



NOTTINGHAM CITY COUNCIL

Schools Forum

Date: Monday, 25 January 2021

Time: 10.00 am

Place: Remote - To be held remotely via Zoom -
<https://www.youtube.com/user/NottCityCouncil>

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

| <u>Agenda</u> | <u>Pages</u> |
|---|---------------------|
| 1 Apologies for Absence | |
| 2 Declarations of Interest | |
| 3 Minutes of the last meeting To confirm the minutes of the last meeting held on 1 December 2020 | 3 - 6 |
| 4 Appointment of Vice-Chair | |
| 5 Membership update | |
| 6 Schools Budget 2021/22 Joint report of the Corporate Director for People and the Chief Financial Officer | 7 - 26 |
| 7 Revised High Level Needs (HLN) System | Verbal Report |
| 8 Nottingham Nursery School Funding Proposal Joint report of the Director of Education Services and the Corporate Director for People | 27 - 30 |
| 9 Early Years Special Educational Needs & Disability (SEND) report Joint report of the Director of Education Services and the Corporate Director for People | 31 - 36 |
| 10 Date of the next meeting Tuesday 23 February at 1.45pm on Zoom (if required) | |

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 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 remotely via Zoom on 1 December 2020 from 1.50 pm - 2.40 pm

Membership

Present

| | |
|--------------------------|----------------------------------|
| Judith Kemplay (Chair) | Maintained Primaries |
| Derek Hobbs (Vice Chair) | Secondary Academies |
| Paul Burke | Secondary Academies |
| Meeta Dave | Primary Academies |
| Kerrie Fox | PRUs |
| Kerrie Henton | AP Academies and Free Schools |
| Tim Jeffs | Primary Academies |
| Patricia Lewis | Maintained Special Schools |
| Stephen McLaren | The Nottingham Nursery School |
| Cath Rowell | Secondary Academies |
| Terry Smith | Maintained Primary Head Teachers |
| David Tungate | Secondary Academies |
| Sheena Wheatley | Trade Unions |
| Bob White | Secondary Academies |

Absent

| | |
|-------------------|----------------------|
| Phil Briscoe | 14-19 Education |
| Janet Molyneux | Maintained Primaries |
| Lee Morgan | Special Academies |
| Debbie Simon | Early Years PVI |
| James Strawbridge | Primary Academies |

Colleagues, partners and others in attendance:

| | |
|---------------------|--------------------------------------|
| Kathryn Bouchlaghem | - Early Years Manager |
| John Dexter | - Education Director |
| Julia Holmes | - Senior Commercial Business Partner |
| Lucy Juby | - Project Manager |
| Nick Lee | - Director of Education Services |
| Kathryn Stevenson | - Senior Commercial Business Partner |
| Janine Walker | - Head of SEND and Vulnerable Pupils |
| Ceri Walters | - Head of Commercial Finance |
| Phil Wye | - Governance Officer |

15 Apologies for Absence

Janet Molyneux
Debbie Simon

16 Declarations of Interest

None.

17 Minutes of the last meeting

The Forum confirmed the minutes of the meeting held on 13 October 2020 as a correct record and they were signed by the Chair.

18 Proposed pupil growth allocation for 2021/22

Lucy Juby, Project Manager, Education Services, presented the report outlining the proposed requirements of the Pupil Growth Contingency Fund (PGCF) for 2021/22 and seeking Schools Forum's approval to allocate £1.282m for this purpose, highlighting the following:

- (a) the funding will be used to fund pupil growth in both maintained schools and academies. The funding required for 2021/22 is a reduction on that requested for 2019/20;
- (b) no more expansions of primary schools are planned, and contingency is required only to fund those schools that have already begun to expand;
- (c) pupil forecasting shows there is further need for places in secondary schools, with the Year 7 demand projected to peak in 2022-24, and overall capacity pressure set to peak in 2025/26 as the larger cohorts move through. The expectation is that most or all of this remaining need will be met by the opening of the new Bluecoat Trent Academy 11-16 secondary school, which is supported by the Council. The Archway Learning Trust has been approved as a sponsor by the Secretary of State for Education to open the new school in September 2021.

Resolved to

(1) approve the allocation of £1.282m to support pupil growth in 2021/22;

(2) note:

(a) the requirement to allocate funding to academies for the period April 2021 to August 2021 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 £0.458m;

(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 2021/22 will be adjusted accordingly;

(3) approve the allocation of any unallocated DSG funding in the Schools Block which cannot be passed onto schools due the national funding formula guidelines in 2021/22 to the pupil growth contingency fund should there be a surplus balance.

19 Local Authority Budget Position

Ceri Walters, Head of Commercial Finance, delivered a presentation to explain the link between the Schools Forum funding for the Local Authority and the Local Authority budget setting process, highlighting the following:

- (a) following the setting of the 2020-21 budget, there was a reduction of central expenditure of £1.060m from the government which was covered by reserves. For the 2021-22 budget, there is a further reduction of £1.931m, which will be captured from the Local Authority (LA)'s budget rather than requested from Schools Forum;
- (b) the Local Authority (LA) set its interim budget in September 2020 setting out the estimated in-year budget gap due to Covid-19, increased pressure and demand and reduced income. This captured the reduced income from grants, including the Dedicated Schools Grant. The LA is developing a plan for mitigation which may or may not impact on those services where reductions are being incurred;
- (c) it is a statutory requirement that Schools Forum approves Central Expenditure. The Schools Forum Sub-Group was set up to review the detail of this and report back to the full Forum with outcomes and recommendations.

20 Early Years Central Expenditure 2021-22

Kathryn Stevenson, Senior Commercial Business Partner, and Kathryn Bouchlaghem, Early Years Service Manager, introduced the report requesting approval of the Early Years Central Expenditure budget for 2021/22.

If 3 & 4 year old funding rates for 2021/22 that were announced in December represent an increase above the 2020/21 level then the 5% permitted early years expenditure limit will increase accordingly. If this is the case then a proposal for an incremental increase on top of the £0.997m will be brought to Schools Forum as part of the 2021/22 Schools Budget report. This would not lead to a significant increase, with each extra 1p on the hourly rate allowing up to £1864 in additional central expenditure.

Resolved to

- (1) approve Early Years Central Expenditure of £0.997m for 2021/22, subject to this meeting the high pass-through requirement;**
- (2) note that this will not fully cover anticipated early years central expenditure costs and that a proposal for an additional incremental amount will be tabled as part of the January budget report if national EYFF rates are increased for 2021/22.**

21 Central Expenditure Budget 2021/22 – Historic Commitments

The Chair introduced the report setting out the recommendations of the Schools Forum Sub Group (SFSG) on specific items of expenditure for inclusion in the 2021/22 budget setting process. The SFSG met on the 13 and 16 November 2020

and were content to accept the proposals put forward by the Local Authority (LA) on the funding of historic commitments for the financial year 2021/22.

Contributions to some of the combined budgets have reduced or removed with the shortfall being funded from elsewhere. The costs for termination of employment, prudential borrowing and capital expenditure must continue but will reduce over time.

If all commitments are spent, a reserve will remain of £2.2m, and Forum members queried whether any of this could be used to support schools that are struggling financially.

Resolved to approve historic commitments set out in Table 3 totalling £4.632m for the financial year 2021/22, noting the additional historical detail set out in Appendices B to F of the report.

22 Central Expenditure Budget 2021/22 – Ongoing Commitments

The Chair introduced the report setting out the recommendations of the Schools Forum Sub-Group (SFSG) on specific items of expenditure for inclusion in the 2020/21 budget setting process. The SFSG met on the 13 and 16 November 2020 and were content to accept the proposals put forward by the Local Authority (LA) on the funding of “Ongoing commitments” for the financial year 2021/22.

Resolved to

- (1) approve the ongoing commitments budgets set out in Table 3 of the report totalling £1.473m, noting the additional historical detail set out in Appendix A;**
- (2) note that the estimated cost of Copyright Licences totalling £0.219m does not require approval as the licences are managed and procured by central government;**
- (3) note that where values are based on estimated pupil numbers, the report has used the latest October 2019 census however; once the October 2020 census and final allocations are issued from the DfE these figures will be updated and represented in the final budget report;**
- (4) approve that should any additional funding be received above the £1.473m that it is allocated to the LA to cover the cost of retained duties.**

23 Next meeting date

The Forum noted that the next meeting is scheduled for 19th January 2021 at 1.45pm, either online or at Loxley House.

Schools Forum – 25 January 2021

| | |
|---|---|
| Title of paper: | SCHOOLS BUDGET 2021/22 |
| Director(s)/ Corporate Director(s): | Catherine Underwood, Corporate Director for People Clive Heaphy, 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: | Aman Patel, Solicitor 01158 765 072 aman.patel@nottinghamcity.gov.uk Rachael Morris, HR Business Lead 0115 876 3459 rachael.morris@nottinghamcity.gov.uk |
| Summary | |
| <p>This report presents the proposed Schools Budget for the financial year (FY) 2021/22. 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, high needs funding allocations and guidance notes by 28 February 2021.</p> <p>Where applicable, the Local Authority's Medium Term Financial Plan (MTFP) incorporates the impact from the Dedicated Schools Grant (DSG).</p> | |
| Recommendation(s): | |
| 1 DSG | <p>a) To note the overall indicative 2021/22 Schools Budget to be spent incorporating the Schools, Central Schools Services (CSS), Early Years (EY) and High Needs (HN) blocks is £310.745m – as per Table 6 (i).</p> <p>b) To note this is funded by the provisional 2021/22 DSG allocation of £310.287m and the reimbursement of £0.458m funding paid to academies for pupil growth April to August 2021.</p> <p>c) To note that the budget will be updated in year to reflect subsequent adjustments made by the ESFA to our 2021/22 DSG allocation as described in the report.</p> <p>d) Any balance remaining will be allocated to the Statutory School reserve (SSR).</p> <p>e) To note the impact to schools budgets of the indicative allocation is set out in Table 5.</p> |
| 2 Early Years Central expenditure | <p>a) To approve £0.011m additional early years central expenditure over and above the £0.997m already approved at Schools Forum on 1 December 2020.</p> |
| 3 PUPIL PREMIUM | <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 Local Authority (LA) and how they are then 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) Regulations 2020.
- 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 2021/22 budget

2021/22 is the fourth year of the National Funding Formula (NFF) for Schools, HN's and 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 2021/22 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 2% has been applied to the allocation of funding given to LA's for schools not fully on the NFF.

Within the regulations LA's can set the MFG between plus 0.5% and plus 2% per pupil. The maximum level has been set for maintained schools and academies to ensure as much of the funding is allocated as possible and to mitigate any significant budget variations that may arise as budgets move towards the NFF.

- Minimum per pupil funding levels have increased in the FY 2021/22 as shown in **Table 1**:

| Table 1: Minimum Per Pupil Funding | | |
|---|----------------|----------------|
| | 2020/21 | 2021/22 |
| Primary | £3,750 | £4,180* |
| Key Stage 3 | £4,800 | £5,215** |
| Key Stage 4 | £5,300 | £5,715** |
| Secondary with all 5 year groups | £5,000 | £5,415** |

* Includes £180 per primary pupil see below;

** Includes £265 per secondary pupil see below.

- Funding previously received through the Teachers' Pay Grant (TPG), Teachers' Pension Employer Contribution Grants (TPECG) and the Supplementary fund, to mainstream schools for pupils from reception to year 11 will be allocated through the NFF from 2021/22, by adding funding to

schools baselines, increasing the basic per pupil funding and increasing the minimum per pupil funding (MPPL's).

Primary schools will receive £180 per primary pupil and secondary schools will receive £265 per pupil for KS3 and KS4 pupils.

Rolling these grants into schools and academies budgets will affect the core budgets that maintained schools will receive from April 2021, and academies will receive from September 2021. To avoid an unfair gap in the support provided the ESFA will continue to give academies separate grant payments up until the end of August 2021.

- The 2021/22 NFF uses income deprivation affecting children index (IDACI) 2019 ranks to group each lower super output area (LSOAs, an area with typically 1500 residents) into one of six bands of decreasing deprivation. In the past IDACI bands have been defined on the basis of scores. The 2021/22 NFF uses ranks instead of scores to define bands.
- Schools attracting their core NFF allocations will see an increase of 3% to the formula's core factors. The only exception to this is the free school meals factor which has increased by 2%, this factor value is based on an estimate of the actual cost of providing school meals.
- Following the cancellation of assessments in summer 2020 due to COVID-19, LA's have not be able to use this data as part of setting a low prior attainment factor in the local funding formulae. Instead we have **used the 2019 assessment data as a proxy for the 2020 reception and year 6 cohort**, which is the data we received from the DfE.
- Premises funding has been allocated based on actual spend in 2020/21, with an RPIX increase for the PFI factor only of 1.56%.
- **The gains cap was removed in the financial year 2020/21**. Therefore LA's will continue to 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. In line with the NFF the LA will continue not to apply a gains cap.

2.2 The purpose of this report is to provide a 2021/22 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) Regulations 2020.

These approvals are set out in **Table 2** below:

| TABLE 2: ANALYSIS OF APPROVALS | | |
|---|---------------------------------|-------------|
| | Status | Date |
| De-delegated budgets | | |
| Trade union representative cover | Approved | 1 Dec 2020 |
| Central budgets | | |
| Schools | Approved | 1 Dec 2020 |
| SEN Transport | Approved | 1 Dec 2020 |
| Early Years | Approved | 1 Dec 2020 |
| Copyright licensing Agreement/Music Publishing Association licences | Education Skills Funding Agency | |
| Pupil Growth Contingency Fund | Approved | 1 Dec 2020 |

2.3 2021/22 DSG Funding Allocation Basis

Table 3 sets out the allocations by block, the detail of each block is set out in **Table 6 (i)** with annual comparisons in **Table 6 (ii)**. Further detail behind each block is set out in subsequent sections as indicated.

| Table 3: 2021/22 DSG Allocations | | |
|---|---|----------------|
| | | £m |
| 1 | Schools Block – section 2.3.1 | 237.015 |
| 2 | Central Schools Services Block (CSSB) – section 2.4.2 | 5.218 |
| 3 | Early Years Block – section 2.4.3 | 23.149 |
| 4 | High Needs Block | 44.905 |
| TOTAL DSG | | 310.287 |

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 2021/22 this equates to £4,878.35 per primary pupil and £6,466.61 per secondary pupil. These rates are calculated on the level of funding the LA would receive through the 2021/22 NFF based on the October 2019 census data.

In 2021/22 these rates also include funding for the Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) as the DfE have introduced a formulaic approach to allocating funding for these grants instead of allocating them as separate grants, see 2.1. This makes year on year comparisons meaningless.

The actual Schools Block allocation for 2021/22 is based on:

- The number of primary pupils in Reception to Year 6 on the October 2020 school census plus
- Pupils aged 4 to 10 not assigned to a year group on the October 2020 school census multiplied by the PUF plus

- The number of secondary pupils in Year 7 to Year 11 on the October 2020 school census plus
- Pupils aged 11 to 15, not assigned to a year group on the October 2020 school 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 has been applied to pupils numbers.

The total funding allocated based on the primary and secondary units of funding totalled £231.221m.

b) **Premises**

This funding is allocated to LA's based on historic costs in 2020/21 with the exception of Private Finance Initiatives (PFI) funding which has been uplifted by the RPIX from April 2019 to April 2020 (1.56%).

Total funding allocated for premises totalled £4.211m.

c) **Growth funding**

In 2019/20 the DfE introduced a formulaic approach to funding pupil growth. The total funding received for growth in 2020/21 was £1.737m.

Actual pupil growth allocations have been based on the movement in pupils between the October 2019 and October 2020 school census data in Middle Super Output Areas (MSOA).

In the financial year 2021/22 the DfE have increased the rates applied to the growth in primary and secondary pupils by 2%. The primary rate in 2020/21 was £1,425 and is £1,455 in 2021/22. The secondary rate in 2020/21 was £2,130 and is £2,175 in 2021/22.

There is no longer a gains cap so LA's will receive their full entitlement. LA's seeing a reduction in their growth funding compared to the financial year 2020/21 will receive protection so that they lose no more than 0.5% of their 2019/20 Schools Block. Nottingham City does not receive any protection and will see a reduction of -£0.154m in pupil growth funding in 2021/22.

This methodology for allocating funding for pupil growth has only been confirmed for the financial year 2021/22. Currently awaiting further guidance from the DfE as to how pupil growth is to be funded from 2022/23 onwards.

Total funding allocated for growth totalled £1.583m.

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 4 below shows the categorisation of budgets within the CSSB.

| Table 4: CSSB Funding | | |
|---|-----------------------|---|
| Commitment | Classification | 2021/22 Allocation approved by SF £m |
| CERA | Historic commitment | 0.173 |
| Prudential borrowing | Historic commitment | 0.238 |
| Termination of employment costs | Historic commitment | 1.609 |
| Contribution to combined budgets | Historic commitment | 1.612 |
| Admissions | Ongoing commitment | 0.585 |
| Copyright licences | Ongoing commitment | 0.215 |
| Schools Forum | Ongoing commitment | 0.035 |
| Retained duties | Ongoing commitment | 0.655 |
| TPG and TPECG for centrally employed teachers | Ongoing commitment | 0.096 |
| Total CSSB | | 5.218 |

As stated in the LA's report to SF on 1 December 2020 in the Central Expenditure Budget 2021/22 – Historic Commitments report on 21 July 2020, the ESFA published each LA's 2021/22 illustrative DSG allocations, including those for the CSSB.

In keeping with the DfE's commitment to reduce historic commitment funding, Nottingham City's funding has been cut by a further 20% in 2021/22 in addition to the reductions applied in 2020/21 of £1.060m.

The 2021/22 reduction is a further £0.908m taking the **total funding reduction to date to £1.968m.**

The ESFA have stated that this funding will be cut year on year until LA's only have the value of the termination of employment and prudential borrowing remaining budgets, for those LA's who have commitments for these costs. This will create a budget pressure for Nottingham City Council.

In the DfE Policy document on the NFF for schools and HN 2021 to 2022 they have stated:

“We will provide further detail in due course on how we will continue to reduce this funding in future years. Our expectation remains that commitments will also continue to unwind over time as contracts reach their end points.”

Nationally funding for historic commitments in the FY 2021/22 has been cut by £35.807m.

In 2020/21 the LA received £4.539m for historic commitments.

Total allocation for historic commitments in 2021/22 £3.631m.

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 2020/21 baseline will be protected against large losses year on year. **The maximum per-pupil reduction in funding is -2.5%**. This has been afforded by placing a gains cap on the amount that LA's can gain under the formula. In 2021/22 LAs will be able to gain a maximum of 6.45%. Nationally **the funding for ongoing commitments that LA's have for all schools has been increased by 4% in 2021/22.**

In 2020/21 the CSSB unit of funding for Nottingham City for ongoing commitments was £35.14 per pupil. In 2021/22 this has increased to £37.53 per pupil.

The final rate for 2021/22 includes £2.28 per pupil for centrally employed teachers TPG and TPECG. Therefore, by removing the £2.28 Nottingham City has seen an increase of 11p per pupil. This equates to a rise of 0.31% per pupil, this is the first time the LA has seen an increase in the rate year on year since the introduction of the NFF.

In 2021/22 NCC has been allocated £1.587m 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. The rate for 2021/22 **£5.06 per hour.**

The LA is funded at a separate rate for 2 year olds. The rate for 2021/22 is **£5.39 per hour.**

The LA's provisional EY block allocation as published on 17 December 2020 is £23.149m.

Within this provisional allocation there is funding for:

- a) 3 & 4 year old universal entitlement (£14.623m)
- b) 3 & 4 year old extended entitlement (£4.241m)

- c) 2 year old funding (£3.840m) and
- d) EY Pupil Premium (EYPP) (£0.230)
- e) Early Years disability access fund (£0.097m)
- f) Maintained Nursery Supplementary (MNS) funding (£0.119m)

Provisional allocations are based on January 2020 pupil numbers.

Final allocations will be based on 5/12ths x January 2021 pupil numbers and 7/12ths x January 2022 pupil numbers.

In the context of COVID-19, the ESFA are planning to implement protection arrangements for LA's that experience a very low January 2021 count (<85% of the January 2020 level) and then can provide evidence of increased take up prior to the end of the Spring term. Full details of these arrangements have not yet been published at the time of writing.

2.3.4 High Needs Block DSG Allocation

The LA's HN's block allocation is based on the 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 a 12% increase per head of 2-18 population which is the maximum allowable gain. In 2021/22 LA's can receive between 8% to 12% per head of population.

The 2021/22 allocation is based upon the latest mid-2021 ONS population estimate for Nottingham City of 67,156. This is 1.0% higher than last year's mid-2020 (66,493) population estimate. Our provisional 2021/22 HN block allocation is reduced by £4.7m due to the 12% national cap on gains.

The LA's provisional 2021/22 HN block allocation before recoupment is £44.905m.

This represents a **£5.389m increase compared to the latest published 2020/21 allocation of £39.470m.**

The ESFA will make a recoupment deduction from this allocation for direct funding of HN's places.

- 2.4 Overall DSG funding has **increased since 2020/21 indicative budgets by £22.511m** (£310.287 - £287.776m). This increase is due to the reasons set out in **Table 5** below:

| Table 5: 2021/22 Budget Increase Analysis | |
|--|---------------|
| 2020/21 | £m |
| EY – 3 & 4 year olds universal allocation updated to reflect the January 2020 census. | 0.217 |
| EY – 3 & 4 year olds additional 15 hours allocation updated to reflect the January 2020 census. | 0.269 |
| EY – 2 year olds allocation updated to reflect the January 2020 census. | (0.056) |
| EYPP – 3 & 4 year olds allocation updated to reflect January 2020 census. | 0.009 |
| EY – Adjustment to supplementary funding allocation for maintained nursery schools | (0.011) |
| HN – Import/export adjustment correction by ESFA | (0.012) |
| 2021/22 | |
| Schools – Increased pupil numbers and the impact of the changes to the NFF in 2021/22 (41,784 in 2020/21 to 42,283 in 2021/22) | 17.316 |
| Pupil growth contingency fund | (0.154) |
| Historic commitments allocation | (0.908) |
| Ongoing commitments allocation – effect of increase in rate and increase in pupil numbers | 0.022 |
| Ongoing commitments allocation TPG and TPECG funding for centrally retained teachers | 0.096 |
| EY – Impact of the EYNFF 6p/hour increase on 3 & 4 YO funding | 0.223 |
| EY – Impact of the EYNFF 8p/hour increase on 2 YO funding | 0.057 |
| EY – Increase in Disability Access Fund | 0.007 |
| HN –TPG and TPECG funding for High needs settings | 0.648 |
| HN – Basic entitlement factor for special school pupils (excluding TPG/TPECG element shown above) | 0.035 |
| HN – 8% Hospital education funding uplift | 0.151 |
| HN – NFF 12% per head funding increase per head of population | 4.601 |
| TOTAL ALLOCATION INCREASE | 22.511 |

2.5 Overview of DSG Funding Distribution

2.5.1 **Table 6 (i)** below provides a breakdown of the Schools budget for 2021/22 by block and category of spend and **Table 6 (ii)** shows the 2021/22 allocations compared to preceding years.

TABLE 6 (i) Schools budget for the financial year 2021/22 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 | 236.029 | - | 22.141 | 40.332 | 298.502 |
| Pupil Growth | 1.383 | - | - | - | 1.383 |
| Central Expenditure | - | 5.218 | 1.008 | 4.573 | 10.799 |
| De-delegated | 0.061 | - | - | - | 0.061 |
| BLOCK TOTAL | 237.473 | 5.218 | 23.149 | 44.905 | 310.745 |
| 2021/22 DSG Settlement | 237.015 | 5.218 | 23.149 | 44.905 | 310.287 |
| Reimbursement from ESFA 2021/22 | 0.458 | - | - | - | 0.458 |
| TOTAL FUNDING | 237.473 | 5.218 | 23.149 | 44.905 | 310.745 |
| VARIANCE | 0 | 0 | 0 | 0 | 0 |

TABLE 6 (ii) Comparison of DSG allocations 2019/20 to 2021/22

| Elements | Schools Block £m | Central Schools Services Block £m | Early Years Block £m | High Needs Block £m | Total DSG £m |
|-------------------------|---------------------|--|-------------------------|------------------------|--------------|
| 2021/22 Indicative | 237.015 | 5.218 | 23.149 | 44.905 | 310.287 |
| 2020/21 as at Nov 20 | 219.853 | 6.008 | 22.861 | 39.470 | 288.192 |
| 2019/20 | 211.924 | 7.079 | 22.331 | 34.040 | 275.375 |

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 £237.473m. This is funded by:

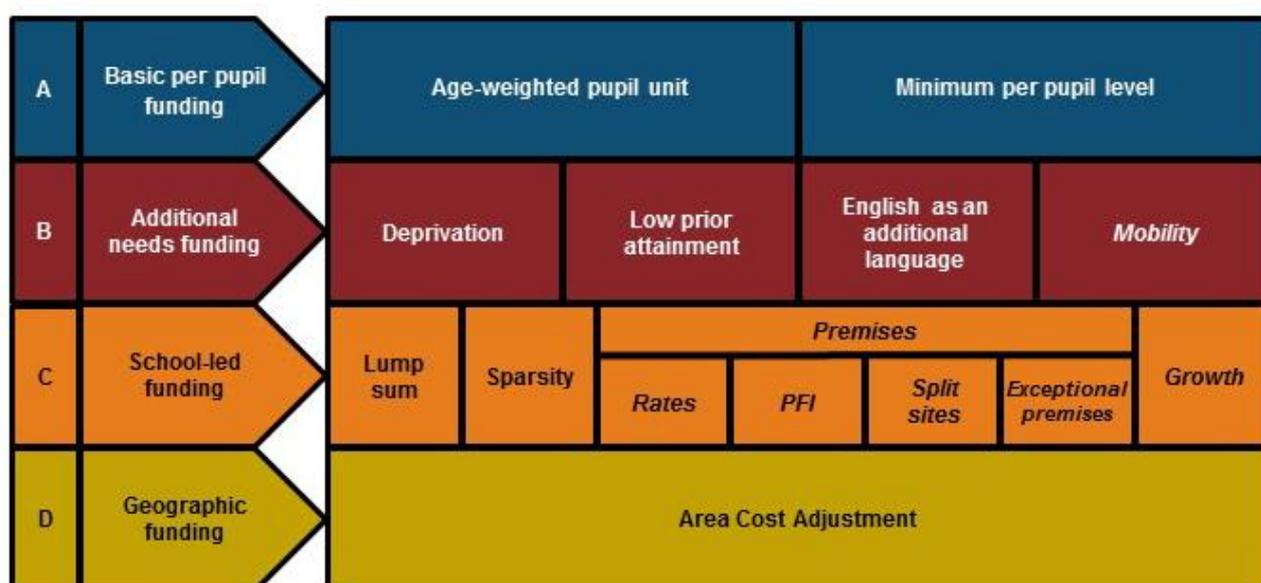
- DSG £237.015m (as per **Table 3, 6 (i) & (ii)**);
- Reimbursement of costs from academies of £0.458m

In 2021/22 the LA has funded through the local funding formula (which mirrors the schools national funding formula) the new free school Bluecoat Trent Academy which is due to open in September 2021. This is in line with the guidance set by the ESFA. This funding will be recouped from the LA the same as any other academy or free school. The funding for the new academy has been based upon six forms of entry (180 pupils from September 2021).

From September 2022 the free school are going to be admitting eight forms of entry. The ratios used for each of the pupil led factors have been based upon the average ratio of secondary schools in the North, Central and West areas of Nottingham City.

After applying the +2% MFG per pupil within the local funding formula (this is the maximum MFG that can be applied within the formula in 2021/22), this has created expenditure of £237.372m in the schools block. This **leaves £0.101m unallocated**. As agreed at Schools Forum on the 1 December 2020 in the Pupil Growth Contingency Fund 2021/22 report, any surplus balance will be allocated to the pupil growth fund for 2021/22.

Figure 2 below illustrates the factors that have been included when calculating schools budgets for 2021/22 based on the NFF.



In 2021/22 the age weighted pupil units (AWPU) have increased by 3% compared to 2020/21 as set out in **Table 7** below:

Table 7: AWPUs Rates And MFG Protection Comparisons

| | 2017/18 | 2018/19 & 2019/20 | 2020/21 | 2021/22 | Increase/ (Decrease) 2020/21 to 2021/22 |
|----------------------|-----------|---------------------------------------|-----------|-------------|---|
| Primary | £3,123.25 | £2,754.43 | £2,864.88 | £3,131.62* | £266.74* |
| Key Stage 3 | £4,298.40 | £3,873.12 | £4,029.09 | £4,416.16** | £387.07** |
| Key Stage 4 | £5,012.24 | £4,397.70 | £4,573.59 | £4,976.70** | £403.11** |
| Total MFG protection | £0.740m | £9,546m – 2018/19 £11.233m 2019/20 | £7.815m | £7.645m | £1.687m – 2019/20 (£3.418m) – 2020/21 (£0.170m) 2021/22 |

* Includes £180 per primary pupil for the TPG and TPECG;

** Includes £265 per secondary pupil for the TPG and TPECG.

The level of MFG protection has fallen from £7.815m in 2020/21 to £7.645m in 2021/22. This is mainly due to the increase in the core factor rates and the increase in the minimum funding per pupil.

No consultation on the local funding formulae for mainstream schools was undertaken for the FY 2021/22. This was due to the LA's intention to continue to follow the principle that, as agreed in previous years consultations, to pass onto schools as much funding as possible through the local funding formula to prevent budget destabilisation.

Should there be a surplus balance once this funding had been passed on the remaining balance would be allocated to the pupil growth contingency fund or, if there were insufficient funds to balance the schools block then the MFG rate would be adjusted to ensure that the schools block could be balanced.

In "The national funding formulae for schools and high needs 2021-22 –July 2020" the government announced that they shortly intend to put forward proposals to move to a 'hard' NFF in the future, which will determine schools budgets directly, rather than through local funding formulae. They intend to do this to level up the school funding system so that all schools across the country are funded on a comparable basis. They will consult with LA's, schools and others to make this transition carefully.

2.6.2 Distribution of CSSB Funding

The CSSB Funding has been allocated as per **Table 4**.

The only revision that has been made to the CSSB allocations since they were approved by Schools Forum 1 December 2020 is to the Retained Duties funding, which has been increased by £0.020m. This funding has been increased due to updating the allocation to take account of the updated pupils in primary and

secondary schools and adjusting the copyright licences budget down by £0.004m. This principle was approved by Schools Forum.

Since Schools Forum approved the allocation of £0.219m for copyright licences on 1 December 2020 the LA has received confirmation from the DfE that the charge for 2021/22 will be £0.215m.

The retained duties funded to the LA are to support the statutory duties and equate to £14.62 per pupil for all pupils. Historically this was £15 and the reduction is impacting on the LA's budget and will need to be captured in the budget setting process.

The 2021/22 budget has been updated accordingly.

2.6.3 Distribution of Early Years Block Funding

Table 8 provides an indicative breakdown of the 2021/22 EY block budget:

| Table 8: EY Indicative Budget Breakdown (£m) | | | | | |
|---|---------------------|--------------|--------------|--------------|-----------------|
| Element | 3 & 4 YO | 2 YO | DLA | EYPP | TOTAL £m |
| <i>Base rate/hour</i> | £4.59 | £5.24 | | £0.53 | |
| Base rate total | 16.633 | 3.733 | | 0.230 | 20.595 |
| <i>Supplements</i> | | | | | |
| <i>-Deprivation/hour</i> | £1.00 | | £615 | | |
| <i>-Flexibility/hour</i> | £0.10 | | | | |
| <i>DLA/annum</i> | | | | | |
| Supplements total | 0.682 | | 0.097 | | 0.779 |
| MNS lump sum & business rates | 0.303 | | | | 0.303 |
| SEN inclusion fund | 0.135 | 0.035 | | | 0.170 |
| Contingency | 0.286 | 0.007 | | | 0.293 |
| Total Providers | 17.376 | 3.775 | 0.097 | 0.230 | 21.460 |
| Central Expenditure | 0.943 | 0.065 | | | 1.008 |
| Grand Total | 18.982 | 3.840 | 0.097 | 0.230 | 23.149 |
| 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 £6p/hour from April 2021, pass-porting the full EY funding increase from ESFA on to schools and providers.

2.6.4 Distribution of High Needs Block Funding

Table 9 provides a provisional breakdown of the 2021/22 HN budget, with latest comparative budget figures for 2020/21 fully funded by DSG.

| Table 9: Provisional HN Budget Breakdown | | | |
|---|-----------------------|-----------------------|----------------------|
| Budget | 2020/21 £m | 2021/22 £m | Change £m |
| Mainstream High Level Needs (HLN) including Additional Inclusion Allowance | 5.837 | 8.052 | 2.215 |
| Special Education Needs (SEN) resource unit top-up funding | 0.627 | 0.670 | 0.042 |
| Additional SEN units | - | 0.067 | 0.067 |
| SEN resource unit places (via recoupment) | 0.344 | 0.336 | -0.008 |
| Special School top-up & maintained places | 9.948 | 10.474 | 0.526 |
| Special academy places (via recoupment) | 3.012 | 3.263 | 0.252 |
| Net cross border top-ups | 0.452 | 0.357 | -0.095 |
| Post-16 HLN funding | 1.100 | 1.300 | 0.200 |
| Further Education places (via recoupment) | 0.834 | 0.771 | -0.063 |
| Independent/Non Maintained Special School (INMSS) | 0.790 | 1.582 | 0.792 |
| Hospital & Home Education (HHE) Pupil Referral Units (PRU) | 1.893 | 2.044 | 0.151 |
| Behaviour PRUs/Devolved Alternative Provisions (AP) | 7.064 | 7.064 | 0.000 |
| PRU academy places (via recoupment) | 1.520 | 1.520 | 0.000 |
| AP free schools (via recoupment) | 0.020 | 0.020 | 0.000 |
| Fair access - allocations for schools | 0.250 | 0.300 | 0.050 |
| Joint IDEAL/NEST asylum seeker provision | 0.152 | 0.179 | 0.027 |
| Outreach services delivered from Westbury/Oakfield | 0.159 | 0.180 | 0.021 |
| Contribution to residential placements | 1.390 | 1.554 | 0.164 |
| High Needs settings TPG/TPECG | | 0.648 | 0.648 |
| Total Provision | 35.393 | 40.331 | 4.938 |
| SEN team | 0.360 | 0.368 | 0.007 |
| SEN specialist equipment | 0.063 | 0.065 | 0.001 |
| SEN transport contribution | 1.000 | 1.000 | 0.000 |
| Disability access | 0.200 | 0.200 | 0.000 |
| Inclusive education services – Sensory, Learning Support & Autism teams | 1.827 | 1.863 | 0.037 |
| Intensive Support Team (IST) | 0.100 | 0.461 | 0.361 |
| Other LA staff supporting inclusion including fair access & teenage parents | 0.526 | 0.537 | 0.011 |
| Sensory Occupational Therapy services | - | 0.080 | 0.080 |
| Total Central Services | 4.076 | 4.573 | 0.497 |
| Grand Total | 39.470 | 44.905 | 5.436 |

The figures in **Table 9** are provisional and there may be amendments resulting from the detailed calculation of indicative budgets for settings and the finalisation of 2021/22 service budgets.

At this stage, the provisional budget figures incorporate the following:

- Planned place increases and associated top-up funding for special schools and special resource units as presented to Schools Forum at the 13 October 2020 meeting.

- A contingency for 4 new places and associated top-up funding at new SEN units from September 2020 plus an estimated £0.012m required for one-off fit out costs for the new unit at Fernwood Primary.
- A 2% increase in special school funding levels in line with the level of increase applied to mainstream schools through the MFG, with the exception of Westbury Special Academy where top-up rates are maintained at the 2020/21 level linked to the findings of the 2018 Special School Review.
- Changes to the Westbury top-up funding requirement and inter-authority recoupment budget that are neutral overall and reflect direct commissioning deals moving back under the umbrella of the inter-authority recoupment process.
- The passporting of the full £0.151m hospital funding increase received to the Home Education and Hospital Learning Centre. A bottom up review of HHE's funding will be conducted prior to confirmation of school budgets at the end of February to evaluate if this is fully required.
- The passporting in full to HN settings of funding for TPG/TPECG previously separate grants and now merged into HN's.
- £2.215m set aside to support rising HLN pupil numbers and the implementation of the revised HLN system. A presentation on the projected financial implications of primary implementation from April 2021 will be delivered at the meeting.
- Increases to provision budgets that are subject to demand led pressures and are projecting over-spends in 2020/21; education costs of residential placements, post-16 provision, secondary Fair Access and independent/Non maintained provision.
- The doubling of INMSS budget requirement has 3 key drivers:
 1. A number of children requiring specialist autism places have moved into the City during the year. As Rosehill Special School is currently full to capacity and the children have complex needs, they have had to be placed in independent settings at a combined cost of around £0.200m.
 2. A number of tribunal decisions resulted in placements in INMSS settings. In 4 cases, these tribunal outcomes hinged on sensory occupational therapy services which would be provided at the named INMSS settings but are not currently available at our local special schools. The INMSS placement costs required as a result of these 4 tribunal decisions alone were around £0.400m/year. £0.080m has been set aside for Sensory Occupational Therapy (OT) services for the 2021/22 year, with a view to looking internally at the viability of commissioning two full-time Sensory Occupational Therapists to link in with our special schools supporting their pupils. This should help not only increase support available to our high needs pupils locally but mitigate the risks of future similar tribunal decisions determining in favour of costly INMSS placements.
 3. Fee increases from the INMSS providers. One provider gained regional agreement for a 12% price rise.
- No increase in the annual funding requirement for PRUs/devolved AP for the first time. This is underpinned by assumptions on the number of permanent exclusions totalling 126 for the 2020/21 academic year, falling to 100 in the 2021/22 academic year with funding for a further 17 potential permanent exclusions linked to devolved AP model allowances set aside in an AP contingency budget. The assumed reduction in exclusions in the 2021/22 academic year compared to 2020/21 is associated with the end of

the transitional exclusion allowances under the latest devolved AP funding agreements. Funding for internal provision at the PRUs has been uplifted by 2%, in line with funding for most mainstream and special provision.

- A 2% increase on central budgets.
- Full funding for the expanded IST from April 2021 from the in-year HN's budget. This was partially supported by funding from DSG reserves in 2020/21.

2.7 Pupil Premium Grant (PP)

The total PP allocated to schools is made up of 3 of elements, funding for free school meal pupils (Ever6), service children and post looked after children. Each element has a different pupil criteria.

- **Pupil Premium** – In 2021/22 funding will be allocated to schools based on the October 2020 school census data. This is a change to previous financial years as the funding was previously based on the previous January school census to the financial year in question. The only exceptions to this include alternative provision and pupil referral units where eligibility will continue to be based on the January census. Further guidance on this is yet to be provided by the ESFA. Once we receive the guidance we will let maintained schools and academies know.

The ESFA have confirmed to LA's that the PP rates for 2021/22 will remain the same as those in the financial year 2020/21.

Table 10 shows the rates attributable to each element of the PP Grant.

| Table 10: Pupil Premium Comparison | | | | |
|---|------------------|------------------|----------------|---------------------|
| | FSM Ever6 | | | |
| | Primary | Secondary | Service | Post Looked |
| | £ | £ | Child | after Child* |
| | | | £ | £ |
| 2020/21 & 2021/22 | 1,345 | 955 | 310 | 2,345 |
| 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).

2.8 Pupil Premium Plus Grant – As per 2.7 the rate for pupil premium plus for looked after children will remain the same in 2021/22 at £2,345 in the financial year 2021/22.

2.9 Other Grants

The ESFA have stated that information about other grants for 2021/22 will be issued during 2021.

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

2.10 Free School Meal Supplementary Grant 2020 to 2021

The Free School Meal (FSM) Supplementary Grant will be extended for one additional year to 2020/21 for increases in FSM pupil numbers between October 2019 and October 2020, at a per pupil rate of £450.

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 2021 in accordance with The Schools and Early Years Finance (England) Regulations 2020.

5 Finance colleague comments (including implications and value for money/VAT)

- 5.1 Financial implications are contained throughout this report.

6 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2020, SI 2020 No. 83, which came into force on 21 February 2020 and apply in relation to the financial year beginning on 1 April 2020. The Education & Skills Funding Agency (EFSA) have also published guidance to help local authorities, and their schools forums, to plan the local implementation of the funding system for the 2021 to 2022 financial year: the Schools revenue funding 2021 to 2022 Operational guide (updated December 2020). This report seeks to address the requirements of those Regulations and the EFSA guidance.

Aman Patel
Solicitor
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22 December 2020

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, it may result in potential implications for the staffing establishment. In the event this happens, it is therefore recommended that schools take appropriate expert HR advice from their service provider on employment matters, particularly where this might mean a reduction in staffing establishment, and the ending of employment contracts, with associated transparent and meaningful consultation processes.

Rachael Morris,

HR Business Lead
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18 December 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
Attached as Appendix x, and due regard will be given to any implications identified in it.

9 List of background papers other than published works or those disclosing confidential or exempt information

9.1 None

10 Published documents referred to in compiling this report

- 10.1 Schools Forum – Central Expenditure Budget 2021/22 – Historic Commitments – 1 December 2020
- 10.2 Schools Forum – Central Expenditure Budget 2021/22 – Ongoing Commitments – 1 December 2020
- 10.3 Schools Forum - De-delegation of funding for trade union time off for senior representatives – 1 December 2020
- 10.4 Schools Forum - Early Years Central Expenditure 2021/22 – 1 December 2020
- 10.5 DfE – The Schools and Early Years Finance (England) Regulations 2020
- 10.6 DfE – The national funding formulae for schools and high needs – 2021 – 2022 - Policy document – July 2020
- 10.7 DfE – Schools block national funding formula: technical note – July 2020
- 10.8 DfE – Central school services block national funding formula: technical note – July 2020
- 10.9 DfE – High needs block national funding formula: technical note – July 2020
- 10.10 ESFA – Schools revenue funding 2021 to 2022 – Operational guide – July 2020
- 10.11 ESFA – High needs funding 2021 to 2022 – Operational guide September 2020
- 10.12 DfE – Dedicated schools grant – Conditions of grant 2021 to 2022 – 17 December 2020

Schools Forum - 25 January 2021

| | |
|--|--|
| Title of paper: | Nottingham Nursery School Funding Proposal |
| Director(s)/ Corporate Director(s): | Nick Lee, Director of Education Services Catherine Underwood, Corporate Director for People |
| Report author(s) and contact details: | Kathryn Stevenson, Senior Commercial Business Partner (School Funding) |
| Other colleagues who have provided input: | Patricia Lockhart, Commercial Business Partner (Schools Finance Support) Rachael Morris, HR Business Lead (People) |
| Summary | |
| <p>This paper consults Schools Forum on proposals to increase lump sum funding to Nottingham Nursery School by £0.075m from the current financial year. This is to ensure that, in combination with restructure proposals committed to by the Governing Body, the school can recover its financial deficit over a 3-year period.</p> | |
| Recommendation(s): | |
| 1 | To agree to support a disapplication request to the Secretary of State to make an in-year increase to the Nottingham Nursery School lump sum of £0.075m. |
| 2 | To note that this will be an ongoing increase, taking the annual lump sum from £0.203m to £0.278m. |

1 Reasons for recommendations

- 1.1 This proposal, alongside restructure proposals approved by the Nottingham Nursery School governing body on 17 December 2020, is necessary to put the City's single Maintained Nursery School onto a sustainable footing bringing the school out of deficit by 2023/24.

2 Background (including outcomes of consultation)

- 2.1 It is nationally recognised that standalone Maintained Nursery Schools face higher costs per head than other types of settings in delivering the early years education entitlements. As such, additional funding is provided through the early years block in the form of Maintained Nursery School (MNS) Supplementary funding.
- 2.2 MNS supplementary funding is designed to protect the level of funding provided to MNS prior to the introduction of the Early Years National Funding Formula (EYNFF).
- 2.3 Nottingham Nursery School has received lump sum funding of £0.203m since the introduction of the EYNFF plus an amount to cover business rates (£0.028m in 2020/21). Our MNS supplementary funding allocation of £0.118m does not fully cover this cost, with the remainder being funded from the overall 3 & 4 year old DSG allocation.

- 2.4 MNS supplementary funding is subject to a national review. Allocations from September 2021 are conditional on this review. However, ESFA colleagues have confirmed that the national sum of around £60m is secure for the 2021/22 financial year and the Government's commitment to MNS is unchanged.
- 2.5 Based on the trend of underspends on 3 & 4 year funding in prior years driven by the timing differences in counts, the £0.075m additional lump sum is affordable even after implementing the sector wide £0.12/hour base rate increase.
- 2.6 Nottingham Nursery School went into deficit during the 2019/20 financial year, closing with a £0.086m deficit balance. The latest outturn projection for 2020/21 without the lump sum increase is a £0.141m deficit.
- 2.7 Nottingham Nursery School has seen reduced funding over the time period since the introduction of the EYNFF of around £0.075m/year due to the introduction of the national 30 hour offer. Prior to this under our local arrangements the Nursery school was able to offer universal full time funded places. This change has resulted in reduced numbers of funded 3 & 4 year olds at the setting.
- 2.8 Since the departure of the previous Headteacher, Nottingham Nursery has benefited from the leadership support of Mellers Primary. The deputy head teacher from Mellers is currently seconded to Nottingham Nursery 3 days per week. The LA has been working with the leadership and governing body of the Nursery School to develop a revised staffing model.
- 2.9 It became clear as part of this work that it was not feasible for the Nursery School to make savings to the level required to balance the budget and recover the deficit whilst remaining staffed in line with statutory ratios for the relevant age groups. The LA assessed that additional funding in the region of £0.075m would be required to support Nottingham Nursery to develop a workable staffing model.
- 2.10 The new staffing model is more similar to a key worker model operated in the PVI sector, with provision lead and planned by qualified teachers but delivered in the main by teaching assistants.
- 2.11 Full details of the restructure need to remain confidential at this stage. However, the impact of these as approved by the governing body will result in annual savings of around £0.050m.
- 2.12 Additional annual savings of around £0.020m may be achieved if a formal federation is agreed with Mellers Primary.
- 2.13 In order for it to be manageable for Nottingham Nursery School to recover the deficit within a 3-year period, it is essential that the £0.075m lump sum increase is applied in-year in 2020/21.
- 2.14 This will require a disapplication to the Secretary of State, following the same process as for the £0.12/hour in-year base rate increase which received approval on 3 November 2020. As part of this disapplication request, the LA will need to confirm whether Schools Forum agrees with the proposal.

3 Other options considered in making recommendations

3.1 N/a

4 Outcomes/deliverables

4.1 Allows implementation of a deficit recovery plan for Nottingham Nursery School which brings the school out of deficit by 2023/24.

5 Finance colleague comments (including implications and value for money/VAT)

5.1 Detailed financial implications are covered throughout the body of this report.

5.2 As stated in Section 5 of the September 2020 Schools Forum consultation paper on the Early Years Base Rate Proposal, 3 & 4 year old funding has been underspend in each of the 3 last financial years by between £0.564m (3.6%) and £0.800m (4.7%). The £0.12/hour base rate increase proposal, which has now been approved and implemented, is projected to cost £0.435m in a full year. Therefore there is forecast to be capacity to fund the £0.075m lump sum increase for Nottingham Nursery School from the Early Years block 3 & 4 year old funding allocation. The 2021/22 Schools Budget Report incorporates the lump sum at the increased level.

5.3 Following consultation with Schools Forum, the proposals will require approval through the Council's delegated decision making process prior to the disapplication request being submitted to the Secretary of State. There are financial implications of the Nottingham Nursery restructure proposals, which would need to be met by the Council's budget.

Kathryn Stevenson - Senior Commercial Business Partner (School Funding)

6 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

6.1 This report seeks authority to apply for approval to make an in-year increase to the Nottingham Nursery School lump sum in accordance with The School & Early Years Finance (England) Regulations 2020. Regulation 10(7) states that a local authority may not change its funding formulae after the funding period has begun but Regulation 31(1)(e) permits alternative arrangements to be approved by the Secretary of State.

It is understood that this is the basis for seeking approval from the Secretary of State.

Advice provided by Dionne Sreaton (Solicitor, Commercial, Employment and Education) on 04/01/2021.

7 HR colleague comments

7.1 This report seeks authority to apply for approval to make an in-year increase to the Nottingham Nursery School lump sum in accordance with The School & Early Years Finance (England) Regulations 2020 in order to put the City's single Maintained Nursery School onto a sustainable footing bringing the school out of deficit by 2023/24.

- 7.2 As cited in the report, as part of this deficit plan, a new staffing model is being scoped and developed to deliver workforce reductions and savings. Alongside this, a federation with Mellers could also deliver additional savings.
- 7.3 Whilst this report is seeking the authority to make an increase to Nottingham Nursery School, in the event of a restructure and federation to achieve the deficit balance required, HR will ensure the governing body gives careful consideration to the Restructuring, Recruitment, and Pay Policies, including appropriate consultation with affected staff.
- 7.4 It is noted that the council's budget will need to meet the financial implications of the Nottingham Nursery restructure proposals.

Rachael Morris, HR Business Lead (People)

8 Equality Impact Assessment

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

No X
 An EIA is not required because there is no significant change to policy/practice. This proposal supports existing provision.

Yes

9 List of background papers other than published works or those disclosing confidential or exempt information

9.1 Schools Forum Consultation Paper – Early Years Base Rate Proposal September 2020

10 Published documents referred to in compiling this report

10.1 Early Years entitlements: Local Authority funding of providers operational guide 2021 to 2022

Schools Forum – 19 January 2021

| | |
|---|---|
| Title of paper: | Early Years funding for Special Educational Needs & Disability (SEND) |
| Director(s)/ Corporate Director(s): | Nick Lee, Director of Education Services Catherine Underwood, Corporate Director for People |
| Report author(s) and contact details: | Kathryn Stevenson, Senior Commercial Business Partner (School Funding) Kathryn.stevenson@nottinghamcity.gov.uk Kathryn Bouchlaghem, Early Years Manager Kathryn.bouchlaghem@nottinghamcity.gov.uk |
| Other colleagues who have provided input: | Rachael Morris, HR Business Lead (People) |
| Summary This paper consults Schools Forum (SF) on proposals for the distribution of Early Years (EY) Special Education Needs (SEND) underspends relating to the 2019/20 financial year only. A re-evaluation of the SEND inclusion fund (SEN IF) budget will be incorporated into the wider review and consultation on high needs funding for this sector during 2021/22. | |
| Recommendation(s): | |
| 1 | To note the proposal to use the £0.072m Disability Access Fund (DAF) underspend from 2019/20 to provide support to settings with addressing gaps in Speech Language & Communication (SLC) Needs post-COVID. |
| 2 | To note the proposal to distribute the £0.146m SEN IF underspend to schools/settings on the basis outlined in paragraph 2.13. |
| 3 | To note that the level and eligibility criteria for the SEN Inclusion Fund will be reviewed in parallel with the High Level Needs review for the EY's phase and that revised proposals will be consulted on with the sector in line with ESFA operational guidance. |

1 Reasons for recommendations

- 1.1 To use the DAF underspend in line with guidance, maximising the impact by targeting this at an area of need most significantly impacted by the COVID-19 disruption to early education.
- 1.2 To support settings more fully with additional costs related to supporting pupils with SEND accessing their early years entitlement.

2 Background (including outcomes of consultation)

- 2.1 DAF was allocated to Local Authorities (LA's) for the first time in 2017/18 and funding allocations into the LA are based on Department of Work and Pensions (DWP) data on the number of 3 and 4-year olds (not in reception) receiving the Disability Living Allowance (DLA).

- 2.2 It was the DfE's original intention to use the flag of pupils for whom DAF is being claimed on the January Schools and Early Years Census for the final allocations for LAs. However they subsequently decided to continue funding LA's based on DLA receipt data.
- 2.3 EY's providers are responsible for identifying eligible children. DAF funding of £615 per year is provided by the LA for any child in receipt of DLA who is taking up any period of free EY's entitlement, in line with the national guidance.
- 2.4 The funds are intended to be used by providers, for example, to support with making reasonable adjustments to their settings and/or helping with building capacity, be that for the child in question or for the benefit of children attending the setting as a whole.
- 2.5 Education Skills Funding Agency operational guidance (paragraph 7.4) states "It may be the case that local authorities receive more DAF funding from government than they distributed. In such circumstances, local authorities are expected to spend any additional funding in line with the principles and aims of the fund."
- 2.6 Our DAF allocation for 2019/20 was £0.090m which equated to an estimated 146 pupils. However, schools & providers only claimed DAF for 30 pupils meaning £0.072m was unspent as outlined in the October 2020 SF Outturn Report.
- 2.7 In order to address the take-up of DAF funding there are a number of planned actions. Applications for EY SEND Funding are scrutinised for children in receipt of DLA and the associated school or setting contacted and encouraged to apply for DAF.

Communication on DAF issued to Private, Voluntary and Independent (PVI) Special Education Needs Coordinators (SENCO's) which will be repeated on a termly basis and replicated for school SENCO's. Review of the school DAF application process to bring in-line with PVI processes. Investigate if the LA receives data on DLA recipients in order to support a more informed and targeted approach to DAF application.

- 2.8 Data analysis of applications to the EY's SEND Fund over the past 12 months have indicated a rise in the need of SLC interventions. The pandemic has resulted in learning loss in relation to language development. It is proposed we link this funding to the wider Nottingham City SLC strategy and align where appropriate with programmes such as Easy Peasy and Talking Two's linked to any early years setting including those caring for children in receipt of DAF. This additional funding will enable larger participation of the workforce meaning more settings can be involved.
- 2.9 Beyond DAF funding, funding for EY's pupils with complex SEND receive top up funding from the HN's block Bands A-C at the same rates as main school age pupils, pro-rata where pupils are part-time. There is now a single integrated panel process for children in schools and PVCI settings.
- 2.10 The panel also awards SEN inclusion funding at the rate of £1,674 for FTE pupils with lower level or emerging SEN (£865 for PTE). This is funded from the SEN IF within the EY's Block.

The LA consulted all settings on the SEN IF in September 2017. The SEN IF budget was set at £0.170m for 2,3 & 4 year olds. At that time, it was not known how many children would qualify for allocations at this level.

- 2.11 Numbers of 3&4 year olds with emerging needs qualifying for SENIF from the EY's block have been around 75% lower than anticipated when the SENIF was first put into place (around 25 pupils compared to 100), whilst numbers with more complex needs qualifying for HLN funding from the HN's block have been around 70% higher than estimated (85 compared to 50).
- 2.12 The level and eligibility criteria for the SEN IF needs to be reviewed in a joined up way with the work to review HLN funding arrangements for the early years phase. **This will involve a full consultation process with schools and providers.**
- 2.13 There is an underspend of £0.146m on SEN IF which it is now proposed to distribute on a per head basis for pupils accessing the universal entitlement that qualified for HLN top-up or SEN IF funding in the Autumn term 2020. There were 105 pupils receiving such funding last term and this would therefore equate to approximately £1,390 per pupil. This distribution method mirrors the approach used for allocating SEN IF underspends previously.
- 2.14 For main school age pupils, up to and including the current 2020/21 financial year we have had a local Additional Inclusion Allowance (AIA) which provides schools with an additional £4,017 per HLN pupil in the previous academic year.

This is intended to help support schools to ensure they have sufficient funding to support the first £6,000 of additional costs for SEN pupils which are presumed (under national funding arrangements) to be included within their delegated budgets. There is currently no equivalent of the AIA for nursery aged pupils. This can result in significant financial pressure on settings, particularly those with several SEN children.

3 Other options considered in making recommendations

3.1

4 Outcomes/deliverables

4.1

5 Finance colleague comments (including implications and value for money/VAT)

- 5.1 The £0.072m DAF underspend from 2019/20 reported in the 13 October 2020 SF Outturn Report is ring-fenced in the DSG reserve.

As highlighted in paragraph 2.5, the expectation of the ESFA is that DAF underspends will be spent for purposes consistent with the principles and aims of this fund.

The proposal to draw this the under-spend down from reserves to support settings with addressing delays in SLC Needs meets this criteria in that it will help build

capacity across the sector to support children with Special Educational Needs and Disability.

- 5.2 Of the £0.146m SEN IF underspend, £0.004m relates to 2018/19 and is ring-fenced in the DSG reserve and a further £0.142m underspend for 2019/20 was accrued at year end with a view to this being distributed to schools/providers in 2020/21. The proposal contained in this report is for the £0.146m to be distributed to schools and providers based on the number of high level needs/SEN IF pupils accessing their early years entitlement as at Autumn 2020, providing an estimated £1390 per head.
- 5.3 Following consultation on these proposals at Schools Forum, approval to spend will be required through the Council's delegated decision-making process.
- 5.4 The future level and eligibility criteria for the SEN Inclusion Fund will be reviewed and consulted on with schools and providers during the 2021/22 financial year in conjunction with the High Level Needs funding review for this phase.

6 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 6.1 It is noted that the three recommendations set out in this report are for the Schools Forum to "note the proposals..." - this fits with the School and Early Years Finance (England) Regulations 2020 (EY Regulations) since the Nottingham City Schools Forum is in a consultative role in respect of the recommendations, with the decisions ultimately for Nottingham City Council to take.

The EY Guidance provides that where Local Authority's might have an underspend of DAF funding from the government, they are required to use the extra funding in line with the same principles and aim of the fund. The report details why it is felt that the SLCN funding falls within the same principles and aims of the DAF to enable the funding to be used for these purposes. It must only be used in line with these purposes to comply with the requirements of spending.

The proposed distribution of the SEN IF underspend from this financial year will be used to support the additional requirements for the HLN as a short term measure. As the future review of the funding level and criteria will likely result in a different application of the funding, further consultation will be required in accordance with the EY Regulations.

Dionne Screatton, Solicitor, Commercial Employment and Education, 7th January 2021.

7 HR colleague comments

- 7.1 The content of the report is noted and supported by HR. The proposals in this report do not appear to have any direct impact on employees, or employment matters, and therefore there are no significant recommendation or comments from a HR perspective.
- 7.2 It should be noted that if any of the underspend is used to provide additional capacity through the employment of staff, that the time limited nature of the funding should be taken into account for the employment tenure. Management should be aware of and adhere to the Fixed Term Contract Regulations, and relevant local

adopted policies and procedures for fixed term contract employment. This would include making plans in relation to exit strategies, implications to the workforce and potential exit costs.

Rachael Morris, HR Business Lead (People)

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:

No significant change to policy/practice at this stage. An EIA will be completed in conjunction with the detailed consultation process if ongoing changes to the eligibility criteria and/or value of the SEN Inclusion Fund are proposed.

Yes

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

9 List of background papers other than published works or those disclosing confidential or exempt information

9.1

10 Published documents referred to in compiling this report

10.1 Early Years entitlements: LA funding of providers operational guide 2021 to 2022

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