



**ADDITIONAL/ TO FOLLOW AGENDA ITEMS**

This is a supplement to the original agenda and includes reports that are additional to the original agenda or which were marked 'to follow'.

**NOTTINGHAM CITY COUNCIL  
SCHOOLS FORUM**

**Date:** Tuesday, 15 January 2019

**Time:** 1.45 pm

**Place:** LH 2.13 - Loxley House, Station Street, Nottingham, NG2 3NG

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

**AGENDA**

**Pages**

**7 SCHOOLS BUDGET REPORT 2019/20**

**3 - 22**

This page is intentionally left blank

**SCHOOLS FORUM – 15 January 2019**

<b>Title of paper:</b>	<b>SCHOOLS BUDGET 2019/20</b>
<b>Director(s)/ Corporate Director(s):</b>	Alison Michalska, Corporate Director for Children and Adults Laura Pattman, Director of Strategic Finance and Chief Finance Officer
<b>Report author(s) and contact details:</b>	Ceri Walters, Head of Commercial Finance 01158 764 128 <a href="mailto:ceri.walters@nottinghamcity.gov.uk">ceri.walters@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Sarah Molyneux Head of Legal & Governance 0115 876 4335 <a href="mailto:sarah.molyneux@nottinghamcity.gov.uk">sarah.molyneux@nottinghamcity.gov.uk</a>  Lynn Robinson HR Business Lead (Children & Adults) 01158 764 3605 <a href="mailto:lynn.robinson@nottinghamcity.gov.uk">lynn.robinson@nottinghamcity.gov.uk</a>
<b>Summary</b>	
<p>This report presents the proposed Schools Budget for 2019/20. The Schools Budget has been prepared in line with the parameters agreed at Schools Forum and with the financial regulations issued by the Department for Education (DfE). Final individual school budgets will be issued as well as the indicative early years, high needs funding allocations and guidance notes by 28 February 2019.</p> <p>Where applicable, the Local Authority's Medium Term Financial Plan (MTFP) incorporates the impact from the Dedicated Schools Grant (DSG).</p>	
<b>Recommendation(s):</b>	
<b>1</b>	<p><b>DSG</b></p> <p>a) To note the overall indicative 2019/20 Schools Budget to be spent incorporating the Schools, Central Schools Services, Early Years and High Needs blocks is <b>£274.956m</b> – as per <b>Table 2 and Figure 1</b>.</p> <p>b) To note this is funded by the provisional 2019/20 DSG allocation of £274.399m plus £0.558m from the DSG reserve and other grants.</p> <p>c) To note that the budget will be updated in year to reflect subsequent adjustments made by the ESFA to our 2019/20 DSG allocation as described in the report.</p> <p>d) Any balance remaining will be allocated to the Statutory School reserve.</p> <p>e) To note the impact to schools budgets of the indicative allocation is set out in <b>Table 4</b>.</p>
<b>2</b>	<b>Approve</b> 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. Details of the reason for the surplus balance are outlined in 2.4.1.
<b>3</b>	<b>Approve</b> the allocation of the remaining balance on the Schools Block of £0.007m in the financial year 2019/20 to the pupil growth fund. Refer to 2.4.1.

#### **4 PUPIL PREMIUM**

- a) To note the allocation of Pupil Premium funding will be allocated to schools in accordance with the grant conditions.

#### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 To ensure an understanding of how and on what basis different DfE grants are allocated to the Local Authority (LA) and how they are then allocated to individual schools forming their annual budget allocations.
- 1.2 To provide Schools Forum (SF) with a summary budget position based on the approvals gained in accordance with the Schools and Early Years Finance (England) (No. 2) Regulations 2018.
- 1.3 To update SF on the impact of any new legislation on the Schools budgets and the financial implications of those changes.

#### **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

##### **2.1 Construction of the 2019/20 budget**

2019/20 is the second year of the national funding formula (NFF) for schools, high needs and central school services.

The DfE have used the NFF to calculate the block values allocated to LA's for Schools, Central Expenditure and High Needs (HN); in addition to this the Early Year's NFF (EYNFF) was introduced in 2017/18.

In 2019/20 a summary of the budget allocation for Nottingham schools is as follows:

- The rates for each funding factor are aligned to the NFF.
- Minimum Funding Guarantee (MFG) of 0.5% has continued to be applied. Within the regulations LA's can set the MFG between minus 1.5% and plus 0.5% per pupil.
- Minimum per pupil funding has increased from 2018/19 as follows:
  - Primary pupils - from £3,300 in 2018/19 to £3,500.
  - Secondary pupils (that have years 10 & 11 pupils) - from £4,600 in 2018/19 to £4,800.
- The primary Low Prior Attainment (LPA) factor value has been reduced to £1,022 to balance the increase in the cohort. LA's are not permitted to set a weighting for primary low prior attainment.

For secondary's the only LPA is to year 7 weightings of 64%. Year 8 and 9 remain at 58% and 48 % respectively.

- Maximisation of the gains cap, this has been uplifted by a further 3% in 2019/20 from the 2018/19 baseline.

- 2.2 The purpose of this report is to provide a 2019/20 summary budget position for Schools; this report is a continuation of budget reports presented to SF during the budget setting process in accordance with the Schools and Early Years Finance (England) (No. 2) Regulations 2018.

These approvals are set out in **Table 1** below:

<b>TABLE 1: ANALYSIS OF APPROVALS</b>		
	<b>Status</b>	<b>Date</b>
<b>De - Delegated Budgets</b>		
Trade Union Senior Representative Cover Time	Approved	9 Oct 2018
Behaviour Support	Approved for Primaries only	
Health and Safety Building Maintenance Services	Approved	
<b>Central Budgets</b>		
Schools	Approved	9 Oct 2018
Early Years	Approved	
SEN Transport	Approved	
Copyright Licensing Agreement/Music Publishing Association Licences	Education and Skills Funding Agency (ESFA)	

The DSG is one of the main funding streams allocated to schools by the LA. Pupil Premium Grant is allocated from the LA to maintained schools only with the allocation being set out by the ESFA; Academies receive this funding direct.

### 2.3 **2019/20 DSG FUNDING ALLOCATION BASIS**

Since 2018/19 the NFF has set out the DSG funding in 4 blocks, these and their allocated values are as per **Table 2**:

<b>TABLE 2: Summary of DSG for the financial year 2019/20</b>		
		<b>£m</b>
1	Schools Block – section 2.3.1	211.924
2	Central School Services Block (CSSB) – section 2.3.2	7.079
3	Early Years Block – section 2.3.3	22.095
4	High Needs Block	33.301
<b>TOTAL DSG</b>		<b>274.399</b>

The following paragraphs outline for each of the blocks, how the LA allocation has been determined and any subsequent adjustments that will be made. This is also pictorially demonstrated in section 2.3.1.

#### 2.3.1 **Schools Block DSG Allocation**

The school block allocation is based on 2 elements:

##### a) Pupil-led and School-led funding

This is based on a Primary unit of funding (PUF) and secondary unit of funding (SUF).

In 2019/20 this equates to £4,501.86 per primary pupil and £5,943.44 per secondary pupil. These rates are calculated on the level of funding an LA would receive through the NFF based on the October 2017 census.

The actual Schools Block allocation for 2019/20 is based on:

- The number of primary pupils in Reception to Year 6 on the October 2018 census plus
- Pupils aged 4 to 10 not assigned to a year group on the October 2018 census multiplied by the PUF plus
- The number of secondary pupils in Year 7 to Year 11 plus
- Pupils aged 11 to 15, not assigned to a year group on the October 2018 census multiplied by the SUF.

Pupils in special units and resource provisions are included in the pupil counts above. Reception pupils are counted as one full time equivalent (FTE) irrespective of the hours they attend.

**The total funding allocated based on the primary and secondary units of funding totalled £205.873m.**

#### b) Premises and mobility funding

This funding is allocated to LA's based on historic costs in 2018/19 with the exception of Private Finance Initiatives (PFI) funding which has been uplifted by the RPIX from April 2017 to April 2018 (3.36%).

**Total funding allocated for premises and mobility totalled £4.131m.**

#### c) Growth funding

In 2019/20 the DfE have introduced a formulaic approach to funding pupil growth, last year this was funded based on historical spend in 2017/18.

Actual pupil growth allocations have been based on the movement in pupils between the October 2017 and October 2018 school census data in Middle Super Output Areas (MSOA). **Appendix A** which shows the new methodology for allocating pupil growth to local authorities.

No LA's growth allocation will fall by more than -0.5% of their overall 2018/19 schools block funding. In order to make this approach affordable, the DfE have scaled growth gains above a threshold. LA's will gain in full up to a maximum increase of 50% compared to their 2018/19 growth allocation, with gains above this scaled by a factor of 50%.

This methodology for allocating funding for pupil growth has only been confirmed for the financial year 2019/20. Currently awaiting further guidance from the DfE as to how pupil growth is to be funded from 2020/21 onwards.

**Total funding allocated for growth totalled £1.920m.**

### 2.2.2 Central Schools Services DSG Allocation

The Central School Services Block (CSSB) is made up of two categories of funding:

- Historic commitments and
- Ongoing commitments

Table 3 below shows the categorisation of budgets within the CSSB.

<b>TABLE 3: Budgets within the CSSB</b>		
<b>Commitment</b>	<b>Classification</b>	<b>2019/20 Allocation £m</b>
CERA	Historic commitment	0.801
Prudential borrowing	Historic commitment	0.283
Termination of employment costs	Historic commitment	1.608
Contribution to combined budgets	Historic commitment	2.887
Admissions	Ongoing commitment	0.585
Copyright licences	Ongoing commitment	0.204
Schools Forum	Ongoing commitment	0.032
Retained Duties (Former ESG)	Ongoing commitment	0.679
<b>Total</b>		<b>7.079</b>

In December 2017, the Education and Skills Funding Agency published each LA's 2018/19 DSG allocations, including those for the CSSB: ongoing and historic commitments, these allocations form the 2018/19 baseline for CSSB in 2019/20.

In 2018/19 the LA received £5.599m for historic commitments, the 2019/20 level is £5.579m.

For 2019/20 historic commitments have been funded at the same level as in 2018/19. However, there is an expectation by the DfE that expenditure on historic commitments will reduce over time as contracts and commitments reach their end points and they will continue to monitor this expenditure year on year. They have stated in paragraph 152 of the Schools Revenue funding 2019 to 2020 Operational guide – December 2018

*“We will seek explanations of expenditure recorded on section 251 returns where this is not reducing as expected.”*

In paragraph 153 they have also stated:

*“From 2020 to 2021, we expect to start to reduce the historic commitments element of the CSSB where local authorities' expenditure has not reduced. We do not believe it is fair to indefinitely maintain significant differences in funding between local authorities which reflect historic decisions.”*

#### **2019/20 allocation of £5.599m for historic commitments.**

LA's are funded for ongoing commitments based a national formula which distributes 90% of funding according to a per-pupil factor and 10% of funding according to a deprivation factor. Both elements have been adjusted for area costs. LA's due to receive reductions in their per-pupil funding for ongoing functions, compared to their 2018//19 baseline, as a result of the CSSB NFF will

be protected against large losses year on year. The maximum per-pupil reduction in funding is minus 2.5%.

In 2018/19 the CSSB unit of funding for Nottingham City for ongoing commitments was £36.96 per pupil. In 2019/20 this has reduced to £36.04 per pupil.

**In 2019/20 NCC has been allocated £1.480m for ongoing commitments.**

The DfE have stated that they will be reviewing the CSSB unit of funding for each LA on an annual basis. The total amount of funding in the CSSB is based on the current duties held by LA's.

Any changes to legal obligations will be reflected in future funding.

### 2.2.3 **Early Years Block DSG Allocation**

The LA's EY block allocation is based on the EYNFF which was introduced in April 2017.

The EYNFF dictates the hourly rate that each LA receives for 3 & 4 year olds. This rate remains unchanged for 2019/20 and for Nottingham City is **£4.92 per hour**.

The LA is funded at a separate rate of **£5.23 per hour** for 2 year olds.

**The LA's provisional EY block allocation as published on 17 December 2018 is £22.095m.** Within this provisional allocation there is funding for:

- a. 3 & 4 year old universal entitlement (£14.268m)
- b. 3 & 4 year old extended entitlement (£3.521m)
- c. 2 year old funding (£3.839m) and
- d. EY Pupil Premium (EYPP) (£0.242m)
- e. Early Years disability access fund (£0.090m).
- f. Maintained Nursery Supplementary (MNS) funding (£0.135m)

Provisional allocations are based on January 2018 pupil's numbers.

Final allocations will be based on 5/12ths x January 2018 pupil numbers and 7/12ths x January 2019 pupil numbers.

### 2.2.4 **High Needs Block DSG Allocation**

The LA's high needs (HN) block allocation is based on the new high needs national funding formula which was implemented in April 2018.

On 17 December 2018, the Secretary of State for Education announced additional revenue funding for high needs in 2018/19 and 2019/20. Nottingham City's allocation of the additional funding is £0.722m in each year.

**The LA's provisional 2019/20 HN block allocation including this additional funding is £33.301m.** This represents a £2.257m increase compared to the latest published 2018/19 allocation of £31.044m.

Over and above the recently announced additional funding for High Needs, our 2019/20 allocation under the HN NFF is approximately £0.6m higher than



originally anticipated based on the published indicative impact of the HN NFF, due to a 3.6% increase in Nottingham's mid 2019 ONS 2-18 population projection. The 3% gains cap built into the HN NFF is on a per head basis so the LA has benefited from this projected population increase.

The HN allocation for 2019/20 will be finalised in June 2019 taking into account the Spring 2019 pupil numbers for the import/export adjustment with other LA's.

## 2.3 **OVERVIEW OF DSG FUNDING DISTRIBUTION**

2.3.1 Figure 1 below provides a breakdown of the Schools budget for 2019/20 by block and category of spend.

Figure 1

Elements	Schools	Central Expenditure	Early Years	High Needs	Total
Educational settings	£209.563m	-	£21.141m	£29.080m	£259.784m
Pupil growth	£1.272m	-	-	-	£1.272m
Combined services	-	£2.887m	-	-	£2.887m
Central expenditure	-	£4.192m	£0.954m	£5.509m	£10.655m
De-delegated	£0.359m	-	-	-	£0.359m
BLOCK TOTAL	£211.194m	£7.079m	£22.095m	£34.589m	£274.956m
2018/19 Settlement	£211.924m	£7.079m	£22.095m	£33.301m	£274.399m
Funding not in DSG settlement	£0.329m	-	-	£0.229m	£0.558m
TOTAL FUNDING	£212.253m	£7.079m	£22.095m	£33.530m	£274.956m
VARIANCE	£1.059m	0	0	-£1.059m	0

## 2.4 **DISTRIBUTION OF DSG FUNDING TO SETTINGS**

The following paragraphs outline in detail how funding is distributed in each block.

### 2.4.1 **Distribution of Schools Block Funding**

The schools block budget currently totals £211.194m (this assumes SF approval of recommendation 3, this is funded by:

- DSG £211.924m;
- Reimbursement of costs from academies of £0.258m and
- Estimated pupil growth funding brought forward £0.71m.

After applying the +0.5% per pupil MFG per pupil which was consulted upon before the implementation of the NFF this has resulted there being a **surplus balance of £1.066m**.

The surplus balance is due to two main factors:

1. In financial year 2018/19 the LA included an estimated additional 55 pupils at the Nottingham Free School which was taken into account when calculating the Secondary Unit of Funding for 2019/20. However, now that this school is no longer a growing school the LA does not need to include an estimate for additional pupils to be taken in, in September 2019;
2. When the ESFA calculated the SUF for 2019/20 a theoretical baseline for Bluecoat Aspley and Bluecoat Wollaton Academies was used based on the average 2017/18 baseline for secondary pupils in the city. This was significantly higher than the 2018/19 baseline and has caused a significant surplus.

Because the MFG per pupil can only be set between -1.5% to +0.5% this means that the remaining balance **cannot be passed onto all schools** (91 of the 92 schools are on the MFG of +0.5%). The operational funding guidelines do not allow another facility to pass on the surplus balance to schools. The only options available are:

1. Request SF approval to transfer the surplus balance to the HN Block.

With the approval of SF LA's can transfer up to 0.5% of the Schools Block to other blocks within the DSG. This equates to £1.059m of NCC Schools Block.

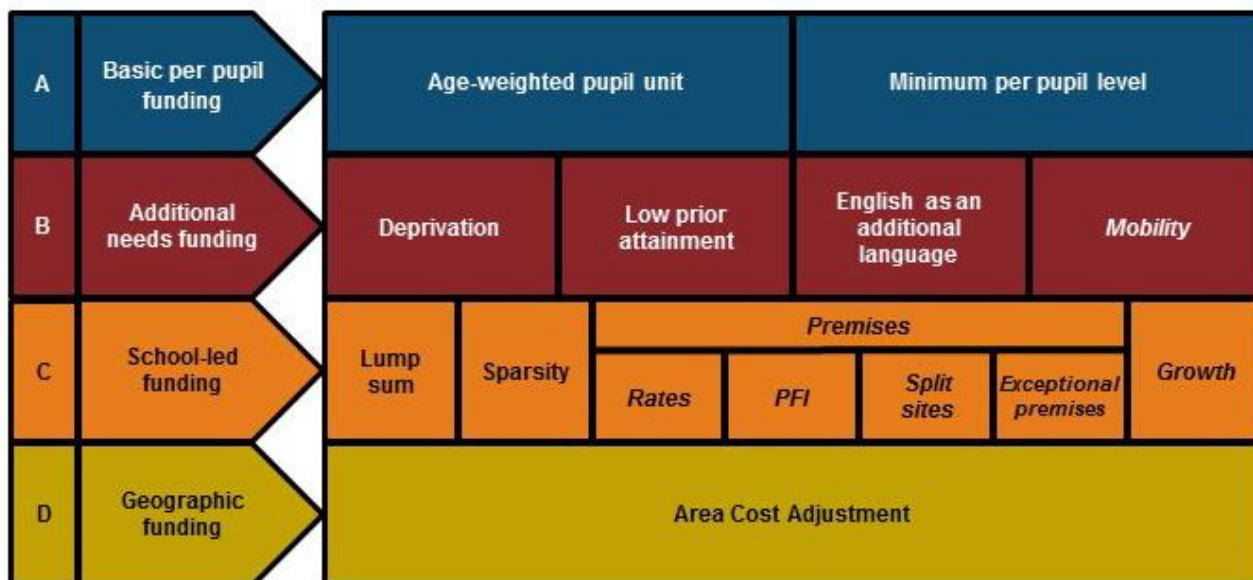
2. Allocate the surplus to the Pupil Growth Fund. Any underspend in 2019/20 would be transferred into the Statutory School Reserve at the end of 2019/20.

The LA proposes that SF approve:

1. A Schools Block Transfer of 0.5% which as stated above equates to 1.059m in 2019/20.
2. The allocation of an additional £0.007m to the pupil growth fund in 2019/20. This would be in addition to the £1.265m requested in the Pupil Growth Fund 2019/20 report also presented at this meeting.

The Schools Forum Sub-group met on 11 December 2018 to discuss the potential use of the projected surplus which at that point was forecast at £0.658m. The proposal to undertake a Schools Block Transfer was supported by the sub-group. The surplus balance has increased due to £1.066m due to no longer needing to include Nottingham Free School's growing numbers.

**Figure 2** below illustrates the factors that have been included when calculating schools budgets for 2019/20 based on the NFF.



In 2019/20 the age weighted pupil units (AWPU) remain unchanged from 2018/19.

The level of MFG protection has risen from £9.546m in 2018/19 to £11.233m in 2019/20.

**Table 4** below shows the schools budget movement by sector for 2019/20.

TABLE 4: % BUDGET MOVEMENTS IN SCHOOLS					
Phase	No. of schools with no gain or loss greater than 5%	No. of schools with a gain greater than 5%	No. of schools with a loss greater than 5%	No. of new schools in 2019/20 with no comparative to 2018/19	Total number of schools
Primary	59	11	3	2*	75
Secondary	11	6	0	0	17
<b>Total</b>	<b>71</b>	<b>16</b>	<b>3</b>	<b>2</b>	<b>92</b>

\*In September 2018 Djanogly Northgate Academy split into two separate schools, Djanogly Northgate Academy and Djanogly Sherwood Academy.

Although funding per pupil via the MFG has increased from 2018/19 some schools may see a reduction in their funding from 2018/19 due to the following reasons:

- Reduction in pupils on roll;  
or

- Reduction in business rates.

#### 2.4.2 Distribution of CSSB Funding

The CSSB Funding has been allocated as shown in **Table 3**.

The only revision that has been made to the CSSB allocations since they were approved a Schools Forum on 9 October 2018 is to the Retained Duties funding, which has increased by £0.033m. This funding has been increased due updating the allocation to take account of the updated pupils in primaries, secondaries, special schools, PRU's and nurseries confirmed by the ESFA.

The final CSSB allocation was £0.033m higher than the indicative allocation. By allocating this funding to retained duties this has had the effect of allocating £15.66 per pupil for retained duties.

Since Schools Forum approved the allocation of £0.204m for copyright licences on 9 October 2018 the LA has received confirmation from the DfE that the charge for 2019/20 will be £0.204m.

#### 2.4.3 Distribution of Early Years Block Funding

**Table 5** provides an indicative breakdown of the 2019/20 EY block budget:

<b>TABLE 5: EY INDICATIVE BUDGET BREAKDOWN (£m)</b>					
<b>ELEMENT</b>	<b>3 &amp; 4 YO</b>	<b>2 YO</b>	<b>DLA</b>	<b>EYPP</b>	<b>TOTAL £m</b>
<i>Base rate/hour</i>	£4.33	£5.08		£0.53	
Base rate total	15.655	3.728		0.242	19.626
<i>Supplements</i>					
<i>-Deprivation/hour</i>	£1.00		£625		
<i>-Flexibility/hour</i>	£0.10				
<i>DLA/annum</i>					
Supplements total	0.912		0.090		1.002
MNS lump sum	0.228				0.228
SEN inclusion fund	0.135	0.035			0.170
Contingency	0.105	0.011			0.116
<b>TOTAL PROVIDERS</b>	<b>17.035</b>	<b>3.774</b>	<b>0.090</b>	<b>0.242</b>	<b>21.141</b>
<b>Central Expenditure</b>	<b>0.889</b>	<b>0.065</b>			<b>0.954</b>
<b>GRAND TOTAL</b>	<b>17.924</b>	<b>3.839</b>	<b>0.090</b>	<b>0.242</b>	<b>22.095</b>
Pass-through %	95.0%	98.3%			

Central expenditure is in line with approvals of the 9 October 2018 SF and aligns to the 95% pass through requirement for 3 & 4 year old funding.

The hourly funding rates in our EY funding formula remain unchanged for 2019/20, as the funding rate underpinning our EY block allocation for 2019/20 has not been increased.

The contingency allows for some variation to estimate in the proportion of pupils attracting the deprivation supplement and for the discrepancy between the count dates for funding coming in (Jan 19 & Jan 20) and funding going out to providers (May 19, Oct 19, Jan 20). There will be some movement between the

supplements total and the contingency following the detailed calculation of the indicative budgets for providers, which will be completed before the end of February using pupil data for each setting for the last 3 available terms.

#### 2.4.4 Distribution of High Needs Block Funding

**Table 6** provides a provisional breakdown of the 2019/20 HN budget, with latest comparative budget figures for 2018/19.

<b>TABLE 6: PROVISIONAL HN BUDGET BREAKDOWN</b>			
<b>BUDGET</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>Change £m</b>
Mainstream HLN including AIA	4.323	4.323	
SEN resource unit top-up funding	0.583	0.603	0.020
SEN resource unit places (via recoupment)	0.352	0.363	0.011
Special School top-up & maintained places	9.150	9.550	0.400
Special academy places (via recoupment)	2.675	2.773	0.098
Net cross border top-ups	0.386	0.386	
Post-16 HLN funding	1.050	1.050	
FE/CCP places (via recoupment)	0.910	0.836	(0.074)
Independent/Non Maintained Special	0.733	0.790	0.057
Hospital & Home Education PRU	1.744	1.752	0.009
Behaviour PRUs/Devolved AP	5.317	4.736	(0.581)
PRU academy places (via recoupment)	1.520	1.520	
AP free schools (via recoupment)	0.070	0.040	(0.030)
Contingency		0.357	0.357
<b>TOTAL PROVISION</b>	<b>28.813</b>	<b>29.080</b>	<b>0.267</b>
Fair Access	0.457	0.457	
Other AP – LA staff supporting inclusion & teenage parents	0.354	0.361	0.007
Other AP – IDEAL new entrant provision (Ellis Guilford)	0.122	0.156	0.034
Other AP – Contribution to residential placements	1.083	1.105	0.022
Other AP – Statemented boys behaviour outreach (Westbury)	0.110	0.110	
SEN team	0.322	0.328	0.006
SEN specialist equipment	0.062	0.062	
Inclusive education services – Sensory, Learning Support & Autism teams	1.680	1.714	0.034
SEN transport	1.000	1.000	
Disability Access	0.200	0.200	
Carbon Reduction Commitment PRU	0.016	0.016	
<b>TOTAL CENTRAL BUDGETS</b>	<b>5.406</b>	<b>5.509</b>	<b>0.103</b>
<b>GRAND TOTAL</b>	<b>34.219</b>	<b>34.589</b>	<b>0.369</b>

The proposed HN budget for 2019/20 before recoupment is £34.589m; **Table 7 below** shows how this budget is funded.

<b>TABLE 7: 2019/20 HN FUNDING BREAKDOWN</b>	
<b>£m</b>	
33.301	2019/20 High Needs budget allocation
1.059	Schools Block Transfer (if approved)
0.229	DSG Reserves (balancing figure)
<b>34.589</b>	<b>TOTAL</b>

The figures in **Table 6** are provisional and there may be amendments resulting from the detailed calculation of indicative budgets for settings and the finalisation of 2019/20 service budgets.

At this stage the provisional budget figures incorporate the following:

- Planned place increases for special schools and special resource units as presented to Schools Forum at the 9 October 2018 meeting.
- A 0.5% increase in special school funding levels and special resource unit top-ups in line with the increase to mainstream school budgets. The exception to this is Westbury Special Academy, where the top-up level is being reduced by 1.5% reflecting economies of scale from school expansion.
- A 2% increase on central budgets reflecting the 2% pay award from April 2019 and inflation.
- A £0.057m increase on the Independent/Non Maintained Special School budget bringing it into line with the latest forecast spend in 2018/19.
- A projection of PRU/devolved AP expenditure which aligns to the forecast that was presented in the 15 November Schools Forum Paper.
- A £0.242m budget pressure relating to the merger of two FE colleges to create Nottingham College. This has also impacted on 2018/19 and we are trying to make the case to the ESFA for a baseline adjustment.

The HN budget incorporates a £0.357m contingency to cover demand pressures for 2019/20 that may crystallise in the run up to 2018/19 year-end and during the detailed budget setting that will be carried out over the next 4 months prior to the submission of the Section 251 budget statement to the ESFA by 30 April 2019. £0.357m represents approximately 1.2% of the total HN provision budget. The final 2019/20 high needs budget distribution will be discussed at the Schools Forum sub-group.

The planned use of reserves to support the HN budget in 2019/20 is £0.920 lower than was anticipated in the 15 November 2018 SF report on the Schools Block Transfer (which was withdrawn). This is due to the additional £0.722m funding allocation announced on 17 December 2018 and to the schools block transfer proposal outlined in this report now being at the maximum 0.5%.

A HN Medium Term Financial Projection, showing revised projections for the DSG reserve requirements in relation to PRU/devolved AP costs on the basis of the above, is presented in **Table 8**.

<b>TABLE 8: MEDIUM TERM FINANCIAL PROJECTIONS</b>						
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>

	£m	£m	£m	£m	£m	£m
PRU costs	5.072	4.780	4.609	4.684		
Devolved AP	1.184	1.184	1.184	1.184		
<b>TOTAL COST</b>	<b>6.256</b>	<b>5.963</b>	<b>5.793</b>	<b>5.868</b>	<b>5.868</b>	<b>5.868</b>
<b>FUNDED BY:</b>						
HN DSG	4.968	4.572	4.872	5.172	5.472	5.772
Reserves (committed)	0.229	0.600				
Block Transfer	1.059					
Additional reserves	-	0.791	0.921	0.696	0.396	0.096
<b>TOTAL</b>	<b>6.256</b>	<b>5.963</b>	<b>5.793</b>	<b>5.868</b>	<b>5.868</b>	<b>5.868</b>
<b>Cumulative additional reserves required</b>		<b>0.791</b>	<b>1.712</b>	<b>2.408</b>	<b>2.804</b>	<b>2.900</b>

The current uncommitted balance in the DSG reserve is £2.903m. The potential cumulative reserve requirement above for PRU/AP costs at £2.900m is just within this amount.

The above projections are based on prudent assumptions:

- It does not assume an extra £0.722m HN DSG in 2020/20 over and above the 3% cap originally built into the HN NFF.
- It does not assume a schools block transfer in 2020/21.
- Projections of PRU/devolved AP expenditure assuming rate of exclusions consistent with last 12 months for non-devolved schools (forecast as at November 15 draft report)
- In-year budget for PRU/devolved AP increased by £0.3m per annum over the period, from projected HN funding increases within 3% cap.

This financial picture will improve significantly if the £0.722m proves to be ongoing additional high needs DSG provided from 2020/21 onwards over and above the previously assumed 3% growth. However, this will not become clear until the next Government Spending Review.



## 2.5 Pupil Premium (PP)

The total PP allocated to schools is made up of 3 of elements and each element has a different pupil criteria supporting, these are described below:

- Pupil Premium - Indicative allocation for all schools will be confirmed in May 2019 based on the January 2019 census. The LAC numbers will be updated in December 2019. This means that some schools could see a small reduction in the number of Ever 6 FSM pupils counted for their pupil premium allocation, if the pupil is identified as LAC in the update. In these cases the schools concerned would see a reduction in their pupil premium allocation.

**Table 9** shows the rates attributable to each element of the Pupil Premium Grant for 2019/20.

<b>TABLE 9: PUPIL PREMIUM COMPARISON</b>				
	<b>FSM EVER6</b>			
	<b>Primary £</b>	<b>Secondary £</b>	<b>Service Child £</b>	<b>Post Looked after Child* £</b>
2018/19, 2019/20	1,320	935	300	2,300
2015/16, 2016/17 & 2017/18	1,320	935	300	1,900

\*Looked after Children and eligible pupils who have been adopted from care or leaving care under a special guardianship or a child arrangements order (previously known as a residence order).

- Pupil Premium Plus Grant - The rate for pupil premium plus for looked after children and children adopted from care will remain the same in the financial year 2019 to 2020 at £2,300 per pupil.
- Year 7 Catch up Premium Grant – The DfE have not confirmed that the grant will continue in the financial year 2019/20. Once the LA has been given further guidance we will update schools and academies.

## 2.6 OTHER GRANTS

### PE & Sports Grant and Universal Infant Free School Meals Grant

No further guidance has been given as to the rates for the academic year 2019/20. As the guidance links to the current guidance for 2018/19, we can only assume they will continue at the same rates as in the academic year 2018/19.

Once the LA has been given further guidance we will update schools and academies.

### School Improvement Monitoring and Brokering Grant

The School Improvement Monitoring and Brokering Grant continues in the financial year 2019 to 2020. The remaining £20m for the academic year 2018/19. The DfE have confirmed that they will confirm the funding from September 2019 to the end of the financial year in due course.

## 3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG and pupil premium

#### **4 OUTCOMES/DELIVERABLES**

- 4.1 To allocate budgets to schools on a fair and transparent basis before 31 March 2019 in accordance with The Schools and Early Years Finance (England) (No. 2) Regulations 2018.

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

- 5.1 Financial implications are contained throughout this report.

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

- 6.1 The current law in force in this area is the Schools and Early Years Finance (England) (No. 2) Regulations 2018 which came into force on 7 December 2018 and apply for the financial year beginning 1 April 2019. This report seeks to address the requirements of those Regulations.

Sarah Molyneux  
Head of Legal & Governance  
0115 876 4335  
[sarah.molyneux@nottinghamcity.gov.uk](mailto:sarah.molyneux@nottinghamcity.gov.uk)  
3 January 2019

#### **7 HR COLLEAGUE COMMENTS**

- 7.1 There appears to be no direct workforce or employment implications as a result of this report. However, it should be noted that where funding is time limited and where this may have a potential implications for against staffing establishment, it is recommended that schools should take appropriate expert HR advice from their service provider on employment matters.

Lynn Robinson  
HR Business Lead (Children & Adults)  
01158 764 3605  
[lynn.robinson@nottinghamcity.gov.uk](mailto:lynn.robinson@nottinghamcity.gov.uk)  
3 January 2019

#### **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:  
(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**

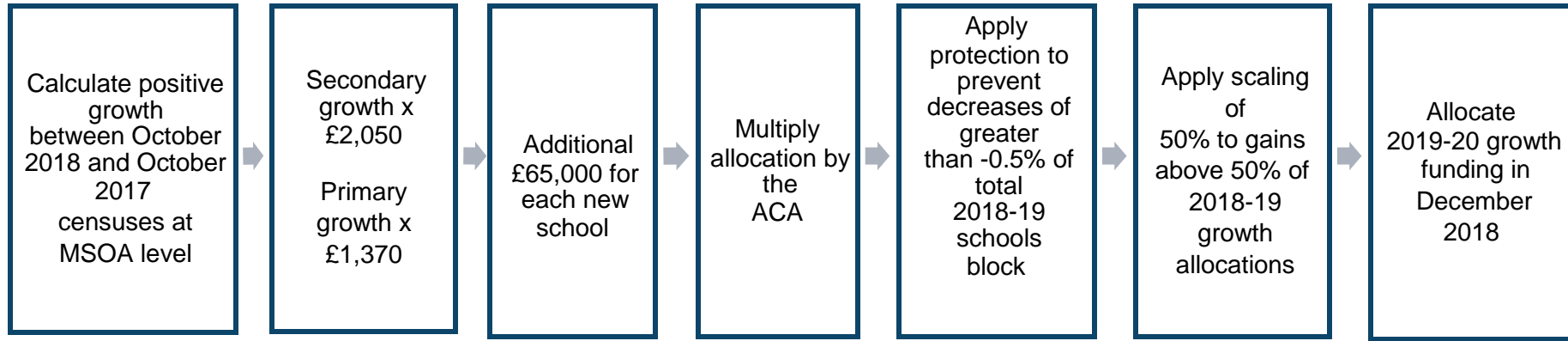
9.1 None

## **10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 10.1 Schools Forum – Central Expenditure Budget 2019/20 – Historic Commitments – 9 October 2018
- 10.2 Schools Forum – Central Expenditure Budget 2018/19 – Ongoing Commitments - 9 October 2018
- 10.3 Schools Forum - De-delegation of funding for trade union time off for senior representatives – 9 October 2018
- 10.4 Schools Forum - De-delegation of funding for the Behaviour Support Team (BST) in 2019/20 – 9 October 2018
- 10.5 Schools Forum - De-delegation of 2019/20 Health and Safety Building Inspection Funding – 9 October 2018
- 10.6 Schools Forum - Early Years Central Expenditure 2019/20 – 9 October 2018
- 10.7 DfE – The Schools and Early Years Finance (England) (2) Regulations 2018
- 10.8 DfE – The national funding formulae for schools and high needs 2019 to 2020 – July 2018
- 10.9 DfE – Schools block national funding formula: technical note – August 2018
- 10.10 ESFA – Schools block dataset technical specification: 2019 to 2020 – December 2018
- 10.11 ESFA – Schools revenue funding 2019 to 2020 – Operational guide – December 2018
- 10.12 ESFA – High needs funding 2019 to 2020 – Operational guide September 2018
- 10.13 DfE – Dedicated schools grant – Conditions of grant 2019 to 2020 – December 2018
- 10.14 DfE – Dedicated schools grant – Technical note 2019 to 2020 – December 2018
- 10.15 DfE – Schools Forum - Operational and good practice guide – September 2018

This page is intentionally left blank

Summary of new growth methodology



This page is intentionally left blank