



NOTTINGHAM CITY COUNCIL
SCHOOLS FORUM

Date: Tuesday, 21 January 2020

Time: 1.45 pm

Place: LB 31-32 - 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 3 December 2019, for approval | 3 - 8 |
| 4 | OUTCOME OF THE CONSULTATION ON THE PROPOSED CHANGES TO THE LOCAL FUNDING FORMULA FOR SCHOOLS IN 2020/21 | To Follow |
| 5 | SCHOOLS BUDGET 2020/21
Joint report of the Corporate Director for People and the Chief Finance Officer | 9 - 28 |
| 6 | FUTURE MEETING DATES
Tuesday 25 February 2020
Tuesday 28 April 2020
Tuesday 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 Loxley House, Nottingham on 3 December 2019 from 1.50 pm - 3.37 pm

Membership

Present

Judith Kemplay (Chair)	Maintained Primaries
Derek Hobbs (Vice Chair)	Secondary Academies
Paul Burke	Secondary Academies
Meeta Dave	Primary Academies
Tim Jeffs	Primary Academies
Andy Jenkins	Maintained Primaries
Sean Kelly	Special Academies
Stephen McLaren	Maintained Nurseries
Debbie Simon	Early Years PVI
Terry Smith	Maintained Primaries
James Strawbridge	Primary Academies
Sheena Wheatley	Trade Unions
Bob White	Secondary Academies

Absent

Tom Dick	16-19 Education
Kerrie Henton	AP Academies and Free Schools
Janet Molyneux	Maintained Primaries
Cath Rowell	Secondary Academies
David Tungate	Secondary Academies

Colleagues, partners and others in attendance:

Kathryn Bouchlaghem	- Early Years Manager
Kimberly Butler	- Behaviour Support Team Manager
John Dexter	- Education Director
Christine Green	- Strategic Commercial Business Partner
Julia Holmes	- Senior Commercial Business Partner
Lucy Juby	- Project Manager
Nick Lee	- Director of Education Services
Peter McConnochie	- Head of Access to Learning
Catherine Smith	- Early Years Programmes Manager
Kathryn Stevenson	- Senior Commercial Business Partner
Catherine Underwood	- Corporate Director for People
Janine Walker	- Head of SEND and Vulnerable Pupils
Ceri Walters	- Head of Commercial Finance
Phil Wye	- Governance Officer

13 MEMBERSHIP

RESOLVED to note the appointment of the following new members on the Forum:

- **Tom Dick, Nottingham College**
- **Patricia Lewis, Oak Fields School**

14 APOLOGIES FOR ABSENCE

Kerrie Henton, AP Academies
Janet Molyneux, Maintained Primary Governors
Patricia Lewis, Maintained Special Schools
Cath Rowell, Secondary Academies
David Tungate, Secondary Academies
Councillor Neghat Khan, Portfolio Holder for Early Years, Education & Skills

15 DECLARATIONS OF INTEREST

None.

16 MINUTES OF THE LAST MEETING

The Forum confirmed the minutes of the meeting held on 8 October 2019 as a correct record and they were signed by the Chair.

17 DE-DELEGATION OF FUNDING FOR THE BEHAVIOUR SUPPORT TEAM

Janine Walker, Head of SEND and Vulnerable Pupils, introduced the report and highlighted the following:

- (a) a significantly reduced de-delegation offer is proposed, along with a simplified and revised traded offer for academies. The cost to maintained primaries will be nearly halved and the guaranteed offer of support will be doubled;
- (b) the proposals result in an overall reduction of income from maintained primaries so the Behaviour Support Team (BST) will need to increase the level of buy back from academies in order to be sustainable;
- (c) continuation of the service ensures the continued availability of support to schools, R2i being embedded across all settings, and the continuation of the Intensive Support Team;
- (d) it is proposed that funding from the Dedicated Schools Grant (DSG) reserve is used to substitute for the funding and income reduction from maintained primary schools for a one year period.

The following points were raised during the discussion which followed:

- (e) the BST have the capacity to offer a minimum of 12 half day sessions of support per school along with up an average of 12 additional sessions, even if every

school and academy in the city were to sign up;

- (f) retaining capacity and expertise in the city is essential for the R2i model and longer term investment to bring down the high cost of exclusions;
- (g) the amount that maintained schools and academies pay for the BST is exactly the same at a cost of £5,000 per school;
- (h) use of the DSG reserve to fund the BST would not be a sustainable long term solution as reserves are not indefinite;
- (i) any reserve requirement for 2021/22 will be considered at a future date once this value is known.

RESOLVED

- (1) for maintained mainstream primary school representatives to approve the de-delegation of funding for services provided by the BST in 2020/21 at a rate of £5,000 per school;**
- (2) for Schools Forum to agree to the use of £0.134m from the DSG reserve in 2020/21 to substitute for the funding and income reduction from maintained primaries.**

18 EARLY YEARS CENTRAL EXPENDITURE 2020-21

Kathryn Bouchlaghem, Early Years Service Manager, introduced the report requesting approval of the Early Years Central Expenditure Budget for 2020/21, highlighting the following:

- (a) the proposed figure for central expenditure is 2% higher than the amount approved in 2019/20. As funding for 3 and 4 year olds has been running under budget, it will be feasible to pass on the 8p increase to schools and providers via the base rate;
- (b) children in Nottingham generally start school below age related expectations. This year has been challenging, with poor personal, social and emotional development as well as high mobility in certain areas. Taking this into account, children make good progress from their start points;
- (c) a variety of courses are offered to both the maintained and private, voluntary and independent (PVI) sector to support them to meet their statutory duties. This year there is a drive on speech, language and communication training.

RESOLVED to

- (1) approve Early Years Central Expenditure of £0.974m for 2020/21, subject to this meeting the high pass-through requirement;**
- (2) note that the LA anticipates indicative 2020/21 DSG allocations for 2,3 and 4 year olds totalling £21.993m, which is £0.365m higher than the indicative**

allocations for 2019/20;

- (3) note that the funding received by the LA for 2,3 and 4 year olds is being increased by 8p per hour for 2020/21 and that the LA proposes to passport this in full to schools/providers through a 8p rise in the base rate.**

19 PROPOSED PUPIL GROWTH ALLOCATION FOR 2020/21

Lucy Juby, Project Manager, introduced the report outlining the proposed requirements of the Pupil Growth Contingency Fund for 2020/21 and seeking approval to allocate funding for this purpose. Lucy highlighted the following:

- (a) pupil growth started to impact the secondary sector from 2017; therefore an appropriate funding model has been implemented to support this, with agreed criteria and methodology under which funding can be allocated to both primary and secondary schools;
- (b) ensuring that the supply of school places meets demand is a statutory duty of local authorities, even though they are no longer able to open new schools. Therefore, collaborative and strategic coordination and cooperation between all Nottingham City learning settings is required to meet the secondary growth between now and 2022/23, when Year 7 demand is set to peak;
- (c) in the financial year 2019-20, the DfE introduced a formulaic approach to allocating growth funding to try and ensure that it is distributed fairly and evenly.

RESOLVED to

- (1) approve the allocation of £1.394m to support pupil growth in 2020/21;**

(2) note:

(a) the requirement to allocate funding to activities for the period April 2020 to August 2020 as guided by the ESFA; but which will be reimbursed to the LA's Dedicated Schools Grant (DSG);

(b) the amount to be allocated (and reimbursed) is £0.327m;

(c) the total amount of academies individual school budget shares will be netted off against the pupil growth given out for this period and the Authority's Dedicated Schools Grant for 2020/21 will be adjusted accordingly;

- (3) approve the allocation of any unallocated DSG funding in the Schools Block which cannot be passed onto schools due to the national funding formula guidelines in 2020/21 to the pupil growth contingency fund.**

20 PROPOSED CHANGES TO THE LOCAL FUNDING FORMULA FOR SCHOOLS IN 2020/21

Julia Holmes, Senior Commercial Business Partner, informed the Forum of key changes to the National Funding Formula (NFF) in 2020/21 and the impact that they will have on schools projected budgets, highlighting the following:

- (a) the minimum per pupil levels have been set at £3,750 for primary schools and £5,000 for secondary schools. The primary level will rise to £4,000 in 2021/22. There is also going to be an increase of 4% to the formula core factors, except for the Free School Meals factor which will be increased at inflation;
- (b) the funding floor will be set at 1.84% to protect pupil-led per pupil funding in real terms. The majority of Nottingham City schools are in receipt of transitional protection so in effect the majority of schools will only see an increase of 1.84% in their funding compared to 2019/20;
- (c) the LA is proposing a minimum funding guarantee which will be set as close to +1.84% per pupil as possible to try and pass onto schools as much funding as possible. This is the maximum that could be applied. The gains cap has been removed from the NFF, so the LA is proposing to remove this in the local funding formula too, resulting in a funding increase of over 1.84% for 11 schools who are solely funded on the NFF;
- (d) schools will be consulted on these proposals on 4 December 2019, with a closing date of 20 December. The consultation will include an executive summary of proposals for easy digestion. Schools Forum will be notified of the outcome on 21 January 2020.

RESOLVED to provide feedback to the proposed changes to the local funding formula in 2020/21 as part of the full consultation with all schools.

21 2020/21 DEDICATED SCHOOLS GRANT FUNDING UPDATE

Ceri Walters, Head of Commercial Finance, introduced the report which was circulated to the Forum as a supplement to the agenda entitled 'Schools Funding Reduction – Historic Commitments', regarding a 20% reduction in historic commitment allocations from the Education and Skills Funding Agency with protection in place to ensure no authority exceeded a reduction equivalent to more than 0.5% of its 2019/20 schools allocation.

Judith Kemplay, Chair of the Forum, explained the requirement to use one off funding for 2020/21 only, to support this reduction in the DSG and ensure that budget deadlines are achieved. Risks surrounding the DSG have been reduced given the recent increase in funding of both the Schools and High Needs blocks.

The establishment of a further Schools Forum Sub-Group (SSFG) is proposed in order to conduct a detailed review of the historic commitments spend for the future.

RESOLVED to

- (1) note the reduction in DSG funding of £1.060m for 2020/21 as set out in the report;**

(2) approve the funding option for 2020/21, in conjunction with the ESFA guidance statement as set out in the report;

(3) note the impact this will have on 2021/22 onwards and the suggested approach for 2021/22 and the requirement to establish a further SFSG to support this approach;

(4) approve members of the additional SFSG, as below:

Sector	Representative
Chair	Judith Kemplay
Vice Chair	Derek Hobbs
Maintained Primary	Terry Smith or Andy Jenkins
Primary Academy	Tim Jeffs or Meeta Dave
Secondary Academy	TBC
Maintained Special	TBC
Maintained Nursery	Steve McLaren
PVI Nursery	Debbie Simon
Pupil Referral Units / Special Academies	Sean Kelly
Alternative Provision Academy	Kerrie Henton
Local Authority	Catherine Underwood Councillor Neghat Khan Nicholas Lee John Dexter Ceri Walters Julia Holmes Kathryn Stevenson

22 WORK PROGRAMME

The Work Programme was noted.

23 FUTURE MEETING DATES

The Forum noted the remaining meetings of the 2019/20 academic year on the following Tuesdays at Loxley House:

21 January 2020
25 February 2020
28 April 2020
23 June 2020

SCHOOLS FORUM - 21 January 2020

Title of paper:	SCHOOLS BUDGET 2020/21
Director(s)/ Corporate Director(s):	Catherine Underwood, Corporate Director for People 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
Other colleagues who have provided input:	Jon Ludford-Thomas Senior Solicitor 01158 764 398 jon.ludford-thomas@nottinghamcity.gov.uk Lynn Robinson HR Business Lead 01158 764 3605 lynn.robinson@nottinghamcity.gov.uk
Summary	
<p>This report presents the proposed Schools Budget for 2020/21. The Schools Budget has been prepared in line with the parameters agreed at Schools Forum (SF) 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 (EY) and High Needs (HN) funding allocations and guidance notes by 29 February 2020.</p> <p>Where applicable, the Local Authority's (LA's) Medium Term Financial Plan (MTFP) incorporates the impact from the Dedicated Schools Grant (DSG).</p>	
Recommendation(s):	
1	<p>DSG</p> <p>a) To note the overall indicative 2020/21 Schools Budget to be spent incorporating the Schools, Central Schools Services, Early Years and High Needs blocks is £289.303m – as per Table 2 and Figure 1.</p> <p>b) To note this is funded by the provisional 2020/21 DSG allocation of £287.776m, the reimbursement of £0.327m funding paid to academies for pupil growth April to August 2020 and £1.060m from the Statutory School Reserve.</p> <p>c) To note that the budget will be updated in year to reflect subsequent adjustments made by the ESFA to our 2020/21 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 Table 4.</p>
2	<p>PUPIL PREMIUM</p> <p>a) To note the allocation of Pupil Premium funding will be allocated to schools in accordance with the grant conditions.</p>

1 REASONS FOR RECOMMENDATIONS

- 1.1 To ensure an understanding of how and on what basis different DfE grants are allocated to the LA and how they are subsequently allocated to individual schools, forming their annual budget allocations.
- 1.2 To provide 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 2020/21 budget

2020/21 is the third year of the National Funding Formula (NFF) for Schools, HN's and Central School Services (CSS) used to calculate the block values allocated to LA's.

In addition to this the Early Year's NFF (EYNFF) was introduced in 2017/18.

For 2020/21 a summary of the budget allocation methodology for Nottingham schools is as follows:

- The rates for each funding factor are aligned to the NFF.
- Minimum Funding Guarantee (MFG) of 1.84% has been applied. Within the regulations LA's can set the MFG between plus 0.5% and plus 1.84% per pupil. The maximum level has been set to ensure as much of the funding is allocated as possible.
- Minimum per pupil funding has increased from 2019/20 as follows:
 - Primary pupils - from £3,500 in 2019/20 to £3,750; this will rise to £4,000 in 2021/22.
 - Secondary pupils - from £4,800 in 2019/20 to £5,000. ????
- Schools attracting their core NFF allocations will see an increase of 4% to the formula's core factors. The only exception to this is the free school meals factor, which will be increased at inflation as it is intended to broadly reflect actual costs.
- Premises funding has been allocated based on actual spend in 2019/20, with an RPIX increase for the PFI factor of 3.03%.
- The gains cap has been removed in the financial year 2020/21. Therefore LA's will receive all the funding that schools attract under the NFF. LA's will continue to be able to use a cap if they wish to do so.
- A new mobility formula has been introduced in 2020/21 for allocating funding to LA's rather than based upon historic spend.

- 2.2 The purpose of this report is to provide a 2020/21 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 (2).

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

TABLE 1: ANALYSIS OF APPROVALS		
	Status	Date
De - Delegated Budgets		
Health and Safety Building Maintenance Services	Approved	8 Oct 2019
Trade Union Senior Representative Cover Time	Approved	
Behaviour Support	Approved for Primaries only	3 Dec 2019
Central Budgets		
Schools	Approved	8 Oct 2019
SEN Transport	Approved	
Early years	Approved	3 Dec 2019
Copyright Licensing Agreement/Music Publishing Association Licences	Education and Skills Funding Agency (ESFA)	
Pupil Growth Contingency Fund	Approved	3 Dec 2019

The DSG is one of the main funding streams allocated to schools by the LA. The 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 from the ESFA.

2.3 **2020/21 DSG FUNDING ALLOCATION BASIS**

Table 2 sets out the allocations by block, the detail of each block is set out in xxxx with annual comparisons in xxxx. Further detail behind each block is set out in subsequent sections as indicated.

TABLE 2: 2020/21 DSG ALLOCATIONS		
		£m
1	Schools Block – section 2.4.1	219.853
2	Central School Services Block (CSSB) – section 2.4.2	6.008
3	Early Years Block – section 2.4.3	22.434
4	High Needs Block	39.482
TOTAL DSG		287.776

2.3.1 Schools Block DSG Allocation

The school block allocation is based on 3 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 2020/21 this equates to £4,593.86 per primary pupil and £6,055.98 per secondary pupil. These rates are calculated on the level of funding an LA would receive through the 2020/21 NFF based on the October 2018 census data. In 2020/21 these rates also include funding for mobile pupils as the DfE have introduced a formulaic approach to allocating funding for mobility.

The actual Schools Block allocation for 2020/21 is based on:

- The number of primary pupils in Reception to Year 6 on the October 2019 census plus
- Pupils aged 4 to 10 not assigned to a year group on the October 2019 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 2019 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. No reception uplift is applied to pupils numbers.

The total funding allocated based on the primary and secondary units of funding totalled £214.066m.

b) Premises and mobility funding

This funding is allocated to LA's based on historic costs in 2019/20 with the exception of Private Finance Initiatives (PFI) funding which has been uplifted by the RPIX from April 2018 to April 2019 (3.03%).

Total funding allocated for premises totalled £4.050m.

c) Growth funding

In 2019/20 the DfE introduced a formulaic approach to funding pupil growth. The total funding received for growth in 2019/20 was £1.920m.

Actual pupil growth allocations have been based on the movement in pupils between the October 2018 and October 2019 school census data in Middle Super Output Areas (MSOA). **Appendix A** which shows the new methodology for allocating pupil growth to local authorities.

In the financial year 2020/21 the DfE have increased the rates applied to the growth in primary and secondary pupils by 4%. The primary rate in 2019/20 was £1,370 and is £1,425 in 2020/21. The secondary rate in 2019/20 was £2,050 and is £2,130 in 2020/21.

There is no longer a gains cap which existed in 2019/20 so LA's will receive their full entitlement. LA's seeing a reduction in their growth funding compared to the financial year 2019/20 will receive protection so that they lose no more than 0.5% of their 2019/20 Schools Block.

This methodology for allocating funding for pupil growth has only been confirmed for the financial year 2020/21. Currently awaiting further guidance from the DfE as to how pupil growth is to be funded from 2021/22 onwards.

Total funding allocated for growth totalled £1.737m.

2.3.2 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.

TABLE 3: CSSB FUNDING		
Commitment	Classification	2020/21 Allocation Approved by SF £m
CERA	Historic commitment	0.801
Prudential borrowing	Historic commitment	0.274
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	0.211
Schools Forum	Ongoing commitment	0.035
Retained Duties (Former ESG)	Ongoing commitment	0.666
Total Required		7.068
Funding		(6.008)
Funding Gap		1.060

On 11 October 2019, the Education and Skills Funding Agency published each LA's 2020/21 illustrative DSG allocations, including those for the CSSB.

These allocations were provided, post approval of Central expenditure as set out in **Table 1**, and were a reduction against those allocations of 2019/20.

This was a national reduction based on a 20% cut of historic commitments allocations in 2019/20 with protection in place to ensure no authority exceeded a reduction equivalent to more than 0.5% of its 2019/20 schools allocation.

Nationally this figure is £43.994m however after the 0.5% protection this has reduced to £43.562m; the impact of 20% for Nottingham is £1.120m, with the protection the reduction is £1.060m.

In 2019/20 the LA received £5.599m for historic commitments.

The guidance from the ESFA states:

*“We will continue to unwind this funding in future years, and will provide further detail in due course. Our expectation remains that commitments will also unwind over time, for example as contracts reach their end points. However, in 2020/21 we are not changing the requirement in regulations that authorities spend no more on these commitments than they did in the previous year, therefore, **with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish**”.*

*Finally, we are not making any changes to the regulations that local authorities can spend the same amount on historic commitments that they did in the previous year, nor are we changing the flexibility to transfer funding between blocks, with local agreement. **A local authority can therefore choose to maintain spending on historic commitments at current levels using other funding where appropriate.***

The shortfall in funding will be met from the statutory school reserve in 2020/21 as agreed by Schools Forum on 3 December 2019. The new Schools Forum Sub-group approved at the same meeting will meet to comment and agree on a suggested approach for 2021/22 onwards.

2020/21 allocation of £4.539m 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 2019/20 baseline will be protected against large losses year on year. The maximum per-pupil reduction in funding is 2.5%.

In 2019/20 the CSSB unit of funding for Nottingham City for ongoing commitments was £36.04 per pupil. In 2020/21 this has reduced to £35.14 per pupil.

In 2020/21 NCC has been allocated £1.468m 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.

2.3.3 **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 for 2020/21 has increased for Nottingham City from £4.92 per hour to **£5 per hour.**

The LA is funded at a separate rate for 2 year olds this has increased from £5.23 per hour to **£5.31 per hour**.

The LA's provisional EY block allocation as published on 19 December 2019 is £22.434m.

Within this provisional allocation there is funding for:

- a. 3 & 4 year old universal entitlement (£14.232m)
- b. 3 & 4 year old extended entitlement (£3.922m)
- c. 2 year old funding (£3.838m) and
- d. EY Pupil Premium (EYPP) (£0.222m)
- e. Early Years disability access fund (£0.090m).
- f. Maintained Nursery Supplementary (MNS) funding (£0.130m)

Provisional allocations are based on January 2019 pupil numbers.

Final allocations will be based on 5/12ths x January 2019 pupil numbers and 7/12ths x January 2020 pupil numbers.

2.3.4 **High Needs Block DSG Allocation**

The LA's HN's block allocation is based on the new HN National Funding Formula (NFF) which was implemented in April 2018.

As one of the LA's due to gain most significantly under the HN NFF, Nottingham City has received the maximum 17% increase per head of 2-18 population.

The 2020/21 allocation is based upon the latest mid-2020 ONS population estimate for Nottingham of 66,527. This is 1.4% higher than last year's mid-2019 population estimate. Our provisional 2020/21 HN block allocation is £5.2m lower than it would have been without the 17% national cap on gains.

The LA's provisional 2020/21 HN block allocation before recoupment is £39.482m.

This represents a £5.785m increase compared to the latest published 2019/20 allocation of £33.697m.

The ESFA will make a recoupment deduction from this allocation for direct funding of high needs places.

- 2.4 Overall DSG funding has increased since 2019/20 indicative budgets by £13.377m (£287.776m - £274.399m). This increase is due to the reasons set out in **Table 4** below:

TABLE 4: 2020/21 BUDGET INCREASE ANALYSIS	
2019/20	£m
EY - 3 - 4 Year olds universal allocation updated to reflect the January 2019 census.	(0.263)
EY - 3 - 4 Year olds additional 15 hours allocation updated to reflect the January 2019 census.	0.339
EY – Maintained nursery school supplementary funding	(0.006)
EY - 2 Year olds allocation updated to reflect the January 2019 census.	(0.058)
EYPP - 3 - 4 Year olds allocation updated to reflect the January 2019 census.	(0.021)
HN – ESFA agreed baseline correction linked to college merger	0.360
HN – 2019/20 Import/export adjustment based on January 2018 school census and February R06 2017/18 ILR)	0.036
2020/21	
Schools - Increased pupil numbers and the impact of the changes to the NFF in 2020/21 (41,074 in 2019/20 to 41,784 in 2020/21)	8.112
Pupil growth contingency fund	(0.183)
Historic commitments allocation	(1.060)
Ongoing commitments net effect of reduction in rate and the increase in pupil numbers	(0.011)
EY – Impact of the EYNFF 8p/hour increase on 3 & 4 YO funding allocation	0.290
EY – Impact of the 8p/hour increase on 2 YO funding allocation	0.058
HN – NFF allocation excluding basic entitlement factor and import and export adjustments	5.636
HN – Basic entitlement factor	0.148
TOTAL ALLOCATION INCREASE	13.377

2.5 **OVERVIEW OF DSG FUNDING DISTRIBUTION**

2.5.1 **TABLE 5 (i)** below provides a breakdown of the Schools budget for 2020/21 by block and category of spend and **Table 5 (ii)** shows the 2020/21 allocations compared to preceding years.

TABLE 5 (i) Schools Budget for the financial year 2020/21 by block and category of spend

Elements	Schools Block £m	Central Schools Services Block £m	Early Years Block £m	High Needs Block £m	Total DSG £m
Educational settings	217.959	-	21.460	35.406	274.825
Pupil Growth	1.961	-	-	-	1.961
Central Expenditure	-	7.068	0.974	4.076	12.118
De-delegated	0.260	-	-	-	0.260
BLOCK TOTAL	220.180	7.068	22.434	39.482	289.163
2020/21 DSG Settlement	219.853	6.008	22.434	39.482	287.776
Allocation from Statutory School Reserve 2020/21	-	1.060	-	-	1.060
Reimbursement from ESFA 2020/021	0.327	-	-	-	0.327
TOTAL FUNDING	220.180	7.068	22.434	39.482	289.163
VARIANCE	0	0	0	0	0

TABLE 5 (ii)

Elements	Schools Block £m	Central Schools Services Block £m	Early Years Block £m	High Needs Block £m	Total DSG £m
2020/21 Indicative	219.853	6.008	22.434	39.482	287.776
2019/20 as at Nov 19	211.924	7.079	22.086	34.040	275.129
2018/19	205.393	7.084	22.086	31.766	266.328

2.6 DISTRIBUTION OF DSG FUNDING TO SETTINGS

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

2.6.1 **Distribution of Schools Block Funding**

The schools block budget currently totals £220.180m. This is funded by:

- DSG £219.853m (as per **Table 2, 5 (i) & (ii)**);
- Reimbursement of costs from academies of £0.327m

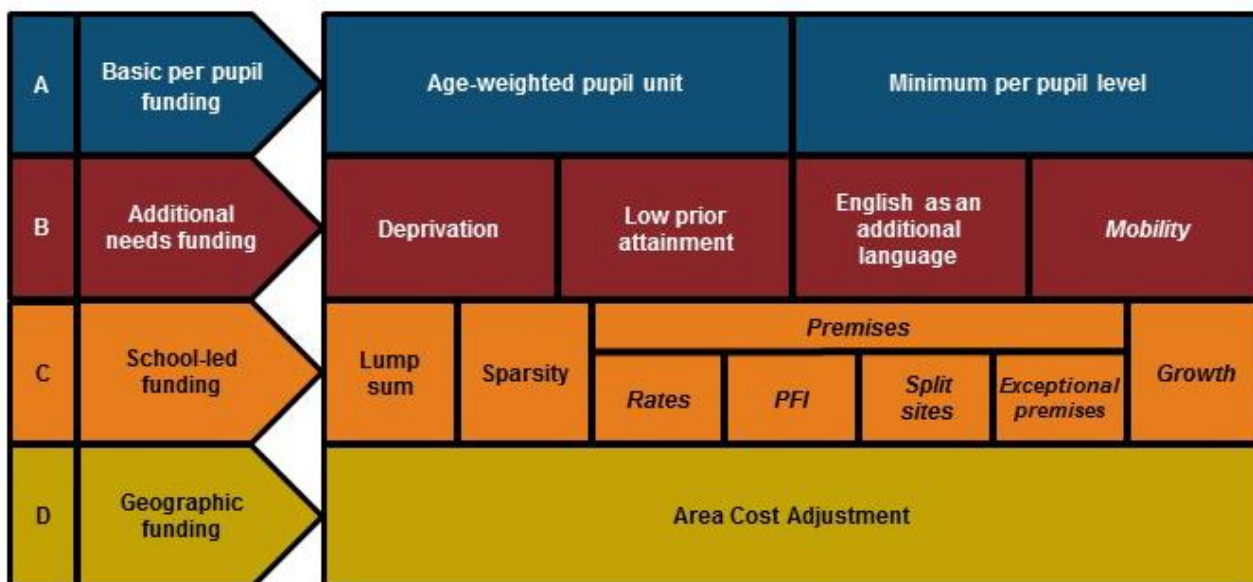
After applying the +1.84% MFG per pupil within the local funding formula (this is the maximum MFG that can be applied within the formula in 2020/21), this has created expenditure of £219.473m in the schools block.

This has left a balance of £0.567m. As per approval of SF on 3 December 2019 this balance has been allocated to the pupil growth contingency fund in 2020/21. The revised budget for pupil growth in 2020/21 is £2.101m.

The main reason for the surplus balance is due to when the ESFA calculated the SUF for 2020/21 a theoretical baseline for Bluecoat Aspley and Bluecoat Wollaton Academies was used based on the provisional 2019/20 allocations in the LA.

Because the MFG per pupil can only be set between +0.5% to +1.84% this means that the remaining balance **cannot be passed onto all schools** (84 of the 92 schools are on the MFG of +1.84%) and the operational funding guidelines do not allow another facility to pass on the surplus balance to schools.

Figure 2 below illustrates the factors that have been included when calculating schools budgets for 2020/21 based on the NFF.



In 2020/21 the age weighted pupil units (AWPU) has increased by 4% to compared to 2019/20 as set out in **Table 6** below:

TABLE 6: AWPU rates and MFG protection comparisons				
	2017/18	2018/19 & 2019/20	2020/21	Increase/ (Decrease) 2019/20 to 2020/21
Primary	£3,123.25	£2,754.43	£2864.88	£110.45
Key Stage 3	£4,298.40	£3,873.12	£4029.09	£155.97
Key Stage 4	£5,012.24	£4,397.70	£4573.59	£175.89
Total MFG protection	£0.742m	£9,546m – 2018/19 £11.233m 2019/20	£7.815m	£1.687m – 2019/20 (£3.418m) – 2020/21

The level of MFG protection has fallen from £11.233m in 2019/20 to £7.815m in 2020/21. This is mainly due to the increase in the core factor rates and the increase in the minimum funding per pupil.

NB: At the time of this report being submitted to Schools Forum the LA is currently awaiting a response on the assumptions used by the for calculating the two new schools that will be created from September 2020 when Nottingham Academy splits into:

1. Nottingham Academy – Greenwood Road (Secondary) and Sneinton Boulevard (Primary) sites
2. The Wells Academy (Secondary) – Ransom Road site

If the LA is required to amend the baseline data for the new schools, any adjustment will be added or deducted from the £0.567m allocated to the pupil growth fund.

2.6.2 Distribution of CSSB Funding

The CSSB Funding has been allocated as per **Table 3**.

The only revision that has been made to the CSSB allocations since they were approved by Schools Forum 8 October 2019 is to the Retained Duties funding, which increased by £0.025m. This funding has been increased due to updating the allocation to take account of the updated pupils in primary and secondary schools. The retained duties funded to the LA are to support the statutory duties and equate to £15.19 per pupil for all pupils.

Reductions in the CSSB funding, where services are still required, will impact on the LA as a budget pressure and will need to be captured in the budget setting process.

Since Schools Forum approved the allocation of £0.215m for copyright licences on 8 October 2019 the LA has received confirmation from the DfE that the charge for 2020/21 will be £0.211m. The 2020/21 budget has been updated accordingly.

2.6.3 Distribution of Early Years Block Funding

Table 7 provides an indicative breakdown of the 2020/21 EY block budget:

TABLE 7: EY INDICATIVE BUDGET BREAKDOWN (£m)					
ELEMENT	3 & 4 YO	2 YO	DLA	EYPP	TOTAL £m
<i>Base rate/hour</i>	£4.41	£5.16		£0.53	
Base rate total	16.012	3.730		0.222	19.964
<i>Supplements</i>					
<i>-Deprivation/hour</i>	£1.00		£625		
<i>-Flexibility/hour</i>	£0.10				
<i>DLA/annum</i>					
Supplements total	0.915		0.090		1.005
MNS lump sum	0.228				0.228
SEN inclusion fund	0.135	0.035			0.170
Contingency	0.086	0.007			0.093
TOTAL PROVIDERS	17.376	3.773	0.090	0.222	21.460
Central Expenditure	0.908	0.066			0.974
GRAND TOTAL	18.284	3.838	0.090	0.222	22.434
Pass-through %	95.0%	98.3%			

Central expenditure funds the team that deliver this service and the value aligns to the 95% pass through requirement for 3 & 4 year old funding.

The hourly base rates in the EY funding formula are being increased by £8p/hour from April 2020, pass-porting the full EY funding increase from ESFA on to schools and providers.

2.6.4 Distribution of High Needs Block Funding

Table 8 provides a provisional breakdown of the 2020/21 HN budget, with latest comparative budget figures for 2019/20.

TABLE 8: PROVISIONAL HN BUDGET BREAKDOWN			
BUDGET	2019/20 £m	2020/21 £m	Change £m
Mainstream HLN including AIA	4.671	5.837	1.116
SEN resource unit top-up funding	0.603	0.629	0.026
SEN resource unit places (via recoupment)	0.381	0.356	-0.025
Special School top-up & maintained places	9.730	9.935	0.205
Special academy places (via recoupment)	2.773	3.012	0.239
Net cross border top-ups	0.422	0.452	0.030
Post-16 HLN funding	1.050	1.100	0.050
FE/CCP places (via recoupment)	0.836	0.834	-0.002
Independent/Non Maintained Special	0.790	0.790	-
Hospital & Home Education PRU	1.777	1.893	0.116
Behaviour PRUs/Devolved AP	4.787	7.126	2.339
PRU academy places (via recoupment)	1.520	1.520	-
AP free schools (via recoupment)	0.012	0.020	0.008
Fair access - allocations for schools	0.250	0.250	-
IDEAL new entrant provision	0.152	0.152	-
Statemented boys behaviour outreach (Westbury)	0.110	0.110	-
Contribution to residential placements	1.190	1.390	0.200

Carbon Reduction Commitment relation to PRUs	0.016	0.000	-0.016
TOTAL PROVISION	31.072	35.406	4.334
SEN team	0.353	0.360	0.007
SEN specialist equipment	0.062	0.063	0.001
SEN transport contribution	1.000	1.000	-
Disability access	0.200	0.200	-
Inclusive education services – Sensory, Learning Support & Autism teams	1.754	1.827	0.073
Intensive Support Team (IST) at end of pilot subject to evaluation		0.100	0.100
Other LA staff supporting inclusion including fair access & teenage parents	0.516	0.526	0.010
TOTAL CENTRAL SERVICES	3.885	4.076	0.191
GRAND TOTAL	34.957	39.482	4.525
Funded by:			
In year DSG allocation	33.697	39.482	5.785
Block transfer	1.059	-	-1.059
DSG reserves	0.201	-	-0.201
Total funding requirement	34.957	39.482	4.525

The figures in **Table 8** are provisional and there may be amendments resulting from the detailed calculation of indicative budgets for settings and the finalisation of 2020/21 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 8 October 2019 meeting.
- A 1.84% increase in special school funding levels in line with the MFG. The exception to this is Westbury Special Academy, where the top-up level is retained at the 2019/20 level in the light of economies of scale from school expansion.
- The pass-porting of the full £0.116m hospital funding increase received to the Home Education and Hospital Learning Centre.
- £1.116m set aside to enable a significant 25% increase in the funding available for HLN allocations to mainstream schools. The HLN funding methodology is under review and the intention is to phase in implementation of a revised and improved system in 2020/21.
- A projection of expenditure on provision for pupils at the behaviour PRUs that assumes exclusions in the 2019/20 academic year are 25% higher than in 2018/19. Fifty-four city pupils were excluded in the Autumn term, 42% more than Autumn term 2018. The projection allows for a £5/day increase in average external provision costs.

- A revised secondary inclusion model has been designed in the light of feedback from the current participating schools. This provisional budget assumes existing schools will sign up again from April 2020. If additional schools sign up this will help improve the budget outlook.
- A 2% increase on central budgets to cover inflation and the anticipated pay award.
- Increases to provision budgets that are subject to demand led pressures and were over-spent in 2018/19; education costs of residential placements, post-16 provision and cross-border top-up funding.
- Funding for the Intensive Support Team (IST) from August 2020, subject to the evaluation of outcomes of the 1-year pilot, which is being funded from DSG reserves.

As the latest government settlement included significant additional funding for high needs, it has now been possible to set a sustainable high needs budget for 2020/21 that does not rely on a block transfer or any use of the DSG reserve. £2.9m that was previously ring-fenced in the DSG reserve to support the high needs budget in the period 2020/21 to 2024/5 has now been uncommitted. However, risks remain around the high needs budget particularly relating to exclusions and these will be re-evaluated and incorporated into the June 2020 Outturn report, once the level of sign up to the revised inclusion model is known.

2.7 Pupil Premium (PP)

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

- Pupil Premium - Indicative allocation for all schools will be confirmed in May 2020 based on the January 2020 census, this is assuming the PP will follow the same process as in previous financial years. The LAC numbers will be updated in December 2020. 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.

At present the ESFA have informed LA's that the PP Grant will continue in the financial year 2020/21 and they will confirm the rates for each element in the new year.

Table 9 shows the rates attributable to each element of the PP Grant.

TABLE 9: PUPIL PREMIUM COMPARISION				
	FSM EVER6			
	Primary	Secondary	Service	Post Looked
	£	£	Child	after Child*
			£	£
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 – As per 2.7 the rate for pupil premium plus for looked after children and children adopted from care is still to be confirmed by the ESFA. The rate applied in in the financial year 2019 to 2020 was £2,300 per pupil.
- Year 7 Catch up Premium Grant – The DfE have not confirmed if the grant will continue in the financial year 2020/21. Once the LA has been given further guidance we will update schools and academies.

2.8 OTHER GRANTS

Teachers' pay grant

The teachers' pay grant will continue in the 2020/21 financial year, as set out in the teachers' pay grant methodology document.

<https://www.gov.uk/government/publications/teachers-pay-grant-methodology/teachers-pay-grant-methodology>

Teachers' pension employer contribution grant (TPECG)

The teachers' pension employer contribution grant will continue in the 2020 to 2021 financial year, as set out in TPECG methodology document.

<https://www.gov.uk/government/publications/teachers-pension-employer-contribution-grant-tpecg/pension-grant-methodology>

PE & Sports Grant and Universal Infant Free School Meals Grant

At present the ESFA have only confirmed the funding for the academic year 2019/20.

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

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 2020 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 Legal Implications

- 6.1.1 The current law in force in this area is the School and Early Years Finance (England) (No. 2) Regulations 2018, SI 2018/1185, which came into force on 7 December 2018 and apply in relation to the financial year beginning on 1 April 2019. This report seeks to address the requirements of those Regulations.

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, particularly where this might mean a reduction in staffing establishment, and ending of employment contracts.

Lynn Robinson
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14 January 2020

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 the report does not contain new proposals or strategies

Yes

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 2020/21 – Historic Commitments – 8 October 2019
- 10.2 Schools Forum – Central Expenditure Budget 2020/21 – Ongoing Commitments - 8 October 2019
- 10.3 Schools Forum - De-delegation of funding for trade union time off for senior representatives – 8 October 2019
- 10.4 Schools Forum - De-delegation of funding for the Behaviour Support Team (BST) in 2020/21 – 3 December 2019
- 10.5 Schools Forum - De-delegation of 2020/21 Health and Safety Building Inspection Funding – 3 December 2019

- 10.6 Schools Forum - Early Years Central Expenditure 2020/21 – 3 December 2019
- 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 Policy document 2020 to 2021 – October 2019
- 10.9 DfE – Schools block national funding formula: technical note – October 2019
- 10.10 ESFA – Schools revenue funding 2020 to 2021 – Operational guide – September 2019
- 10.11 ESFA – High needs funding 2020 to 2021 – Operational guide October 2019
- 10.12 DfE – Dedicated schools grant – Conditions of grant 2020 to 2021 – December 2019
- 10.13 DfE – Dedicated schools grant – Technical note 2020 to 2021 – December 2019
- 10.14 DfE – Schools Forum - Operational and good practice guide – September 2018

APPENDIX A

Methodology for allocating pupil growth to local authorities 2020/21



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