



**NOTTINGHAM CITY COUNCIL**  
**SCHOOLS FORUM**

**Date:** Thursday, 15 November 2018

**Time:** 12.00 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**

<b>1</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3</b>	<b>MINUTES OF THE LAST MEETING</b> Minutes of the meeting held on 9 October 2018, to be agreed by the Forum.	3 - 12
<b>4</b>	<b>WORK PROGRAMME</b>	13 - 14
<b>5</b>	<b>SCHOOLS BLOCK TRANSFER PROPOSALS 2019/20</b> Joint report of the Director of Education and Corporate Director for Children and Adults	15 - 30

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

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**NOTTINGHAM CITY COUNCIL**

**SCHOOLS FORUM**

**MINUTES of the meeting held at Loxley House, Nottingham on 9 October 2018  
from 1.50 pm - 5.00 pm**

**Membership**

Present

Judith Kemplay (Chair)  
Derek Hobbs (Vice Chair)  
Caroline Caille  
Sally Coulton  
David Holdsworth  
David Hooker  
Andy Jenkins  
Kerrie Henton  
Stephen McLaren  
Janet Molyneux  
Debbie Simon (Early Years PVI)  
Terry Smith  
James Strawbridge  
Mark Trimmingham  
Sheena Wheatley

Absent

Maria Artingstoll  
David Stewart

**Colleagues, partners and others in attendance:**

Kathryn Bouchlaghem	- Early Years Manager
Kimberly Butler	- Behaviour Support Team leader
John Dexter	- Director of Education
Kenneth France	- Contracts Manager, Building Services
Sian Hampton	- Archway Learning Trust
Julia Holmes	- Senior Commercial Business Partner, Finance
Lucy Juby	- Project Manager, School Organisation Team
Gail Keen	- Employee Relations Specialist
Councillor Neghat Khan	- Portfolio Holder for Education and Skills
Nick Lee	- Head of Access and Learning
Sophie Russell	- Head of Children's Strategy and Improvement
Kathryn Stevenson	- Senior Commercial Business Partner (Schools)
Janine Walker	- Head of Inclusion and Disability
Ceri Walters	- Head of Commercial Finance
Phil Wye	- Governance Officer

**1 APPOINTMENT OF CHAIR**

**RESOLVED to appoint Judith Kemplay as Chair for the 2018/19 academic year.**

**2 APPOINTMENT OF VICE CHAIR**

**RESOLVED to appoint Derek Hobbs as Vice-Chair for the 2018/19 academic year.**

**3 MEMBERSHIP**

The following new members were welcomed onto the Forum:

- Kerrie Henton (AP Academies and Free Schools)
- Derek Hobbs (Secondary Academies)
- Mark Trimingham (Secondary Academies).

**4 APOLOGIES FOR ABSENCE**

Maria Artingstoll

**5 DECLARATIONS OF INTEREST**

None.

**6 MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 26 June 2018 were agreed as a correct record and signed by the Chair.

**7 WORK PROGRAMME**

The work programme was noted.

**8 DE-DELEGATION OF FUNDS FOR HEALTH AND SAFETY BUILDINGS INSPECTION**

Ken France, Contracts Manager, Building Services, presented the report updating Schools Forum on the statutory and legislative health and safety responsibilities of the local authority in relation to maintenance and testing of maintained school properties and de-delegated funding is used to support this.

**RESOLVED to**

**(1) note the statutory and legislative health and safety responsibilities of the local authority in relation to building maintenance of maintained primary and secondary schools and they type of costs that the requested funding will be used to fund;**

**(2) for maintained mainstream primary schools to approve the de-delegation of health and safety building inspection funding in 2019/20 and 2020/21 based**

**on a rate of £6.61 per pupil. The total estimated funding requested to be de-delegated in 2019/20 is £0.074m;**

- (3) for the maintained mainstream secondary school to approve the de-delegation of health and safety building inspection funding in 2019/20 and 2020/21 based on a rate of £6.61 per pupil. The total estimated funding requested to be de-delegated in 2019/20 is £0.009m;**
- (4) agree to the principle that maintained mainstream schools will approve in principle to de-delegate this funding in 2020/21 to ensure there are sufficient funds to cover the total estimated cost over the next four financial years.**

## **9 DE-DELEGATION OF FUNDING FOR THE BEHAVIOUR SUPPORT TEAM (BST) IN 2019/20**

Kimberly Butler, Behaviour Support Team Leader, introduced the report which informed the Forum of work undertaken by the BST which will contribute to the legal and statutory duties of maintained schools.

Total funding available for de-delegation by maintained mainstream primary schools is £0.223m. This is made up of £0.136m generated by pupils eligible for free school meals and a lump sum of £0.087m lump sum funding.

**RESOLVED for maintained mainstream primary schools to approve the de-delegation of funding for statutory services provided by the BST in 2019/20 at a rate of £55 per pupil eligible for free school meals and a lump sum of £0.003m per school**

## **10 DE-DELEGATION OF FUNDING FOR TRADE UNION TIME OFF FOR SENIOR REPRESENTATIVES**

Gail Keen, Employee Relations Specialist, introduced the report outlining the proposed funding arrangements for trade union facility time for senior trade union representatives from schools to attend negotiation and consultation meetings and to represent their members in schools in 2019/20.

**RESOLVED for**

- (1) maintained primary schools to approve the de-delegation of funding for senior trade union representatives at a rate of £1.45 per pupil and a lump sum of £1,368 per school. Total funding requested to be de-delegated by maintained mainstream primary schools is £0.056m, made up of £0.016m generated by pupil numbers and £0.040m lump sum funding;**
- (2) the maintained secondary school to approve the de-delegation of funding for senior trade union representatives at a rate of £1.45 per pupil and a lump sum of £1,368 per school. Total funding requested to be de-delegated by maintained mainstream secondary schools is £0.003m, made up of £0.002m generated by pupil numbers and £0.001m lump sum funding.**

## 11 HIGH NEEDS CONSULTATION ON PLACES

Kathryn Stevenson, Senior Commercial Business Partner (Schools), delivered a presentation and highlighted the following:

- (a) there is a legal requirement for the local authority to consult with Schools Forums over arrangements for high needs pupils, and a requirement to submit place change notifications relating to academies to the Education Funding Agency in November;
- (b) the local authority identifies where a place number change may be required, by looking at current numbers, known leavers in July 2019, anticipated new admissions and limits to physical capacity. It then agrees proposed changes with the relevant setting;
- (c) the following key proposed changes have been identified for the 2019/20 academic year:

<b>Setting</b>	<b>Place change</b>	<b>Comments</b>
Oakfield	+8	8 extra Autistic Spectrum Disorder (ASD) places were required. ASD class set up at Oakfield from September 2018.
Westbury	+4	Still to be confirmed in discussion with the school.
Bluecoat post-16	-1	Aligns place numbers to 10 foundation learning places.
Bluecoat Primary SRU	+1	Increase from 3 to 4 primary places
Bilborough College	-1	Single high needs learner has left.

- (d) there will be a further £0.215m impact in 2019/20 from the full year effect of an additional 23 pre-16 places commissioned from September 2018. The full year cost of 4 extra places at Westbury at existing top-up is £0.099m but the authority intends to discuss a phased reduction in the top-up level to reflect economies of scale;
- (e) a doubling of secondary high needs ASD pupils by 2025, based on pupils currently at primary school. The feasibility of 8 ASD places per year group at Nethergate is being explored, subject to capital funding;
- (f) a bid has been entered for a Special Free School for 48 secondary Moderate Learning Difficulties/ASD places on the Bluecoat site in conjunction with the Archway Trust;

- (g) there is no specific provision for high-functioning ASD pupils as it would need to be financially viable. However, Bulwell Academy and Nethergate have some of these pupils.

**RESOLVED to note the information provided.**

## **12 CENTRAL EXPENDITURE BUDGET 2019/20 – HISTORIC COMMITMENTS**

Ceri Walters, Head of Commercial Finance, introduced the report setting out the recommendations of the Schools Forum Sub Group (SFSG) on specific items of expenditure for inclusion in the 2019/20 budget setting process.

Members of the SFSG explained how they had undertaken a rigorous review of the historic commitments, looking at supporting evidence provided by local authority officers, and were in agreement to recommend the approval of the historic commitments proposed.

Sophie Russell and Nick Lee briefly outlined the work done through the contribution to combined budgets in the areas of Family Support, Integrated Placements, Safeguarding Training and the Virtual School.

Janine Walker delivered a presentation on SEN Transport, which is a new commitment as part of the high needs block that requires Schools Forum approval. She highlighted the following:

- (a) there are four main factors which may determine if children or young people aged 5-16 are eligible for travel assistance. These are statutory walking distances, SEND or significant mobility problems, unsafe routes and extended rights;
- (b) the spend on travel assistance to schools and post 16 settings in the 2017/18 financial year was £2.8m, providing assistance to 470 children and young people;
- (c) the local authority has introduced a dynamic purchasing system for procurement of taxis and minibuses to reduce costs. Routes are also optimised, and the independent travel training scheme has been rolled out to schools;
- (d) Nottingham City has the lowest spend per head for 5-16 travel assistance, compared with statistical neighbours, and is the fourth lowest for post 16 transport;
- (e) The provision of SEND transport significantly drives down additional costs to the schools budget by ensuring that needs are met within the city and avoiding the need to place children in costly non maintained and independent provision.

**RESOLVED to**

**(1) approve the historic commitments set out below totalling £6.579m:**

<b>Service</b>	<b>2019/20 £m</b>
Contribution to combined budgets	2.887
Termination of employment costs	1.608

Prudential borrowing	0.283
Capital expenditure from revenue accounts	0.801
SEN Transport (High Needs Block)	1.000

**(2) note the additional historical detail set out in Appendix B of the report.**

### **13 CENTRAL EXPENDITURE BUDGET 2019/20 – ON GOING COMMITMENTS**

Ceri Walters, Head of Commercial Finance, introduced the report presenting the council’s proposed central expenditure for ongoing commitments for 2019/20.

#### **RESOLVED to**

**(1) approve the ongoing commitments budgets set out below, totalling £1.467m:**

<b>Service</b>	<b>2019/20 £m</b>
School Admissions	0.585
Servicing of Schools Forum	0.032
Statutory retained duties	0.646
Copyright licenses (consultation only)	0.204

**(2) note that the cost of Copyright Licenses totalling £0.204m does not require approval as the licenses are managed and procured by central government;**

**(3) note that where values are based on pupil numbers, this report has used the latest October 2017 census however, once the latest census and final allocations issued from the DfE these figures will be updated and represented in the final budget report.**

### **14 EARLY YEARS BUDGET 2019 - 20**

Kathryn Stevenson, Senior Commercial Business Partner (Schools), introduced the report requesting approval of the Early Years central expenditure budget for 2019/20.

New national early years funding arrangements were implemented from April 2017 including a new national funding formula for the allocation of the early years block to local authorities and new regulations around the distribution of funding to providers. The proposed early years central expenditure figure represents 5% of the anticipated 2019/20 early years block allocation. The following points were raised in discussion with Forum members:

- (a) underspend within the early years block is not ringfenced for early years but goes into the Dedicated Schools Grant reserves as uncommitted funds. However, this can still feasibly be spent on early years;
- (b) local authorities have a requirement to provide sufficient childcare, but do not have the powers to stop new settings from opening if there is over-provision. Nationally some early years settings are closing because they rely heavily on



grants for free places, but this is not happening much in Nottingham;

(c) outcomes for children at early years settings have once again improved this year.

**RESOLVED to approve the Early Years Central Expenditure of £0.954m for 2019/20, subject to this meeting the high pass-through requirement.**

## **15 SCHOOLS BLOCK TRANSFER PROPOSALS 2019/20**

Kathryn Stevenson, Senior Commercial Business Partner (Schools) introduced the report requesting approval for a schools block transfer in 2019/20 and to agree an application to the Secretary of State to enable the block transfer to be implemented in the proposed way. Kathryn highlighted the following:

- (a) a schools block transfer is the transfer of funds between the schools block and the high needs block. The high needs block requires additional funds due to the high rate of permanent exclusions, predominantly in the secondary phase. Schools Block transfers of up to 0.5% require Schools Forum approval;
- (b) the number of permanent exclusions rose significantly between 2012/13 and 2016/17, though did reduce slightly in 2017/18. This has resulted in a doubling of PRU pupil numbers to 137 pupils to be funded from the high needs budget;
- (c) up to now that gap in the high needs budget has been covered using Dedicated Schools Grant (DSG) reserves, which will be unsustainable to continue in the longer term;
- (d) nationally, 10% of high needs funding is used for alternative provision (AP) but in Nottingham City this is nearly 20%, risking the amount of money left to use for SEND pupils;
- (e) 'hard' implementation of the national funding formula has been delayed by a year to 2021/22, allowing an extra year that a schools block transfer could be implemented;
- (f) schools were consulted on a proposal that limited the impact to the secondary phase and recognised schools that have signed up to the devolved AP model with a 35% reimbursement through devolved allocation. This would have required Secretary of State approval as it represented a higher than 5% block transfer, and also because it would sent the minimum funding guarantee at a different level for secondary compared to primary;
- (g) 23 responses were received, with only 3 schools responding in support of a proposal that would result in a reduction of funding for their school. 61% of schools supported the proposal;
- (h) the proposal has now been revised so that the estimated impact on secondary schools is a -0.75% cut in funding per pupil rather than -1.5%, and which also now falls within the 0.5% which can be agreed locally. If this were implemented a further block transfer may need to be considered for 2020/21;

- (i) after reimbursement to AP devolved schools, it is estimated that this proposal will raise around £0.8m to cover the cost of excess exclusions beyond the level in the AP model. Latest projections suggest this may cost £1.247m to the end of 2019/20 based on future exclusions at the same level as the last 12 months;
- (j) initiatives are in place to help reduce exclusions, including the launch of the Routes to Inclusion programme and dialogue is ongoing with secondary schools who have not yet signed up to the devolved AP model. In the 2017/18 academic year there has been a 20% reduction in the number of permanent exclusions compared to the previous year.

The following points were raised during the discussion which followed:

- (k) the DSG reserve is already lower than is desirable, but Nottingham City is the only core city having reserves and not setting a deficit budget;
- (l) it is hoped that the downward trend in exclusions will continue and that pupils in the PRU will continue to be reintegrated back into mainstream schools. The projected costs are based on exclusion levels remaining the same;
- (m) the main driver in the reduction of exclusions has been the devolved AP pilot, although other schools outside the pilot have also reduced their exclusions. All schools have a responsibility to reduce the number of permanent exclusions as these children are much more likely to go to prison or commit suicide;
- (n) there is an intention to invest funding into early intervention models which will identify needs at an earlier stage in order to prevent exclusions, and the costs incurred, at a later stage;
- (o) all Schools Forum members should vote on the proposal rather than just secondary schools as the high needs budget affects all schools;

Forum members expressed that they were uncomfortable voting on the schools block transfer as secondary members were clearly unhappy with the proposals. They asked to defer their decision until they have received more information and clarity on impact, or a revised proposal.

Forum members agreed to the principle of separate minimum funding guarantees for primary and secondary schools and supported the local authority's application to the Secretary of State to do this.

#### **RESOLVED to**

- (1) agree the local authority's application to the Secretary of State to set a lower minimum funding guarantee percentage for secondary schools compared to primary schools in 2019/20;**
- (2) defer the decision on the schools block transfer itself until a future meeting;**
- (3) note that the local authority wishes to work in partnership with Schools Forum on this issue and to come to an agreement regarding the proposal to**

**implement a schools block transfer in 2019/20. However, if Schools Forum approval is not gained, the Local Authority will consider the available option to pursue approval from the Secretary of State to proceed with the schools block transfer in 2019/20.**

**16 MEETING DATES FOR THE 2018-19 ACADEMIC YEAR**

**AGREED**

**(1) to meet on the following Tuesdays at 1.45pm:**

**11 December 2018**

**15 January 2019**

**26 February 2019**

**30 April 2019**

**25 June 2019**

**(2) to organise an additional meeting in November to discuss and vote on the proposed schools block transfer.**

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**SCHOOLS FORUM WORK PROGRAMME 2018/19**

<b>Title of report</b>		<b>Report or presentation</b>
<b>11 December 2018</b>		
1.	National Funding Formula – Update on the outcome of the consultation (provisional)	Report
2.	Revised Pupil Growth Criteria for 2019/20 onwards – approval for criteria	Report
3.	Pupil Growth Fund 2019/20 – approval of funding	Report
<b>15 January 2019</b>		
1.	Schools Budget 2019/20	Report

**Deadlines for submission of reports**

<b>Date of meeting</b>	<b>Draft reports (10.00 am)</b>	<b>Final reports (10.00 am)</b>
09 October 2018	14 September	27 September 2018
11 December 2018	16 November 2018	29 November 2018
15 January 2019	7 December 2018	2 January 2019

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**SCHOOLS FORUM - 15 November 2018**

<b>Title of paper:</b>	Schools Block Transfer Proposals 2019/20
<b>Director(s)/ Corporate Director(s):</b>	John Dexter, Director of Education Alison Michalska, Corporate Director
<b>Report author(s) and contact details:</b>	Kathryn Stevenson, Senior Commercial Business Partner (Schools)
<b>Other colleagues who have provided input:</b>	Nick Lee, Director of Education Services
<b>Summary</b> Following a deferral of the vote at the meeting of 9 October 2018 at the request for further information, this paper incorporates the requests of Schools Forum (SF) to enable approval of the 0.5% schools block transfer for 2019/20.	
<b>Recommendation(s):</b>	
<b>1</b>	Approve a schools block transfer for 2019/20 of 0.5%, to be implemented subject to the Local Authority (LA) receiving the permission from the Secretary of State (SoS) for a differential MFG% for secondary schools.
<b>2</b>	Note that this proposal is for 2019/20 only. Any impact to 2020/21 will be subject to a separate consultation process which will factor in the updated position on exclusions and the funding allocated from Education and Skills Funding Agency (ESFA).
<b>3</b>	Note, the block transfer does not entirely fund the full budget gap in permanent exclusions as per <b>Table 4</b> for 2019/20.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 The need for a schools block transfer is driven by the high rate of permanent exclusions predominantly in the secondary phase.

These high levels of exclusions have generated a significant budget shortfall in the High Needs (HN) budget and one off reserve funding has been used to manage this since 2015/16. **This position is not sustainable.**

- 1.2 At the SF meeting on 9 October 2018 a proposal was presented for approval to transfer 0.5% of the Schools budget to HN; this proposal had been consulted on and it carried a majority vote.
- 1.3 Since the consultation the proposal has been adjusted slightly (in schools favour) and was presented to SF. The consultation highlighted the strong feeling in the primary sector that a schools block transfer driven by the rate of secondary exclusions should not impact on primary school budgets.
- 1.4 If SF do not approve the 2019/20 block transfer proposal, this could increase the likelihood of the LA needing to pursue a block transfer affecting schools in both phases in 2020/21.

- 1.5 To support SF in approving the proposal, further detailed modelling has been undertaken showing the potential costs of provision for permanently excluded pupils over five years (as summarised later in this report). In the LA's view, this further supports the case for the block transfer to protect future levels of provision for HN pupils.

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

- 2.1 At the October meeting, there was a lengthy debate about the schools block transfer proposals. Members voted in support of the application to the SoS to allow a differential Minimum Funding Guarantee (MFG) % for secondary schools in 2019/20, this enabled the LA's submission to achieve the correct Government timelines for a decision to be given in December. However, members deferred the vote on the 0.5% schools block transfer proposals to this exceptional meeting to allow further discussion and presentation of additional information.
- 2.2 As a result, this report covers the following supplementary information:
- Clear comparison of the difference between consultation proposal A and the proposal the LA is now seeking approval for, see **Table 1**.
  - Clarification about the methodology underpinning the Special Education Needs (SEN)/Alternative Provision (AP) split in the national HN funding formula, see section 2.4.
  - Modelling showing the impact of a continuing trend of 20% annual decreases in secondary permanent exclusions, see section 2.5.
  - Modelling covering a 5 year time-frame, see section 2.6.
  - Information about re-integrations, see section 2.7.
  - Clarification regarding the LA's options depending on the outcomes of SF and SoS decisions, see **Table 3**.
- 2.3 ESFA's operational guidance states in paragraph 132.4 that:

*"local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the schools forum should take into account the views of the schools responding before giving their approval."*

The minutes of the last meeting stated:

*Forum members expressed that they were uncomfortable voting on the schools block transfer as secondary members were clearly unhappy with the proposals. They asked to defer their decision until they have received more information and clarity on impact, or a revised proposal.*

The consultation had proposal A receiving an overall majority support (61%) of schools that responded. **Table 1** below shows a comparison of Proposal A and the final proposal.



<b>TABLE 1: COMPARISON OF CONSULTATION AND FINAL PROPOSAL</b>			
	<b>Consultation Proposal A</b>	<b>Final Proposal</b>	<b>Rationale for change</b>
% Block Transfer	0.79%	0.50%	Possibility of a block transfer in 2020/21 as well as 2019/20 following announced delay of “hard” NFF.
Anticipated MFG% for secondary schools	-1.50%	-0.75%	This is the level of funding reduction for secondaries estimated to equate to 0.5% of the schools block
Estimated average funding impact per secondary pupil	£113	£71	
Estimated average secondary school total funding impact (before reimbursements to AP devolved model schools)	£88k reduction	£60k reduction	
% reimbursement for schools signed up to devolved AP model	35%	35%	No change
Estimated funding generated after reimbursement to AP schools	£1.265m	£0.800m	Reduced amount as a result of the % block transfer change.

As demonstrated in **Table 1**, the final proposal **reduces the impact on schools** and therefore would not have impacted on the consultation outcome as no school who responded indicated that they felt the proposal did not go far enough in its scope.

A further suggestion was made at the last SF meeting about modifying the proposals to withhold the 35% reimbursement to schools signed up to the devolved AP model. Contrary to the above, this change would move the proposal away from the principles consulted on. **61% of schools that responded specifically agreed with the statement that it was fair to seek to differentiate through the proposals between schools that have or have not signed up.** It is not possible to know whether an overall majority would still have voted in support of block transfer proposal if it did not contain the 35% reimbursement element.

#### 2.4 SEN/AP split

It was highlighted in the last report and presentation that **nationally 10% of the HN block is notionally deemed to be for AP**, with 90% for SEN.

Nottingham is currently forecasting to spend c.19.5% of the HN budget on provision at the Pupil Referral Units (PRU) and devolved AP allocations which is nearly double the national rate.

The methodology for the SEN/AP split was queried at the October meeting.

The 90:10 split was based on the national total of local authorities' planned expenditure as per the 2016/17 S251 budget statements included in publication: *The HN national funding formula and other reforms – Government response and new proposals for consultation – stage 2 page 32 footnote 12.*

## 2.5 Projections based on 20% annual reductions in secondary exclusions

As presented at the previous meeting, the projections for exclusions were based on the level of permanent exclusions going forward which aligned to the last 12 calendar months.

However, as overall City permanent exclusions decreased by 20% between the academic years (AY) 2016/17 and 2017/18 it was suggested that the projections should be revisited based on a continuation of the trend of 20% annual year on year reductions in exclusions.

A five-year model based on further 20% reductions in AY18/19 and AY19/20 has been completed and the financial results of this are presented in paragraph 5.5 **Table 5.**

Additional information is that after further analysis, the 20% decline was the total for both phases combined; **the secondary element is actually only a 16% reduction** and was generated by schools by those schools that have subsequently signed up to the devolved AP model.

The overall position for schools that are outside of the devolved AP model was a consistent level of permanent exclusions between AY 2016/17 and 2017/18.

In summary, whilst it is feasible that these schools will start to reduce permanent exclusions by 20% year on year, **this is not a prudent assumption to make based on the information above for 2019/20.**

## 2.6 Modelling covering a 5 year time-frame

Modelling has been produced showing how the LA anticipates bringing the HN budget back into balance within anticipated funding levels in the medium term. If permanent exclusions at schools not participating in the devolved AP model remain at the level of the 2017/18 academic year, this will require:

- £0.3m annual increase in the amount of Dedicated Schools Grant budgeted for the PRU (representing around one third of the 3% high needs block gains anticipated each year).
- Retaining/re-approving the £0.8m block transfer in 2020/21.
- Full use of the £3m uncommitted reserve balance over a 7 year period at which point the high needs budget would be balanced.

A summary of the modelling results are provided in paragraph 5.3 **Table 4.**

## 2.7 Re-integrations

Re-integration is at the discretion of the schools and additional information requested at the last meeting is set out below.

Reintegration is based on pupils returning from the PRU back into mainstream schools.

Pupils are identified for reintegration by a number of factors including attendance, attitude and engagement in lessons and behaviour incidents must be reduced to zero for at least a period of six weeks.

Once a pupil is identified for reintegration and all the paperwork is completed including parent nomination of their preferred school, then the case is submitted to the monthly Fair Access panel. During reintegration, the pupil is supported by a PRU reintegration officer for two weeks full time in school, two weeks part-time with drop in sessions at identified hot spots, two weeks on the phone support. The pupil is often taken on roll 4 weeks after this 6-week support period.

Due to the requirement for full time support of a staff member in the first two weeks of a re-integration there is a limit to the number of pupils that can be put forward for reintegration at each Fair Access panel.

On the basis of a business case put forward by the PRU, an additional reintegration support post was agreed to be funded from the HN budget on a temporary basis from October 2017 to July 2019, subject to re-integrations increasing by at least 6 pupils compared to the previous year.

Successful re-integration's are set out in **Table 2** below:

<b>TABLE 2: RE-INTEGRATION</b>		
	2016/17 AY	2017/18
Primary	7	8
Secondary	11	16
<b>TOTAL</b>	<b>18</b>	<b>24</b>

## 2.8 Scenarios

There are various potential scenarios based on upon whether Sf and the SoS the requests.

The LA is committed to finding the right Education budget solution for Nottingham ensuring the integrity and longevity of the Education budget and both the financial and non-financial statutory requirements of the LA.

The recommendation of the 0.5% block transfer is because:

- a. The uncommitted reserve, which has been funding the historic increases of exclusions, is not a sustainable solution for the future.
- b. This approach is the last resort to ensure financial sustainability of the Education budget after a number of other options have not delivered the right outcome.
- c. If the budget gap remains unfunded, the next option is a budget cut to other areas of HN which includes Special Education Needs and Disability, however this would impact on the statutory requirements.

If SF do not support the 2019/20 proposals, despite the majority support from schools, the anticipation of support in 2020/21 would seem either so putting off the problem for a further year would not be prudent.

The proposed block transfer affecting secondary schools only and giving recognition to the schools that have signed up to the devolved AP model is the most appropriate proposal to fund the increased costs associated with exclusions in the HN block over the medium term.

It is uncertain if the SoS would approve the 0.5% block transfer and whether permission for the submitted MFG variation request would be impacted by a lack of schools forum support for the block transfer itself however last financial year 8 Councils applied to move 0.5% or less without SF approval and of these 4 received permission from the SoS to do so.

**Table 3** below shows the outcome under each potential scenario depending on SF and SoS approval:

<b>TABLE 3: SCENERIO MODELLING</b>				
<b>Scenario</b>	<b>SF vote on 0.5% transfer</b>	<b>SoS decision on differential MFG proposal</b>	<b>SoS decision on 0.5% block transfer</b>	<b>Outcome</b>
1	Yes	Yes	Not required	LA proceeds with proposal
2	Yes	No	Not required	LA will not proceed with a block transfer for 2019/20 but will need to pursue a block transfer affecting all schools in 2020/21
3	No	Yes	Yes (LA will apply to the Sos by 30 Nov)	LA will proceed with proposal.
4	No	Yes	No	LA is unable to proceed
5	No	No	Yes	LA will not proceed in 2019/20 as approval has not been given for a differential MFG
6	No	No	No	LA is unable to proceed

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Proceeding with the original consultation proposals, but this would not reflect the concerns expressed by those schools that responded.
- 3.2 Doing nothing, but this places future SEN provision at risk due to the unsustainability of relying on reserves when these are being fast depleted.

### **4 OUTCOMES/DELIVERABLES**

- 4.1 A £0.8m reduction in the high needs budget shortfall for 2019/20.

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

- 5.1 It is anticipated that the 0.5% schools block transfer will equate to just over £1m. However, the proposed 35% reimbursement to secondary schools participating in the AP devolved model will be c. £0.2m.

This means that the revised proposals will generate approximately £0.8m to support the cost of exclusions in excess of the level assumed in the devolved AP funding model.

**This funding does not entirely support the full budget gap and would still require a call on reserves of £0.469m in 2019/20 however, what this does demonstrate is that the proposals over the next 2 years would make the HN budget financially sustainable.**

- 5.2 Modelling based on 2018/19 data indicates that a 0.5% block transfer implemented through a reduction in funding for secondary pupils will equate to about a -0.75% cut in funding per secondary pupil.

On average this amounts to a £42 per pupil reduction. Without a schools block transfer, secondary schools could otherwise expect a funding increase in 2019/20 of around 0.5%. Taking this into account, the real impact is on average £71 per pupil however schools participating in the devolved AP model will have this mitigated by 35% through additional devolved AP payments in 2019/20.

- 5.3 The ESFA expect the evidence presented in support of a schools block transfer proposal to include *“a strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future funding levels”* as stated in the Pre-16 Schools Revenue Funding Operational Guide 2019 to 2020 paragraph 138.

- 5.4 **Table 4** shows how the LA plans to achieve this, assuming exclusions continue at the same level as in AY 2017/18 for schools not signed up to the devolved AP model.

<b>TABLE 4: MEDIUM TERM FINANCIAL PROEJCTIONS</b>							
	<b>2018/19</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>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
PRU costs	5.531	5.072	4.780	4.609	4.684		
Devolved AP	1.184	1.184	1.184	1.184	1.184		
<b>TOTAL COST</b>	<b>6.715</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	3.978	4.278	4.578	4.878	5.178	5.478	5.778
Planned Reserves	2.859	0.709					
Block transfer		0.800	0.800				
Further reserve request	-0.122	0.469	0.585	0.915	0.690	0.390	0.090
<b>TOTAL</b>	<b>6.715</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>
Cumulative additional reserves required	-0.122	0.347	0.932	1.847	2.537	2.927	3.016

This shows the additional reserve requirement that would be required in each year from the current un-committed DSG reserve balance, with a cumulative total requirement to 2024/25 of £3.016m.

The uncommitted balance as at the 2017/18 outturn report was £3.138m. Therefore, it would be prudent to ring-fence £3m of the uncommitted balance to cover the projected PRU funding gap.

Detailed modelling has been carried out up to and including 2022/23. Projected PRU costs fall year on year until 2021/22 and then stabilise. Based on the above projections the amount budgeted from the HN in-year allocation covers the anticipated costs at the point that the reserve balance is exhausted.

5.4 Without the above assumed £1.6m total block transfers in 2019/20 and 2020/21 £2.532m of the £3.138m uncommitted balance could be used up as quickly as 2020/21.

5.5 This is a significant risk for the DSG and does not align to financial good practice or the Medium Term Financial Strategy which refers to the need for reserves of between 3-5% of the budget.

However, if schools not currently participating in the devolved AP model **do reduce their** permanent exclusions by 20% year on year in both AY 2018/19 and 2019/20

this would potentially reduce PRU costs and the subsequent call on additional reserves as per **Table 5**:

<b>TABLE 5: IMPACT OF YEAR ON YEAR DECLINE IN EXCLUSIONS BY 20%</b>					
	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
Reduction to PRU costs	0.002	0.170	0.408	0.387	0.672
Revised cumulative additional reserves required	-0.122	0.174	0.351	0.879	0.896
Reduction from reserves required in <b>Table 4</b>		(0.295)	(0.234)	(0.036)	(0.206)

Under this scenario the reserve requirement could reduce from £3m to under £1m. Forecasts will need to be frequently reviewed based on actual permanent exclusion numbers.

Kathryn Stevenson, Senior Commercial Business Partner, 6 November 2018

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

6.1 See 9 October report

## **7 HR COLLEAGUE COMMENTS**

7.1 See 9 October report

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 See 9 October report

## **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 ESFA Schools Revenue Funding 2019 to 2020 Operational Guide – July 2018

10.2 “Consultation with all City Schools – Schools Block Transfer 2019/20” published at <http://www.nottinghamschools.org.uk/business-management-support/schools-funding/consultations/>

10.3 Schools Block Transfer 2019/20 Proposal tabled at 9 October meeting published at <http://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?MId=7086&x=1>

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## Equality Impact Assessment Form

[screentip-sectionA](#)

### 1. Document Control

#### 1. Control Details

Title:	Schools Block Transfer Proposals 2019/20
Author (assigned to Pentana):	Kathryn Stevenson
Director:	Nicholas Lee
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Service Area:	Education
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Strategic Budget EIA: Y/N	Y
Exempt from publication Y/N	N

Page 25

#### 2. Document Amendment Record

Version	Author	Date	Approved

#### 3. Contributors/Reviewers

Name	Position	Date
Ceri Walters	Head of Commercial Finance	27/09/18
Adisa Djan	Equality Lead	01/10/18

**4. Glossary of Terms**

Term	Description
Schools Block	Local Authority funding for schools in the form of the Dedicated Schools Grant (DSG) is provided in 4 blocks based on national funding formulae. One of these blocks is the “Schools Block”. This funds delegated budgets for schools.
High Needs Budget	A second block of the DSG is the high needs block. This forms the high needs budget which funds provision and support services for pupils with Special Educational Needs and those in Alternative Provision settings.

Page 26  
[screentip-sectionB](#)

**2. Assessment**

**1. Brief description of proposal / policy / service being assessed**

This relates to a proposal to retain 0.5% of schools block funding in 2019/20 and move this to the high needs budget. This will involve secondary schools receiving lower funding in 2019/20 than they would otherwise expect by on average £71 per pupil. In total around £1m will be transferred from the schools block to the high needs budget. This is to help cover additional costs of provision for permanently excluded pupils.

**[screentip-sectionC](#)**

**2. Information used to analyse the effects on equality:**

Nationally, 10% of the high needs budget is notionally for Alternative Provision (AP) and 90% for Special Educational Needs (SEN). In

Nottingham City, we have had a shortfall in our high needs budget in excess of £1.6m per year since 2015/16 which has been funded by reserves. This is due to a rise in the rate of permanent exclusions, predominantly in the secondary phase. Pupils on roll at our behaviour Pupil Referral Units doubled between 2014 and 2017. This represents a marked transfer of responsibility for children with high needs from mainstream schools to the Local Authority's high needs budget. We are currently having to spend over 12% of our in-year high needs allocation on AP, but if the additional funding being drawn from reserves is included this rises to 19%. This demonstrates that our AP costs will take a disproportionate amount of our high needs budget once we are no longer able to rely on reserves, reducing the funding available for SEN pupils and putting their future levels of provision at risk as the Local Authority (LA) will have to take measures across high needs provision to set a balanced budget. There are limited reserves left and this proposal will help us to retain those. As such, this proposal helps protect equality of opportunity for some of our most vulnerable children and young people with special educational needs and disability. All City schools were consulted on these proposals between 17 July and 19 September 2018.

### 3. Impacts and Actions:

<a href="#">screentip-sectionD</a>	Could particularly benefit X	May adversely impact X
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>
Men	<input type="checkbox"/>	<input type="checkbox"/>
Women	<input type="checkbox"/>	<input type="checkbox"/>
Trans	<input type="checkbox"/>	<input type="checkbox"/>
<u>Disabled people</u> or carers.	X	<input type="checkbox"/>
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>
Older	<input type="checkbox"/>	<input type="checkbox"/>
Younger	X	X
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, <u>vulnerable children/ adults</u> ).	X	<input type="checkbox"/>

***Please underline the group(s) /issue more adversely affected or which benefits.***

**screeentip-sectionE**

**How different groups could be affected**  
(Summary of impacts)

This proposal may help encourage a reduction in the number of permanent exclusions in the City. In Nottingham, as is the case nationally, a disproportionate number of young people excluded from school have SEN.

This proposal will help safeguard levels of provision and support for pupils with SEN and disability.

This proposal reduces the funding available in secondary schools in 2019/20 for the overall pupil population by £71 per pupil on average.

**screeentip-sectionF**

**Details of actions to reduce negative or increase positive impact**  
(or why action isn't possible)

Continuing to seek Citywide adoption of a devolved AP funding model, which provides resources for schools to support earlier intervention for pupils at risk of exclusion.

The LA has been leading a number of initiatives to help schools reduce exclusions e.g. exclusions/behaviour taskforce, routes to inclusion.

Exclusion data will be monitored regarding the number, ethnicity, gender, SEN status and age group of pupils being excluded and the type and length of exclusions. The impact of this proposal will be reviewed in September 2019.

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**4. Outcome(s) of equality impact assessment:**

<input checked="" type="checkbox"/>	No major change needed	<input type="checkbox"/>	Adjust the policy/proposal
<input type="checkbox"/>	Adverse impact but continue	<input type="checkbox"/>	Stop and remove the policy/proposal

Page 29

**5. Arrangements for future monitoring of equality impact of this proposal / policy / service:**

This assessment will be reviewed in a year's time to determine the impact. This will be based on data relating to the number of exclusions broken down by type and length and the gender, age group, SEN status and ethnicity of pupils excluded.

**6. Approved by (manager signature) and Date sent to equality team for publishing:**

<p><b>Approving Manager:</b> Ceri Walters, Head of Commercial Finance <a href="mailto:Ceri.walters@nottinghamcity.gov.uk">Ceri.walters@nottinghamcity.gov.uk</a> 0115 87 64128</p>	<p><b>Date sent for scrutiny:</b> 27/09/18 Send document or Link to: <a href="mailto:equalityanddiversityteam@nottinghamcity.gov.uk">equalityanddiversityteam@nottinghamcity.gov.uk</a></p>
<p><b>SRO Approval:27/09/18</b></p>	<p><b>Date of final approval:01/10/18    A Djan</b></p>

**Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:**

1. Read the guidance and good practice EIA's  
<http://intranet.nottinghamcity.gov.uk/media/1924/simple-guide-to-eia.doc>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user-friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly, when this is going to happen.
7. Clearly cross-referenced your impacts with SMART actions.

the change?

Use the information gathered through consultation to draft the Service plan or policy options

Pull together your draft document

Send your draft document to the ECR team for consideration

**emails@address.co.uk**

Team will grade (RAG rating) initial EIA and return for any necessary alterations.

The Team will support you with revisions until the EIA is passed as Green.

EIA will be published by ECR team if EIA is not part of a DDM?

If EIA part of DDM, ECR will add comments once final EIA has been agreed.

**KEY**

**EIA**— Equality Impact Assessment

**ECR**— Equality & Community Relations Team

**DDM**—Delegated Decision Making