphasised that the purpose of clawback was to remove the retention of excess balances and thus strengthen Manchester's lobby to central government about appropriate levels of funding for its schools to deliver high quality education, particularly given the intention that the characteristic of 'deprivation' will in future be removed from the Grant. The Forum then discussed the needed for a Scheme which allowed for such factors to be taken into consideration and the importance of fairness in the way the money is recouped and reallocated. There was a consensus amongst

the Forum that a more refined and flexible approach than the one before them was required. Whilst it was acknowledged that a more robust approach that would allow funds to be recouped in an open and transparent way, officers accepted that more work on the mechanism was necessary to bring about a procedure that was able to withstand the nuances and complexities of schools funding arrangements whilst remaining fit for purpose. It was subsequently agreed that an amendment on this particular point would be brought back to a future meeting of the Forum for consideration without the need to repeat a consultation across maintained schools.

Decision

(Q1) Scheme Ref: 2.3 - Require schools to submit multi-year budget plans and underlying assumptions on which financial plans were based.

1. Eligible members of the Forum voted in favour by majority. There was one vote against and no abstentions.

(Q2) Scheme Ref: 2.9 - Further detail and clarification required in schools' register of business interests.

2. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions.

(Q3) Scheme Ref: 2.10.1 - 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.

3. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions.

(Q4) Scheme Ref: 3.2 - Budget share payments should be made in 12 equal instalments throughout the year.

4. Eligible members of the Forum voted in favour by majority. There was one vote against and no abstentions.

(Q5) Scheme Ref: 3.6 - Update to clarify Salix Loans are now permissible.

5. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions.

(Q6) Scheme Ref: 4.2 - The Council to clawback balances above the allowable threshold that have been held for more than 2 years.

6. The Forum voted unanimously to request that officers undertake further work to develop a more detailed clawback mechanism for consideration at a future meeting of the Forum.

(Q7) Scheme Ref: 4.9 – a DfE directed revision - Cash advances and not loans will be used as a means of ensuring a school has sufficient funds. 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.

7. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions

(Q8) Scheme Ref: 8.3 - Schools will have a month to consider the terms of Service Level Agreements (SLAs). SLAs starting on or after the inception of the scheme will be reviewed at least every three years.

8. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions

(Q9) Scheme Ref: 11.10 - The costs of individual school staff attending child protection case conferences and other related activity will be met from the school's individual budget.

9. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions

(Q10) Scheme Ref: 13.1 - Responsibility of repairs and maintenance lies with schools via use of delegated budget shares. Capital expenditure is to be retained by authorities.

10. Eligible members of the Forum voted in favour unanimously. There were no votes against and no abstentions

SF/18/11. Update on Special Educational Needs and Disabilities (SEND) and the High Needs Strategic Review

The Forum considered a report of the Director of Education and Directorate Finance Lead - Children's and Schools which discussed financial implications of current and future pressures within the High Needs Block in the current financial year and 2019/20 onwards. Information on the numbers of children in the city with Special Educational Needs and Disabilities (SEND) compared to national data, spend on SEND provision and outlines the specialist school increases made and planned were also included. The Director of Education introduced the report outlining its key points for consideration. The Forum was asked to note ongoing pressures in the High Needs Block (in essence a projected overspend of £2.7M, despite the allocation of additional funding) and the need to review some of the specialist services and provision to meet need whilst achieving maximum value for money from the Block. The Forum was therefore asked to note recovery options discussed within the report and the intention to begin a consultation on the transfer 0.5% from schools block to High Needs Block in 2020/21.

The Director of Education responded to questions and comments about the level of unit funding and the calculation of real terms funding. The Forum then went on to agree the recommendations.

Decisions

1. To note the pressures on the High Needs Block in the current financial year and 2019/20 onwards.
2. To note the High Needs block recovery options, and the intention to begin consultation on the transfer 0.5% from Schools Block to High Needs Block in 2020/21.

SF/18/12. Schools Forum Constitution 2019

The Forum considered a report of the Directorate Finance Lead – Children and Schools which presented to the Schools Funding Forum the Constitution and Procedural Rules of the Forum. The Forum was invited to note the removal of secondary school governor representative which had been replaced by an additional academy representative. The reason given being that this would better reflect the proportion of children in maintained schools and academies.

Decision

To note the removal of secondary school governor representative and replacement with an additional academy representative