



NOTTINGHAM CITY COUNCIL
SCHOOLS FORUM

Date: Tuesday, 25 June 2019

Time: 1.45 pm

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham,
NG2 3NG

Members are requested to attend the above meeting to transact the following business

Governance Officer/Clerk to the Forum: Phil Wye **Direct Dial:** 0115 876 4637

AGENDA

Pages

- | | | |
|----------|---|---------|
| 1 | APOLOGIES FOR ABSENCE | |
| 2 | DECLARATIONS OF INTEREST | |
| 3 | MINUTES OF THE LAST MEETING
Minutes of the meeting held on 15 January 2019, for confirmation | 3 - 8 |
| 4 | UPDATE ON INCLUSION PROJECTS
Report of the Director of Education Services | 9 - 16 |
| 5 | UPDATE ON THE CONSULTATION ON THE REVISED SCHEME FOR FINANCING SCHOOLS (FAIR FUNDING SCHEME) AND THE PROPOSED CHANGES TO THE SCHEME.
Report of the Corporate Director for Children and Adults | 17 - 28 |
| 6 | 2018/19 DEDICATED SCHOOLS GRANT OUTTURN REPORT
Joint report of the Corporate Director for Children and Adults and the Chief Finance Officer | 29 - 40 |
| 7 | DATES OF FUTURE MEETINGS
Proposed dates for the 2019/20 academic year:

8 October 2019
3 December 2019
28 January 2020
25 February 2020
28 April 2020
23 June 2020 | |

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER/CLERK TO THE FORUM SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER/CLERK TO THE FORUM SHOWN ABOVE IN ADVANCE.

NOTTINGHAM CITY COUNCIL

SCHOOLS FORUM

MINUTES of the meeting held at LH 2.13 - Loxley House, Station Street, Nottingham, NG2 3NG on 15 January 2019 from 1.49 pm - 2.54 pm

Membership

Present

Judith Kemplay (Chair)
Derek Hobbs (Vice Chair)
Kerrie Henton
David Holdsworth
Andy Jenkins
Janet Molyneux
Mary Prest (as substitute)
Cath Rowell
Debbie Simon
Terry Smith
James Strawbridge
Mark Trimmingham
Bob White

Absent

Maria Artingstoll
Caroline Caille
Stephen McLaren (sent substitute)
David Stewart
Patricia Vladev
Sheena Wheatley

Colleagues, partners and others in attendance:

Kathryn Bouchlaghem	- Early Years Manager
John Dexter	- Director of Education
Julia Holmes	- Senior Commercial Business Partner, Finance
Lucy Juby	- Project Manager, School Organisation
Nick Lee	- Head of Access and Learning
Catherine Smith	- Early Years Programme Manager
Kathryn Stevenson	- Senior Commercial Business Partner (Schools)
Phil Wye	- Governance Officer

17 APOLOGIES FOR ABSENCE

Maria Artingstoll
Caroline Caille
Stephen McLaren
Patricia Vladev
Sheena Wheatley

18 DECLARATIONS OF INTEREST

None.

19 MINUTES OF THE LAST MEETING

The minutes of the meeting held on 9 October 2018 were confirmed as a correct record and signed by the Chair.

20 REVISED MEMBERSHIP AND CONSTITUTION FOR NOTTINGHAM CITY SCHOOLS FORUM

Phil Wye, Clerk to the Schools Forum, introduced the report outlining changes to the membership and constitution in light of a change in the balance between the number of pupils on roll at academies and maintained schools in the city.

Sally Coulton from Ellis Guilford Academy was appointed as a Secondary Academy representative but has subsequently resigned as a Head Teacher and so a new representative will be sought.

The report states that there is one primary academy conversion planned, but this is no longer going ahead meaning that there are now no conversions planned.

RESOLVED to

- (1) note the new numbers of school representatives from maintained mainstream schools and mainstream academies and free schools in each sector;**
- (2) note the appointment of Robert White from NUASt and Cath Rowell from Bluecoat Aspley Academy as new Secondary Academy and Free School representatives;**
- (3) note the appointment of Patricia Vladev from Stanstead Primary School as a new Primary Academy representative;**
- (4) note that there were no nominations for a Special Academy representative and this remains a vacancy on the Forum;**
- (5) note that the Maintained Primary representatives will remain on the Forum until their terms of office are over or if a vacancy arises.**

21 EARLY YEARS SEND FUNDING

Kathryn Stevenson, Senior Commercial Business Partner, introduced the report outlining a proposal for the distribution of a Disability Access Funding (DAF) underspend from 2017/18., highlighting the following:

- (a) the council's DAF allocation for 2017/18 was £90,000 which equated to an estimated 146 pupils. However, schools and providers only claimed DAF for 24 pupils meaning that there was a significant underspend;**
- (b) the DfE has recognised that authorities may have more DAF funding than they paid out to providers and have stated that they expect this to be spent on services in line with the principles and aims of the DAF;**

- (c) the council is proposing to distribute the underspend on a per-head basis for pupils accessing the universal entitlement that qualify for High Level Needs (HLN) top-up funding in the Autumn term 2018. This would allow schools and providers to make reasonable adjustments that enable children with SEND to access their early years entitlement;
- (d) the council is taking a number of steps to increase the uptake of DAF funding in 2018/19, developing a strategy of engagement with all settings. Therefore there is unlikely to be a repeat of the DAF underspend;
- (e) an underspend of the SEN Inclusion Fund is anticipated for 2018/19 because there are significantly lower numbers of pupils accessing this compared to the estimate. It is proposed that this underspend be ring-fenced for a similar additional allocation per HLN pupil;
- (f) a consultation of all settings would be carried out for the 2018/19 SEN Inclusion Fund proposal asking for views on this both as a one-off arrangement and an ongoing one, should the demand on the SEN Inclusion Fund be consistently lower than originally estimated.

RESOLVED to

- (1) approve the proposed distribution of the £0.075m 2017/18 Early Years Disability Access Funding (DAF) underspend as outlined in the report;**
- (2) approve the proposal to ring-fence any underspend in the SEN Inclusion Fund for 2018/19 in order to replicate this in 2019/20.**

22 PROPOSED PUPIL GROWTH ALLOCATION FOR 2019/20

Lucy Juby, Project Manager, School Organisation, introduced the report outlining the proposed requirements of the Pupil Growth Contingency Fund (PGCF) for 2019/20, which will be used to fund pupil growth in both maintained schools and academies, highlighting the following:

- (a) for 2019/20, the known requirements that are already committed or projected for the pupil growth fund total £0.742m. A further £0.265m has been set aside to allow for contingency to support any other schools accommodating additional pupils;
- (b) the growth in birth rate and new arrivals to the city as well as new housing developments have resulted in a significant increase in demand, which is now moving from the primary to the secondary phase. Within the secondary phase, some additional capacity has already been negotiated but further solutions are still required;
- (c) the council aims to maximise the number of pupils securing their preferred school. For September 2018 secondary school admissions, nearly 89% of pupils were offered their first or second choice school, however this is a reduction from 92% in 2016.

Forum members questioned why the funding criteria for secondary school expansions funded an additional teacher at M6 level, whilst primary schools are only funded for a teacher at M3 level.

RESOLVED to

- (1) approve the allocation of £1.265m to support pupil growth in 2019/02;**
- (2) agree in principle to alter the funding criteria for primary school pupil growth so that it covers the cost of an M6 teacher as it does with secondary pupil growth;**
- (3) note the requirement to allocate funding to academies for the period April 2019 to August 2019 as guided by the EFSA, but which will be reimbursed to the LA's Dedicated Schools Grant;**
- (4) note the amount to be allocated (and reimbursed) is £0.258m;**
- (5) note the total amount of academies individual school budget shares will be netted off against the pupil growth given out for this period and the LA's Dedicated Schools Grant for 2019/20 will be adjusted accordingly.**

23 SCHOOLS BUDGET REPORT 2019/20

Kathryn Stevenson introduced the report presenting the proposed Schools Budget for 2019/20, which has been prepared in line with the parameters agreed at Schools Forum and with the financial regulations issued by the Department for Education (DfE), highlighting the following:

- (a) the Schools Block has seen an increase due to increased pupil numbers and the High Needs Block has seen an increase due to the new High Needs national funding formula and additional funding announced by the DfE in December. The Early Years and Central Schools Services blocks have remained largely the same;
- (b) with additional use of reserves to support High Needs costs and funding for specific purposes, the total schools budget totals £274.956m;
- (c) a minimum funding guarantee of +0.5% has been applied to schools budgets in 2019/20;
- (d) there is a surplus balance in the Schools Block of £1.066m, due to no longer needing to fund Nottingham Free School as a growing school and the split of Bluecoat Aspley and Bluecoat Wollaton Academies;
- (e) because the Minimum Funding Guarantee can only be set between -1.5% to +0.5%, the surplus balance cannot be passed onto all schools as the minimum funding guarantee percentage has already been set at the maximum. Therefore a Schools Block Transfer of 0.5% to the High Needs block is proposed which equates to £1.059m, as well as allocating the remaining £0.007m to the Pupil

Growth Fund;

- (f) the Schools Budget will be formally approved by the full city council in February, following which draft budgets will be issued to schools.

RESOLVED to

- (1) note the overall indicative 2019/20 Schools Budget to be spent incorporating the Schools, Central Schools Services, Early Years and High Needs blocks is £274.956m;**
- (2) note this is funded by the provisional 2019/20 Dedicated Schools Grant (DSG) allocation of £274.399m plus £0.558m from the DSG reserve and other grants;**
- (3) note that the budget will be updated in year to reflect subsequent adjustments made by the ESFA to the 2019/20 DSG allocation as described in the report;**
- (4) note that any balance remaining will be allocated to the Statutory Schools Reserve;**
- (5) note the impact to schools' budgets of the indicative allocation as set out in the report;**
- (6) approve a Schools Block transfer of £1.059m for 2019/20 to the High Needs Block. This represents 0.5% of the Local Authority's Schools Block for 2019/20;**
- (7) approve the allocation of the remaining balance on the Schools Block of £0.007m in the financial year 2019/20 to the pupil growth fund.**

24 WORK PROGRAMME

The work programme was noted and it was agreed to cancel the meeting scheduled for February due to lack of business.

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SCHOOLS FORUM – 25th June 2019

Title of paper:	Update on Inclusion Projects
Director(s)/ Corporate Director(s):	Nick Lee, Director of Education Services Alison Michalska, Corporate Director of Children and Adults
Report author(s) and contact details:	Jennifer Hardy Jennifer.hardy@nottinghamcity.gov.uk 0115 87 65629
Other colleagues who have provided input:	Kathryn Stevenson, Senior Commercial Business Partner Leanne Sharp, HR Consultant for Children and Adults
Summary This report will update Schools Forum on Routes to Inclusion (R2i) activity since the previous update in June 2018 and will outline the next steps for the project. The paper will also outline the Intensive Support Team (IST) and a proposal to use DSG reserves to fund the first year of IST activity.	
Recommendation(s):	
1	Note the proposed use of £174,296 from the DSG reserve to fund the establishment and the running costs for the first 12 months of the Intensive Support Team.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The cost of provision for pupils permanently excluded from school is met from the City's high needs budget. This budget allocation is set according to the national high needs funding formula. Due to the high numbers of permanently excluded pupils and related costs of provision, our high needs expenditure is currently significantly higher than our budget allocation. This means that funding is being drawn from the reserve to support the high needs budget. This is not sustainable in the long term.
- 1.2 In addition to the previously reported model of devolved high needs funding to secondary schools, Nottingham City Council remains committed to early identification and early intervention practice across all schools and all phases.
- 1.3 In June 2018, Schools Forum were consulted on the use of £50,000 from DSG reserves to fund two Behaviour Learning Mentors to work closely with primary aged pupils identified to be at risk of permanent exclusion. This model has proven to be very successful and, as part of R2i, an Intensive Support Team is to be established from September 2019. The Intensive Support Team (IST) will be managed by the Behaviour Support Team Leader and will comprise of four staff members:

Role	Salary	Total (with on costs)
1 X Behaviour Support Teacher	MPS/UPS + TLR2b £43,851	£52,621
1 X Education Psychologist	£50,806	£60,967
2 X Behaviour Learning Mentor	Grade F £25,295	£60,708
		£174,296

- 1.4 A full outline of the IST is in **Appendix 1**.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 In June 2018, a paper was presented to Schools Forum which introduced Routes to Inclusion (R2i), a toolkit developed by Behaviour Support professionals and Education Psychologists alongside SENCO's in the city's primary schools to support children with social, emotional and mental health (SEMH) needs.
- 2.2 R2i provides schools with a systematic and graduated approach to the identification of assessment of and intervention with SEMH pupils, through the development and implementation of a graduated response and toolkit. It provides a step- by- step guide from core universal provision and good practice to assessment tools and processes, across six different assessment domains, which result in holistic and robust assessments. The assessment process helps inform evidence-based interventions, strategies and next steps and the process builds whole school capacity in order to facilitate inclusion and more effectively manage the needs of SEMH/Behaviour pupils.
- 2.3 The June 2018 paper consulted with Schools Forum on the use of DSG Reserves to fund three workstreams:

Phase 2 of R2i – dissemination and embedding of the toolkit in primary schools	£36,000
Development of a secondary school version of R2i	£48,000
2 X Behaviour Learning Mentor posts to work with primary aged pupils at risk of permanent exclusion	£50,000
	£134,000

In all instances, the above values were to fund salary costs.

- 2.4 In October 2018, R2i was launched and almost every primary school in the city attended the launch meeting. 11 primary schools were chosen to be in the Wave 1 rollout which commenced in January 2019 and the Wave 2 rollout began in February 2019 with a further 26 primary schools. All of the schools in Wave 1 and 2 volunteered to be part of the pilot process and Wave 3 will commence in the Autumn term with the remaining schools in the city. The paper toolkit was also replaced by an R2i website which outlines each step of the process and hosts online versions of the documents and resources.
- 2.5 The response to R2i has been overwhelmingly positive but dissemination and embedding the process in schools takes a significant amount of time and commitment from the R2i team and school staff. The delivery of R2i is the role of the Behaviour Support Team Leader and a Senior Educational Psychologist who also manage teams and deliver a combination of traded and statutory services as

part of their roles. Capacity has therefore been an issue and a decision was made in early 2019 to use SEND Reforms Grant funding to release both staff members from their substantive posts for a year from September 2019. This will give opportunity to embed R2i in primary schools across the city, develop, deliver and embed a secondary school version of R2i and to develop R2i as a commercial enterprise.

- 2.6 In May 2019, an initial secondary school R2i meeting was held with secondary school Deputy Heads where the concept of R2i was launched. SENCOs at all secondary schools have been sent an audit to establish a baseline of provision and experience in all secondary schools and a secondary school pilot is planned for the autumn term 2019.
- 2.7 R2i has been part of the Education Big Ticket programme where workstreams have been identified because of their potential to generate an income, make savings or both. As part of this process, a Project Board has been established to support the rollout of R2i and the development of a business plan to maximise on any commercial potential.
- 2.8 Although a pilot of the IST model took place in June 2019, a longer term pilot will take place throughout the 2019/20 academic year. This will provide opportunity to develop and embed the delivery model, understand time and cost implications and to develop the IST as a traded service. It will also allow time to gather evidence to better predict the impact of the IST on preventing costly primary aged permanent exclusion. Following this, a proposal for longer term funding will be developed and a paper will be brought back to Schools Forum.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 The option to continue operating the Exclusions Project with the two Behaviour Learning Mentor roles was considered. However, the learning mentors have been supported by Behaviour Support Teacher and Education Psychologist time. This resource is no longer available in the current structures, which is why this paper seeks funding for two learning mentors plus the teacher and EP posts. Without funding for these roles, this work will not be able to continue.

4 OUTCOMES/DELIVERABLES

- 4.1 It is anticipated the following outcomes will be realised through the creation of the IST:
 - Reduction in the related costs of provision for excluded children
 - Reduction in the number of children being excluded
 - Support for schools to improve provision and intervention for pupils with SEMH needs
 - Improved life chances for this very vulnerable cohort
 - Improved emotional wellbeing of school staff (who work with children with complex SEMH needs)
 - Improved retention of teaching staff in the city

5 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 There is currently £3.729m ring-fenced in the DSG reserve to cover the projected DSG high needs budget gap to 2024/25, relating to devolved AP allocations and costs of provision for pupils permanently excluded. Of this, £0.229m is being used to support the high needs budget in 2019/20.
- 5.2 The remaining uncommitted balance on the DSG reserve, as reported in the 2018/19 Dedicated Schools Grant Outturn Report, is £0.689m. These proposals would require a total of £0.174m from the DSG reserve, reducing the uncommitted balance to £0.515m.
- 5.3 This proposal represents a “spend to save” initiative. Primary exclusions fell by 40% following the introduction of the Behaviour Learning Mentor posts. The aim is that the additional intervention and support that the IST will be able to provide will help maintain placements for the most exceptionally challenging pupils, reducing further the rate of permanent exclusions and with an eventual benefit to the forecast DSG reserve requirement stated in paragraph 5.1.

6 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 6.1 Not required.

7 HR COLLEAGUE COMMENTS

- 7.1 Management are proposing to create new posts; Behaviour Support Teacher, Education Psychologists and Behaviour Learning Mentor positions within The Intensive Support Team (IST). These post will be subject to the job evaluation process if new job descriptions are proposed.

Management will need to ensure that recruitment is conducted through the appropriate processes, including vacancy management and redeployment. Management should be aware that the selected postholders should commence on a starting salary of Level One within the respective Grade, unless the appointed colleague is already in employment at the council and on Level two of the same grade, in which case the employee would be matched over at the rate of pay they currently receive. This will not apply to the Teaching role which is being created. This post will be subject to the School Teachers' Pay and Conditions Document.

There will need to be a support and development plan for the new post holders once appointed in line with managing performance through the new probationary policy.

As the posts are initially temporary, an appropriate exit strategy must be in place in order to terminate the contract in line with NCC guidance in the event that the post cannot be made permanent at the end of the fixed term period. Management will need to ensure appropriate timelines are in place to notify the affected employee and give appropriate notice.

8 EQUALITY IMPACT ASSESSMENT

8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

This paper does not present a significant change to policy and practice.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Schools Forum report from June 2018.

Appendix 1 – an outline of the Intensive Support Team

The Intensive Support Team will be a multi-agency team of practitioners, initially from three teams: Educational Psychology Service (EPS), Behaviour Support Team (BST) and the Targeted Family Support Team (TFST) who will work collaboratively to support the placement of exceptionally challenging and vulnerable SEMH Primary aged pupils.

The R2i SEMH graduated response will work for the vast majority of pupils and our Wave 1 and Wave 2 pilot evidences that. However, we know that for a very small percentage of pupils, in spite of schools and professionals implementing R2i; there may be some pupils whose school place is deemed at risk and need an additional intervention.

How will schools access the IST?

Schools will make a referral to the IST panel, preferably with the support/recommendation of either BST or EPS. This referral will include paperwork evidencing the R2i graduated response along with a short application detailing information around continued barriers, hypothesis about underlying causes and expected outcomes etc. A school representative (eg the Senco) would attend the panel and present the case to panel members. Following a detailed discussion and exploration of the referral the panel would agree next steps.

The outcome of the panel referral will be one of the following:

1. Revisit R2i and strengthen the graduated response in light of panel feedback
2. BST or EPS team member to go into school and work alongside the Senco to offer additional consultation and analysis
3. IST team involvement to support placement maintenance.

The composition of the IST panel will include BST, EPS, and school reps as a minimum.

The primary focus of the IST is placement maintenance within the existing setting. The work will focus on capacity building, strengthening relationships and staff wellbeing. Following the decision to offer IST intervention, there will be an immediate scoping exercise in school and with the family (up to 2 days) by the IST team. This will be to further assess need, gather additional data, consult with staff and parent/carers and create a personalised package of support; in order to strengthen the placement and reduce the risk of exclusion plus support school.

The longer term plan is that once R2i is fully rolled out and embedded in our Secondary Schools, that the IST can extend its work to include KS3/4 pupils.

Roles and responsibilities

The IST team will be managed and supervised by the BST Team Leader. It will initially comprise of a full time EP and BST Teacher plus 2 BST Learning Mentors. The BST staff will assume case holder responsibility. The focus will be on collaborative working between EPS and BST. However, there will be some dedicated roles and responsibilities, including:

- EP – staff supervision and assessments
- BST Teacher – class teaching, teacher coaching, behaviour management, de-escalation cycles
- BST Learning Mentors – support staff coaching and modelling, therapeutic interventions, support around RPI and risk, family work, in class support

Some elements of the support may be delivered jointly e.g. observations, consultations, training, action planning.

The IST is being piloted at the start of June 2019 and a verbal update on the pilot will be provided at the Schools Forum meeting.

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SCHOOLS FORUM - 25 JUNE 2019

Title of paper:	Update on the consultation with maintained schools on the revised Scheme for financing schools (Fair Funding Scheme) and the proposed changes to the scheme.
Director(s)/ Corporate Director(s):	Alison Michalska, Corporate Director for Children and Adults
Report author(s) and contact details:	Ceri Walters, Head of Commercial Finance Tel: 0115 8764128 Email: ceri.walters@nottinghamcity.gov.uk
Other colleagues who have provided input:	Julia Holmes, Senior Commercial Business Partner, Children and Adults Tel: 0115 8763733 Email: julia.holmes@nottinghamcity.gov.uk Trish Lockhart, Commercial Business Partner, Children and Adults Tel: 0115 8764615 Email: patricia.lockhart@nottinghamcity.gov.uk
Summary The purpose of this report is to update Schools Forum (SF) on the findings of the consultation on the revised scheme for financing schools (Fair Funding Scheme) and to seek approval for the recommended changes to the Scheme as required. The revisions to the scheme is set out in Appendix A with changes aligning to “Schemes for financing schools – statutory guidance for local authorities February 2019” publication. The approval from SF, of the revisions, is a requirement of the guidance.	
Recommendation(s):	
1	For maintained schools to approve the changes made to the Scheme for financing schools, the key changes are outlined in Section 2 and full list of the changes are detailed in Appendix A .

1 REASONS FOR RECOMMENDATIONS

- 1.1 The scheme should outline the financial relationship between the Local Authority (LA) and maintained schools. LA's are required to revise and publish schemes for the financing of schools in accordance with latest statutory guidance from the Department for Education (DfE).
- 1.2 The revision of the scheme will strengthen the LA's overall responsibility for the provision of school budgets and will assist schools in managing their delegated budget share in a robust manner.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Under Section 48 of the Schools Standards and Framework Act 1998, LA's are required to have schemes of delegation which set out the financial controls and the financial relationship between the LA and the maintained schools which it funds.

The LA's previous version (2016) is now out of date and as per "Schedule 14 of School Standards and Framework Act 1998", "as regards any proposed variation of the scheme, the authority shall first consult every governing body and head teacher whom they are obliged to consult". Any proposed revisions to the scheme must be the subject of consultation and require approval by the SF.

2.2 The consultation document was circulated to all Head Teachers of maintained primary and secondary schools and their chair of governors on 24 May 2019, the consultation was open for a 3 week period.

2.3 The closing date of the consultation was midday 13 June 2019 at midday.

2.4 Key changes proposed:

- It is possible for the Secretary of State (SoS) to make directed revisions to the schemes after consultation. Such revisions become part of the scheme from the date of the direction. The SoS has used this power and directed that all schemes must include the following:

"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.

Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the SoS will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer either in full or part, to the new academy school".

- To formalise, in the scheme, that maintained schools are required to submit an outturn forecast in June of instead of July, they already do this but the scheme has been amended to reflect actual practice.
- The City Council may require additional forecasts to be produced by schools that are in financial difficulties including as a result of falling numbers.
- Schools must gain approval from the Chief Finance Officer (CFO) when wishing to take out borrowing or finance leases. If the CFO approves the application then approval must then also be sought from the SoS, unless it is an approved scheme approved by the SoS such as the Salix Scheme.

Approval for borrowing will only be granted by the SoS in exceptional circumstances.

- To align to the DfE scheme guidance and actual practice paragraph 4.8.1 has been revised to read "Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, the local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from the previous funding periods) of the closing school for the funding period in which it closes".

- Monthly returns of salary, service and pensions data (not annual returns), should be submitted to the LA for schools that use payroll providers other than the LA's.
- A de-delegated contingency could be provided by maintained schools to fund new early retirements redundancies, if the maintained primary schools in SF agree, to support individual maintained schools where a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school budget share.
- Premature retirement costs will not be charged to maintained schools where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licenced deficit within the agreed timescale.

2.5 **The LA received 1 response to the consultation** from Forest Fields Primary. The points raised by the school are noted below.

"The changes proposed to paragraphs 3.2.3 and 7.1.4 will impact on school cash flow, as they will hold funds back at the local authority level.

Please do not make the changes suggested at Para 3.2.3. Simply holding back 90% of the School Budget for pay costs is an unnecessary over estimate. In our case this could be £116K of our budget held back with the authority. Please keep the current wording: "The initial estimate of pay costs will be based on the percentage of pay costs incurred against the previous year's budget share". This is much fairer to schools and keeps the allocation at school level.

The change suggested at Para 7.1.4 also delays funding being returned to school. Please keep the current wording: "The reimbursement or charge will be made within eight weeks of the schools VAT claim being submitted."

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 To not revise the Fair Funding Scheme to keep it in line with the DfEs "Schemes for financing schools – statutory guidance for local authorities February 2019", could expose the LA and schools to significant financial risk.
- 3.2 The LA has given consideration to the points raised by Forest Fields Primary School in 2.5 and has decided not to adopt the recommendations put forward by the school for the following reasons:

- Only 1 school has raised that the estimated pay budget percentage of 90% by the LA is an issue.

For schools that use the LA's payroll services the LA holds back 90% of the school budget share until it receives the schools budget plan in May each year. The cash given to schools is then adjusted on the June cash advance to reflect the actual forecast pay costs supplied by the school.

- The Scheme has been updated to reflect actual practice that has been occurring for several years and no objections have been raised previously by schools regarding the reimbursement of VAT claims. VAT reimbursements

are given to schools on a termly basis in line with the non-pay cash advances.

If either of the above causes schools to have significant cash-flow issues please contact the Schools Finance Support Team at school.finance@nottinghamcity.gov.uk or telephone Trish Lockhart on 0115 8764615.

4 OUTCOMES/DELIVERABLES

- 4.1 By approving the revised Scheme for financing schools, maintained schools will be required to follow the rules which are set out in the scheme. This scheme is based on the guidance set out by DfE's "Schemes for financing schools – statutory guidance for local authorities February 2019".

5 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 This report seeks approval from SF to implement an updated version of the LA's Fair Funding Scheme to ensure that the scheme conforms to the latest guidance set out in the "Schemes for financing schools – Statutory guidance for local authorities February 2019".
- 5.2 The revised scheme clearly outlines the financial responsibilities of Governing Bodies, Head Teachers and the LA and tightens up the financial controls. **Appendix A** outlines a detailed list of the proposed amendments and insertions to the revised scheme.
- 5.3 Should SF feel they cannot approve the revisions or approves them subject to modifications which are not acceptable to the LA, the LA may apply to the SoS for approval.
- 5.4 There are no direct financial implications or value for money issues arising from this report.

6 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

6.1 Legal Implications

- 6.1.1 Section 48(1) of the School Standards and Framework Act 1998 ("SSFA") states:-

(1) Each local authority shall maintain a scheme dealing with such matters connected with the financing of the schools maintained by the authority or the exercise by the governing bodies of those schools of the power conferred by section 27 of the Education Act 2002 (power of governing body to provide community facilities etc.) as are required to be dealt with in the scheme by or by virtue of—

(a) regulations made by the Secretary of State; or

(b) any provision of this Part [of the SSFA].

6.1.2 Therefore, by virtue of section 48(1) of the SSFA, Nottingham City Council (“NCC”) is required to maintain a scheme essentially dealing with the financing of its maintained schools.

6.1.3 The revision of a local authority’s scheme of delegation is provided for by Schedule 14 to the SSFA. Amongst other things, paragraph 2A of Schedule 14 to the SSFA states:-

(1) A local authority may, in accordance with this paragraph, revise the whole or part of the scheme maintained by them under section 48(1).

(2) In revising the scheme, the local authority shall take into account any guidance given by the Secretary of State, whether–

(a) generally, or

(b) in relation to that authority or any class or description of local education authorities to which that authority belongs,

as to the provisions the Secretary of State regards as appropriate for inclusion in the scheme.

(3) As regards any proposed variation of the scheme, the authority–

(a) shall first consult the governing body and head teacher of every school maintained by the authority (within the meaning of this Chapter), and

(b) shall then submit a copy of their proposals to the authority's schools forum for their approval.

6.1.4 Therefore, by virtue of Schedule 14, paragraph 2A(1), NCC has the power to revise the whole or part of its scheme of delegation. The process for this requires NCC to: take into account any guidance given the Secretary of State; consult first the governing body and head teacher of every school maintained by NCC; and then to submit a copy of NCC’s proposals for revision of the scheme of delegation to the Nottingham City Schools Forum for their approval.

6.1.5 All of the above, is what is happening here. NCC is proposing to revise its scheme of delegation to accord with the latest guidance issued by the Secretary of State entitled: *Schemes for financing local authority maintained schools* (Updated 5 February 2019); NCC has conducted consultation on these proposals with the governing body and head teacher of every school maintained by NCC from 24 May 2019 to 13 June 2019 with one response received (although part of the consultation period was during the school half-term holiday); and clearly this report entails NCC submitting a copy of its proposals to the Nottingham City Schools Forum for their approval. Therefore NCC’s proposals are generally lawful, as is the action being taken to take these proposals forwards.

6.1.6 Paragraph 2B of Schedule 14 to the SSFA states:-

(1) Regulations may make provision preventing schemes as revised from coming into force unless they are approved in accordance with the regulations by the local authority's schools forum or by the Secretary of State.

(2) The regulations may in particular—

(a) prescribe circumstances in which proposals which have been submitted to a local authority's schools forum may be submitted to the Secretary of State,

(b) enable the schools forum or the Secretary of State to approve proposals with modifications, and

(c) enable the schools forum or the Secretary of State, in giving their or his approval, to specify the date on which the scheme as revised is to come into force.

6.1.7 The current regulations are the School and Early Years Finance (England) (No.2) Regulations 2018, SI 2018/1185 ("SEYFR"). Regulation 31 of the SEYFR deals with approval by the schools forum or the Secretary of State of proposals to revise schemes. Amongst other things, regulation 31 of the SEYFR states the following:-

(1) Where a local authority submits a copy of its proposals to revise its scheme to its schools forum for approval under paragraph 2A(3)(b) of Schedule 14 to the [SSFA], the members of the schools forum who represent schools maintained by the authority may—

(a) approve the proposals;

(b) approve the proposals with modifications; or

(c) refuse to approve the proposals.

(2) Where the schools forum approves the proposals to revise the scheme, it may specify the date on which the revised scheme is to come into force.

...

(6) No revised scheme is to come into force unless approved by the schools forum or the Secretary of State in accordance with this regulation.

7 HR COLLEAGUE COMMENTS

7.1 None

8 EQUALITY IMPACT ASSESSMENT

8.1 Has the equality impact of the proposals in this report been assessed?

No

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An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes

☐

Attached as Appendix x, and due regard will be given to any implications identified in it.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 The consultation document can be view from this website:
<http://www.nottinghamschools.org.uk/business-management-support/schools-funding/consultations/>

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 Schemes for financing schools – Statutory guidance for local authorities
Published by the Department for Education – February 2019;

Nottingham City Council “Financial regulations and contract procedure rules - version 7.17”;

The Schools Standards and Framework Act 1998;

The Schools and Early Years Finance (England) Regulations 2018 (2)

APPENDIX A

Proposed changes to the Scheme for financing schools

	Paragraph of Scheme	Reason for change	Change	Financial Impact
1	1.4.3	Addition of text to align to the DfE Scheme guidance	"It is possible for the Secretary of State to make directed revisions to the schemes after consultation. Such revisions become part of the scheme from the date of the direction".	None
2	2.1.8	Revision	Changed the requirement for first outturn forecast to be submitted to the Authority in June each year instead of July as previously included in the scheme.	None
3	2.3.10	Revision of text to align to the DfE Scheme guidance	Removed "Regardless of whether multi-year budget shares have been provided,"	None
4	2.3.11	Revision	From "In addition the City Council will specifically require forecasts to be produced by schools that are in financial difficulties including as a result of falling pupil numbers". to "The City Council may require additional forecasts to be produced by schools that are in financial difficulties including as a result of falling pupil numbers".	None
5	Throughout the document	Update	References to statement of SEN with Education Health and Care Plan (EHCP)	None
6	2.4	Revision of text to align to the DfE Scheme guidance	Title revised from "Efficiency And Value For Money" to "School Resource Management"	None
7	2.4.1	Revision of text to align to the DfE Scheme guidance	Text changed from "achieve efficiencies" to "effective management of resources".	None
8	2.10.4	Update	Schools can seek advice on a range of compliant deals via Buying for schools (https://www.gov.uk/guidance/buying-for-schools)	None
9	2.14.1	Revision	Updated to reflect latest references to legislation	None
10	3.2.3	Revision	From "The initial estimate of pay costs will be based on the percentage of pay costs incurred against the previous year's budget share" to "The initial estimate of pay costs will be based on 90% of the School Budget Share".	None
11	3.2.4	Revision	From "Chequebook schools that use the LA's payroll service will not have pay	None

			budgets paid into their bank accounts unless the school specifically request this” to “Chequebook schools that use the LA’s payroll service will not have pay budgets paid into their bank accounts”.	
12	3.6.1	Directed revision by the DfE – to be included by all local authorities	Update on the Secretary of State’s general position on granting approval on schools borrowing. Also, confirmed that finance leases are classed as borrowing.	None
13	4.8.1	Revision of text to align to the DfE Scheme guidance	Paragraph updated to reflect changes on balances of closing schools, as detailed under Regulation 25 (9) “Where in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, the local authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from the previous funding periods) of the closing school for the funding period in which it closes”.	None
14	4.10.1	Revision of text to align to the DfE Scheme guidance	Directed revision from the Secretary of State on school loan schemes.	None
15	5.1.2	Update	Paragraph updated to reflect that where land is held by a charitable trust, it will be up to the schools trustees to determine the use of any income generated by the land.	None
16	6.2.2	Revision of text to align to the DfE Scheme guidance	Changed text from , “Other expenditure incurred to secure resignations where the school had not followed authority advice” to “Other expenditure incurred to secure resignations where there is good reason to charge this to the school”	None
17	7.1.4	Revision	From “The reimbursement or charge will be made within eight weeks of the school’s VAT claim being submitted” to “The reimbursement or charge will be made by the following term of the school’s VAT claim being submitted”.	None
18	8.1.2	Update	The LA will not discriminate in its provision of services on the basis of categories of schools, except in cases where this would be allowable under the schools and early years finance regulations or the Dedicated Schools Grant (DSG) conditions of grant.	None
19	8.4.1	Revision	Updated to reflect latest references to legislation	None
20	8.4.3	Revision	Monthly returns of salary, service and pensions data not annual returns should be submitted to the Authority for schools that use payroll providers other than the Authority.	None
21	11.8.1	Revised	Corporate whistleblowing procedure for maintained schools is being reviewed and	None

			once it has been finalised it will be included as an appendix in the Scheme and schools will be notified when this has happened.	
22	11.8.4		Removed link to the corporate Whistleblowing webpage for NCC employees as school based employees have a separate Whistleblowing Policy which is currently being updated. Will add the new link once it has been finalised.	None
23	13.8.2	Revision of text to align to the DfE Scheme guidance	Revised "Criminal Records Bureau" to "Disclosure Barring Service".	None
24	Appendix A	Updated	Updated maintained establishments list to reflect maintained schools as at 1 April 2019.	None
25	Appendix B 1.2 (b) (ii)	Revision of text to align to the DfE Scheme guidance	Revised "Enter into, or terminate, any leasing arrangement(s) without the agreement of the Chief Finance Officer" to "Enter into, or terminate, any leasing arrangement(s) without the agreement of the Chief Finance Officer. If the Chief Finance Officer supports a schools application for a finance lease then approval from the Secretary of State should be sought".	
26	Appendix D	Update	Remissions: "Where the parents of a pupil are in receipt of Income Support, Family Credit, or Universal Credit the Governing Body will remit in full the cost of board and lodging for any residential activity the school organises for the pupil if the activity:	None
27	Appendix F (11)	Revision of text to align to the DfE Scheme guidance	Revised "Audit Commission" to "DfE's appointed auditors"	None
28	Appendix H 2.4	Revision of text to align to the DfE Scheme guidance	Update – Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.	None
29	Appendix H 2.5	Revision of text to align to the DfE Scheme guidance	A de-delegated contingency could be provided, if the Schools Forum agree, to support individual schools where a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school budget share.	None
30	Appendix H 2.6	Revision of text to align to the DfE Scheme guidance	The Local Authority will discuss its policy with Schools Forum. Although each case will be considered on its own merits, this should be within an agreed framework. It	None

			may be reasonable to share costs in some cases.	
31	Appendix H 5.2 (4)	Revision of text to align to the DfE Scheme guidance	Where charging such costs to the school's budget would prevent the school from complying with the requirement to recover a licenced deficit within the agreed timescale.	None
32	Appendix H 6.1	Revision of text to align to the DfE Scheme guidance	How early retirement and redundancy costs relating to staff employed under the community facilities power will be funded.	None
33	Appendix I & J	Deleted and replaced	Deleted the Inclusive education in Nottingham City Council in Appendix I and the Confidentiality Reporting Procedure (Whistleblowing) in Appendix J as both appendices were no longer current.	None

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SCHOOLS FORUM - 25 JUNE 2019

Title of paper:	2018/19 DEDICATED SCHOOLS GRANT - OUTTURN REPORT
Director(s)/ Corporate Director(s):	Alison Michalska, Corporate Director for Children and Adults Laura Pattman, Chief Finance Officer
Report author(s) and contact details:	Ceri Walters, Head of Commercial Finance 01158 764 128 ceri.walters@nottinghamcity.gov.uk
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Summary This report sets out the 2018/19 Dedicated Schools Grant (DSG) outturn position and the updated reserve balance.	
Recommendation(s):	
1	To note that the 2018/19 financial outturn position of the DSG was an under spend of £0.955m (0.35%) against a final budget of £269.212m, as per Table 2 .
2	To note that this under spend has been allocated back to the Statutory Schools Reserve (SSR) resulting in a closing balance of £6.469m for 2018/19, as per Table 8 .
3	To note that the uncommitted balance on the SSR balance is £0.689m , as per Table 8 .

1. REASONS FOR RECOMMENDATIONS

- 1.1 Enable the formal monitoring of progress against the 2018/19 DSG budget.
- 1.2 To confirm the impact of the 2018/19 outturn on the SSR and the robustness of this reserve.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2018/19 initial schools budget, as reported at Schools Forum (SF) on 16 January 2018, was £267.069m.

Throughout the year budget and funding amendments of £2.143m were implemented and this resulted in a **final budget of £269.212m for 2018/19**.

The movements are set out in **Table 1** below:

TABLE 1: IN YEAR BUDGET MOVEMENTS	
Reason	£m
1. Early Years (EY) - In-year reduction by Education and Skills Funding Agency (ESFA) 2018/19 allocation for 3 to 4 year olds based on the update for the January 2018 census.	(0.535)
2. EY - In-year reduction by ESFA 2018/19 allocation for 2 year olds based on the update for the January 2018 census.	(0.025)
3. EY - In-year increase by ESFA 2018/19 allocation for EY's Pupil Premium based on the update for the January 2018 census.	0.010
4. Confirmation of Maintained Nursery School supplementary funding.	0.131
5. High Needs (HN) - Additional HN DSG allocation based on outcome of exceptional hospital education funding requests.	0.369
6. Impact of Nottingham College merger on high needs budget.	0.742
7. Prior year Disability Access Fund underspend from reserve distributed in line with ESFA requirements & SF proposal 15 January 2019.	0.075
8. HN - Finalisation of budget including additional use of reserves for Pupil Referral Unit/Alternative Provision as per SF paper February 2018.	1.355
9. Finalisation of pupil growth budget	0.021
TOTAL NET CHANGE	2.143

- 2.2 The schools budget is allocated on a block basis; **Table 2** provides a summary of each DSG block, comparing actual spend to budget and referencing other funding streams.

TABLE 2: 2018/19 OUTTURN SUMMARY				
	Budget as at 16 Jan 2018 SF report £m	Final Budget £m	Actual Spend £m	(Under)/ Over Spend £m
Schools Block (section 2.3 and table 3)	205.723	205.747	205.431	(0.316)
Central School Services Block	7.084	7.084	6.987	(0.097)
Early Years Block (see section 2.4)	22.510	22.161	21.374	(0.787)
High Needs Block (see section 2.5)	31.752	34.220	34.465	0.245
TOTALSCHOOLS BUDGET	267.069	269.212	268.256	(0.955)
Less funding not included in DSG allocation:				
ESFA Income	0.156	0.189		
DSG reserves – Note a	1.560	2.693		
DSG ALLOCATION	265.353	266.330		

Note a - The use of the DSG reserves would of been higher by £0.406m if the following had not occurred during the year:

1. The announcement in December 2018 included an £0.722m additional allocation for HN funding.
2. A DSG funding gap, identified in July 2018, relating to the impact of the Nottingham College merger of £0.316m.

In relation to the latter, the ESFA finally has now acknowledged this funding issue and agreed in May 2019 to recompense the Local Authority (LA) for this.

In July 2019, the LA will receive payment of an additional £0.343m for 2018/19 which will be reimbursed to the SSR, this is not currently reflected in the reserve balance included in this report. For 2019/20 an additional £0.360m will mitigate emerging HN's budget pressures.

The following sections provide more analysis of the variances shown in **Table 2**.

- 2.3 Schools Block variance – **Table 3** provides a further breakdown of this with detailed narrative in sections 2.3.1 to 2.3.4.

TABLE 3: BREAKDOWN OF SCHOOLS BLOCK VARIANCES			
	Budget £m	Actual £m	(Under)/ Overspend £m
1. Pupil Growth Contingency Fund	1.148	1.069	(0.079)
2. Trade Union Cover	0.068	0.024	(0.044)
3. Reimbursement of funding from the ESFA for business rates from in year academisations	0.000	(0.063)	(0.063)
4. Reimbursement of business rates that relate to prior to the financial year 2013/14	0.000	(0.130)	(0.130)
TOTAL	1.216	0.900	(0.316)

- 2.3.1 The underspend of £0.079m on the pupil growth fund is to be carried forward to the financial year 2019/20.
- 2.3.2 The underspend of £0.044m on the trade union cover budget was due to additional income being received into the budget than originally budgeted and some unions not utilising all of their entitlement due to trade union posts being vacant.
- 2.3.3 The LA received a reimbursement of £0.063m from the ESFA for business rates relating to the academisation of Ellis Guilford School.
- 2.3.4 A credit of £0.130m was reimbursed to the DSG for business rates reimbursement for city schools re-evaluations, this was back-dated prior to 2013/14 when the LA held the budget centrally for schools business rates. This credit has been transferred to the SSR.
- 2.4 Central Schools Services Block variance – Table 4 provides a further breakdown of this with detailed narrative in sections 2.4.1 to 2.4.3.

TABLE 4: BREAKDOWN OF CENTRAL SCHOOLS SERVICES BLOCK VARIANCES			
	Budget £m	Actual £m	(Under)/ Overspend £m
1. Virtual School	0.470	0.443	(0.027)
2. Safeguarding in Educational Establishments	0.109	0.089	(0.020)
3. Contingency	0.050	0.000	(0.050)
TOTAL	0.629	0.532	(0.097)

- 2.4.1 The Virtual School budget was underspent due to costs that were originally budgeted as being paid from the Dedicated Schools Grant funded being funded from the Pupil Premium Plus Grant.
- 2.4.2 Slippage in spend.
- 2.4.3 Contingency represents an element of the CSSB allocated to support any increase in service costs that cannot be funded from other blocks. There is no contingency in 2019/20, this was implemented during a review of the blocks commitments.
- 2.5 EY's block variance - **Table 5** provides a further breakdown of this with detailed narrative in sections 2.5 – 2.6.

TABLE 5: BREAKDOWN OF EARLY YEARS BLOCK VARIANCES				
	Budget £m	Actual £m	(Under)/ Over Spend £m	(Under)/ Over Spend %
1. 2 Year old funding for schools/providers (see section 2.5.1)	3.739	3.993	0.254	7%
2. 3 & 4 year old funding for schools/providers (see section 2.5.1)	16.884	16.010	(0.874)	(5%)
3. EY Pupil Premium	0.242	0.278	0.037	15%
4. EY Disability Access Funding (see section 2.5.2)	0.165	0.109	(0.057)	(34%)
SUB TOTAL - Demand driven	21.030	20.391	(0.640)	
5. EY Special Education Needs (SEN) funding	0.170	0.030	(0.140)	(82%)
6. EY Central expenditure	0.961	0.954	(0.007)	1%
TOTAL	22.161	21.374	(0.787)	(4%)

- 2.5.1 **Point 1 & 2** - There were significant variances on both 2 year old and 3 & 4 year old funding. The ESFA will calculate a final adjustment to our 2018/19 DSG allocation in July 2019 to take into account pupil numbers from the January 2019 schools census and EY census. We estimate this will result in a small clawback of less than £0.100m. This is not reflected in the variances shown in **Table 5** and the final adjustment, once confirmed, will need to be drawn down from the DSG reserve.

The 2 year old over spend is due to the ESFA funding LA's using the January census; this is the term where participation of 2 year olds is at its lowest point of the year; Schools and providers are funded on actual counts in each of the three terms thereby leading to a funding shortfall.

Other LA's in the East Midlands are experiencing a similar issue and this has been raised with the ESFA.

For 3 and 4 year olds there has been a beneficial impact due to the pupil counts used to support funding in 2018/19, the detail is as follows:

- As the number of pupils within the qualifying age range builds up over the course of the academic year, the spring count used to fund the LA for 3 and 4 year olds typically represents a mid-point.
- However, in 2018/19 the variation between count dates for funding coming into the LA and going out to providers has contributed around **£0.255m** to the reported underspend.
- A further **£0.430m** is due to the proportion of pupils qualifying for the deprivation supplement being lower than assumed when the Early Years Single Funding Formula was set.
- In addition, **£0.131m** relates to the late confirmation of the LA's maintained nursery supplementary funding allocation.

It is recommended (in accordance with funding guidance) that the net £0.583m underspend on 2, 3 and 4 year olds is ring-fenced in the SSR as a contingency to cover any clawback and potential impact of count discrepancies in future years.

This will be added to the £0.068m final early years under spend from 2017/18.

2.5.2 **Point 4** - The £0.197m under spend on the SEN inclusion fund and Disability Access Funding is ring-fenced in the SSR as agreed at SF on 15 January 2019. This funding will be distributed to settings for HN pupils, this basis is to be consulted on with all EY's settings.

2.6 HN block variances - **Table 6** shows a summary of the HN Block variances after the planned use of £2.453m reserves to support the HN budget.

Whilst reported high needs expenditure is just £0.245m (1%) over budget, it exceeded the LA's in-year DSG allocation for HN's by **£2.698m (8.5%)**.

Expenditure on pupils at the behaviour PRU and devolved AP allocations was 1% lower than forecasts during budget setting, but still at a level requiring the HN budget to be supplemented by £2.4m from DSG reserves.

TABLE 6: BREAKDOWN OF HIGH NEEDS BLOCK VARIANCES				
	Budget £m	Actual £m	(Under)/ Over Spend £m	(Under)/ Over Spend %
1. HLN support in mainstream schools	4.323	4.277	(0.046)	(1%)
2. SEN resource unit top up funding	0.583	0.568	(0.016)	(3%)
3. Special schools	9.150	9.123	(0.026)	(0%)
4. Net cross border top ups with other LA's - (see section 2.6.1)	0.386	0.513	0.128	33%
5. Post 16 HLN top ups in FE settings	1.050	1.101	0.051	5%
6. Independent/Non Maintained Specials	0.733	0.699	(0.034)	(5%)
7. Behaviour PRUs & devolved AP	5.317	5.275	(0.042)	(1%)
8. Hospital & Home Education	1.744	1.787	0.043	2%
9. Education cost residential placements - - (see section 2.6.2)	1.083	1.263	0.180	17%
SUB TOTAL - Demand driven	24.368	24.605	0.236	1%
10. Central high needs expenditure	4.324	4.332	0.009	0%
TOTAL HN spend (LA)	28.692	28.937	0.245	1%
Places funded via recoupment	5.527	5.527		
11. TOTAL (see section 2.6.3)	34.219	34.464	0.245	1%

2.6.1 **Point 4** - The net cross border budget covers:

- Expenditure of c. £1.5m with other LA's for our HN's pupils in their settings and
- Income of c. £1m for recharging costs of HN's provision and support for non-City pupils in our schools.

The over spend constitutes a 9% increase on expenditure. This reflects a step change in the level of charges from Nottinghamshire County for City pupils receiving top-up funding in County schools, this follows a tightening up of Nottinghamshire County data processes.

This budget will need to be reviewed as part of the 2020/21 budget setting process taking this trend into account and ensure that the budget is sufficient.

2.6.2 **Point 9** - The over spend on the education cost of residential placements is due to the increasing complexity of care packages and higher numbers of young people requiring secure placements.

This budget was increased by £0.107m for 2019/20 and will need to be reviewed again as part of 2020/21 budget setting process to ensure it is sufficient.

- 2.7 There were a number of further drawdowns from the SSR in year over and above the £2.693m which supported the HN budget as set out in section 2.6. These related to reserve commitments outlined in the 2017/18 Outturn Report and **Table 7** below provides clarification:

TABLE 7: IN YEAR RESERVE DRAW-DOWNS	
Reason	£m
Additional growth funding – Without a school place (WASPS)	0.129
Contribution to Nottingham Safeguarding Children’s Board	0.013
St Mary’s temporary classroom funding	0.045
Early Years clawback relating to 2017/18	0.111
Rates adjustments	0.043
Funding for Inclusion Projects outlined in SF paper 26 June 2018	0.121
2018/19 Schools Block surplus allocated to reserve	(0.179)
TOTAL	0.293

- 2.8 The SSR balance as at 1 April 2018 was £8.500m, after in year movements during 2018/19 the balance is £6.469m. **Table 8** below summarises the position:

TABLE 8: RESERVE ANALYSIS	
	Actual £m
Opening Balance as at 1 April 2018*	8.500
Less: DSG reserve supporting 2018/19 budget (See Table 2)	(2.693)
Less: 2018/19 Draw downs (See Table 5)	(0.293)
Add: 2018/19 Under spend (See Table 2)	0.955
Closing Balance as at 31 March 2018	6.469
Less: Future Commitments (see Appendix A)	5.780
Uncommitted Balance as at a 1 April 2019	0.689

Appendix A sets out the commitments/ring fenced funding from the SSR resulting in an **unearmarked balance of £0.689m.**

The uncommitted element of the SSR is 0.3% of the DSG budget; this was 1.23% as at 31 March 2018. There is no statutory requirement for the levels of this reserve

however; this percentage is lower than that included in the LA's Medium Term Financial Strategy which is between 3-5%.

The reason for the decline in the reserve balance has been and is the need of the reserve to support increasing HN costs specifically in relation to excluded pupils. **A longer term solution is required in order to prevent destabilising the DSG budget.**

- 2.9 All recommendations within this report align to the Schools and Early Years Finance (England) (No. 2) Regulations 2018. Future use of the reserve needs to align to the following expenditure categories set out in **Table 9**.

TABLE 9: EXPENDITURE CATEGORIES
HIGH NEEDS BUDGET Top-up funding – maintained schools Top-up funding – academies, free schools and colleges Top-up and other funding – non-maintained and independent providers Additional high needs targeted funding for mainstream schools and academies SEN support services Hospital education services Other alternative provision services Support for inclusion Special schools and Pupil Referral Units (PRU's) in financial difficulty PFI/ BSF costs at special schools and AP/ PRUs Direct payments (SEN and disability) Carbon reduction commitment allowances (PRUs)
EARLY YEARS BUDGET
Central expenditure on children under 5
CENTRAL PROVISION WITHIN SCHOOLS BUDGET Contribution to combined budgets School admissions Servicing of schools forums Termination of employment costs Falling Rolls Fund Capital expenditure from revenue (CERA) Prudential borrowing costs Fees to independent schools without SEN Equal pay - back pay Pupil growth/ Infant class sizes SEN transport Exceptions agreed by Secretary of State Other Items

- 2.10 The value of maintained school balances has increased during the financial year 2018/19 from £7.430m to £9.138m.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options were considered as part of this report.

4. OUTCOMES/DELIVERABLES

- 4.1 To provide SF with the 2018/19 outturn position and to confirm the opening balance of the SSR for 2019/20.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 5.1 This report contains financial implications.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

6.1 Legal Implications

- 6.1.1 The current law in force in this area is the School and Early Years Finance England Regulations 2018, SI 2018/10 and the School and Early Years Finance (England) (No. 2) Regulations 2018, SI 2018/1185. Spend from the SSR needs to align with the requirements of the Regulations.

7. HR ISSUES

- 7.1 Not applicable

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An EIA is not needed as the report does not contain proposals or financial decisions.

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

☐

No

x

Yes – Equality Impact Assessment attached

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Due regard should be given to the equality implications identified in the EIA.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 Schools Forum 26 June 2018 – Outturn Report 2017/18
10.2 Schools Forum 16 January 2018 – Schools Budget 2018/19
10.3 Schools Forum 13 February 2018 – School Exclusions – new funding model
10.4 Schools Forum 15 January 2019 – Early Years SEN funding

No		Date Approved	Funding Narrative	2019/20 £m	Other Comments
1	Re-phased BSF Wave 5 funding	29 March 2012 - Agenda Item 12- 03-10		0.450	
2	Education Service Grant reduction	23 Feb 2012	Aligns to academising schools and the impact to LA services.	0.347	Academisation of schools late and in year affects achievement of service reduction.
3	Contribution to Nottingham Safeguarding Children's Board	5 Dec 2013 - Agenda Item 6	Approve an annual contribution of £13,000 from the Dedicated Schools Grant to the NCSCB on an ongoing basis to ensure the shortfall between the income generated by the Schools and Education Safeguarding Team through the safeguarding training and the £33,000 committed is met.	0.013	
4	St Mary's temporary classroom funding	21 January 2016 – Agenda item 6	Funding to support temporary accommodation at Bulwell St Mary's CE Primary School	0.100	Funding period is Sept 2015 to July 2020.
5	Alternative Provision/PRU supporting 2019/20 budget	15 January 2019 Budget report	Planned reserve to support 2019/20 high needs budget	0.229	
6	Alternative Provision/PRU funding shortfall 2020/21 onwards	15 January 2019 Budget report	Forecast reserve requirement to support high needs budget in future years as per forecast in 2019/20 Schools Budget report	3.500	
7	Routes to inclusion	26 June 2018 – Agenda item 5	Element of Inclusion Project funding to support activity in summer term 2019.	0.013	
8	Robin Hood Primary business rates adjustment 17/18 & 18/19	DfE financial regs	Material in year business rate changes in accordance with financial regulations.	0.024	

No		Date Approved	Funding Narrative	2019/20 £m	Other Comments
9	Pupil growth	16 Oct 2014 – Agenda item 10	Balance of funding previously set aside for pupil growth and additional school places	0.179	
10	Early Years underspend on provision for 2,3 and 4 year olds		A proportion may be clawed back by ESFA in July 2019. This paper proposes to ring-fence remainder to manage potential future early years provision overspends.	0.652	£68,680 underspend carried over from 2017/18 plus £582,952 from 2018/19
11	Early Years DAF underspend		Ring-fence to distribute in conjunction with item13.	0.057	
12	Early Years SEN Inclusion fund underspend	15 January 2019 - Agenda item 5	Ring-fenced as proposed in Early Years SEN paper	0.140	
13	Fair Access contingency	23 Feb 2017 Agenda item 7	Contingency for emergency expenditure incurred by primary & secondary in year	0.028	Ongoing contingency of £25,000 plus £3575 underspend on primary fair access in 2018/19
14	Nethergate expansion – furniture and IT equipment		Approval for the Nethergate expansion is going to Exec Board for approval in July 2019. This sets aside funding to provide furniture and IT equipment for the new classrooms.	0.048	
TOTAL COMMITTED				5.780	