

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.