

SCHOOLS FORUM – 13th February 2018

Title of paper:	School exclusions – new funding model
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Summary	
<p>Exclusion from school is a substantial issue in Nottingham City, mirroring a national picture where more and more young people are permanently excluded from school. The impacts of excluding a child from school are varied and far reaching; the expected outcomes for a young person once they have been excluded diminish and the financial burden of exclusions on Nottingham City Council is significant.</p> <p>The level of permanent exclusions in Nottingham has been rising since 2013 and a pilot began in April 2016 with five city secondary schools who committed to cease permanent exclusions in return for an allocation of funding used to support in house strategies to support pupils at risk of permanent exclusion. Whilst the schools involved in this pilot have noted challenges with this model, overall it has been hugely successful. This pilot will end on 31st March 2018 and this paper sets out a revised model to allocate funding to all city secondary schools to use to support alternatives to permanently excluding children from school.</p>	
Recommendation(s):	
1	Note the proposed new model of funding for secondary aged pupils at risk of exclusion.
2	Note the requirement to draw down a further £1.437m from the DSG reserve to support the 2018/19 high needs budget incorporating these proposals.
3	Note the requirement to ring-fence a further £0.788m from the DSG reserve to support these proposals in 2019/20.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The cost of provision for pupils permanently excluded from school is met from the City's high needs budget. This budget allocation is set according to the national high needs funding formula. Due to the high numbers of permanently excluded pupils and related costs of provision, our high needs expenditure is currently significantly higher than our budget allocation. This means that funding is being drawn from the reserve to support the high needs budget. This is not sustainable in the long term.
- 1.2 The pilots have been successful. This new model offers increased flexibility as schools have the option to either receive devolved funding to make provision in-

house, take up their allocation of places at the PRU or a combination. The model equitably shares the funding and/or PRU places across schools.

- 1.3 This proposal should put the high needs budget onto a sustainable footing by 2020/21. The status quo, in contrast, is not viable as there will not be sufficient funding remaining in the reserve. The options that would have to be pursued as a result are not desirable. These include moving funding from the schools block to the high needs block and having to significantly cut services/provision for pupils with SEN.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 There are currently 90 pupils on roll at Denewood and 150 at Unity. In the 2016/17 academic year there were 96 permanent exclusions from City secondary schools. In the Autumn term 2017, there were 42 permanent exclusions, which is significantly higher than the figure for Autumn 2016 (28).
- 2.2 When schools permanently exclude a pupil, funding is clawed back from the school based on the formula funding received but only relating to the proportion of the financial year remaining. This calculation is laid down in the Schools Finance (England) regulations. The high needs budget then has to pick up the ongoing cost of the significantly higher cost provision for that pupil until if/when they are reintegrated into a mainstream school. It is not possible to enforce a higher charge than that laid down in regulations unless this forms part of an arrangement agreed with the school.
- 2.3 Five secondary schools were involved in the pilot that ran from April 2016 – Nottingham Academy, Nottingham Girls Academy, Bluecoat Academy, Bluecoat Beechdale Academy and Trinity School.
- 2.4 Whilst these schools all report the pilot to have been a success and have not permanently excluded any pupils in this two-year period between them they admit it has been challenging. This highlights the need to have some flexibility in the model to allow for permanent exclusion of young people if really necessary, which is one of the differences between the new model and the pilot.
- 2.5 Key strategies used by the pilot schools include establishing in-house alternative provision where children who are unable to cope with mainstream school are taught in a separate unit within the fabric of the school. This ensures they are still in receipt of a quality education and are part of the school population, but they are taught in a setting more suited to their needs. The pilot schools have also exchanged pupils between themselves where necessary, pooled their resources and shared best practice.
- 2.6 **The proposed model**
 - 2.6.1 We have calculated an allocation of places for each school. The allocated places are based on 2.5 times the national rate of exclusions for pupils eligible/not eligible for free school meals (FSMs). However, we see this new model as an enabler for schools to bring exclusions down below the national average over time.
 - 2.6.2 The latest available published national rate is for 2015/16 and is 0.53 pupils in every 100 known to be eligible for FSM and 0.12 pupils in every 100 not eligible for FSM.

- 2.6.3 Each school's allocation is based on their pupil numbers and FSM eligibility % from the October 2017 census applied to the above exclusion rates multiplied by 2.5.
- 2.6.4 Schools can either take up places in the PRU up to their allocation, or receive an allocation of devolved funding to invest in in-house provision to support pupils at risk of exclusion or a combination. The equivalent funding has been based on £26,000 per allocated place. This is the approximate annual cost of provision for a pupil at the PRU.
- 2.6.6 A summary of the calculated allocations is included as **Appendix 1**.
- 2.6.7 On 17th January, the Director of Education met with Secondary Head Teachers to share the revised funding proposal for alternative provision. Following this, letters were sent to all schools outlining the rationale for this new model and their specific allocation.
- 2.6.8 Unlike the 2016 model, the school allocations do not take into account of schools' previous exclusions where pupils are still on roll at the PRUs. However, we have said that exclusions of pupils after 1st February 2018 will be counted from the allocations i.e. come April 2018 a pupil permanently excluded in February will count as taking up the excluding school's first place from their allocation. This approach is necessary to ensure there will be sufficient funding remaining in the reserve to support both this proposal and the cost of provision for pupils already on roll at the PRUs.
- 2.6.9 If schools sign up to this model, they will be required to sign a contract outlining their agreement to pay the full ongoing cost of provision for an pupils excluded over and above their agreed allocation. This charge will be based on the actual cost of an individual pupil's placement.
- 2.6.10 We recognise that this model represents a significant step change for some schools. We have stated that we would consider additional transitional support in the first year, to help schools where the new allowance is significantly lower than their current rate of exclusion. We want to help make this a viable proposition for all schools in the City.

2.7 Links with other initiatives

- 2.7.1 In July 2017, the Head of Access and Inclusion established a taskforce to look at the issue of permanent exclusion in Nottingham and to identify a way forward that would support schools as well as present an affordable model for the Council. The taskforce group included representatives from various stakeholders in the Council, plus representation from primary and secondary schools, the PRU and the Police.
- 2.7.2 Nottingham is one of the most deprived areas in the country and the social, emotional and mental health (SEMH) needs of some young people in the city reflects their chaotic and complex family lives. As such, various members of the taskforce group are developing support packages and programmes to support young people and schools. These will go hand in hand with the allocation of funding directly to schools.

- 2.7.3 One of these is called Routes to Inclusion, which is a toolkit being designed for SENCO's in the city's primary schools. Other support packages or frameworks for schools to support with children at risk of exclusion include reintroduction of team around the school meetings, a proposed pilot to support transition of children with SEMH and the introduction of the city's knife crime strategy.
- 2.7.4 A range of proposals to minimise exclusions for primary aged children will be developed and a paper will be brought back to Schools Forum.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 There is the option to do nothing, but this isn't viable because the Council does not have the funding available to support the numbers of permanently excluded children on roll currently at Denewood and Unity or the predicted numbers of children if the levels of permanent exclusion continue as they are. Not only is this option not financially viable, but it does not align with the Council's core aims to ensure all young people receive the best start in life.

4 OUTCOMES/DELIVERABLES

- 4.1 If all schools participate in this model, the financial demand on the high needs budget will be less than if exclusions continue at the rate they have in previous years.
- 4.2 Overtime, the plan is to change the culture of permanent exclusion in the city, through introduction of support packages for schools as well as in house solutions to supporting children at risk of exclusion.

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

- 5.1 Nottingham City will receive a Dedicated Schools Grant high needs block funding allocation for 2018/19 determined according to a new high needs national funding formula. The national high needs funding formula incorporates funding for both AP and SEN provision. We estimate the notional AP element to be around £4m of our £30.366m 2018/19 high needs allocation.
- 5.2 Our high needs budget, as presented in the 16 January 2017 report on the overall Schools Budget 2018/19, utilises £4.216m from the in-year DSG allocation for PRU/devolved AP.
- 5.3 In addition to this, the estimated total reserve requirement for 2018/19 is £2.823m. This is made up of the £1.386m that is already ring-fenced in the reserve and was covered in the 16 January 2018 report, plus a further £1.437m.
- 5.4 The total £7.040m budget (in-year DSG plus reserves) will cover the cost of provision via the PRUs for KS2 pupils and KS3/4 pupils excluded previously, as well as the £2.028m cost of the proposed allocations for secondary schools.
- 5.5 It is forecast that there will be an additional DSG reserve requirement for 2019/20 of £0.788m. From 2020/21, it is hoped that there will be no requirement to draw on the remaining reserves.

- 5.6 Over time, the cost of provision via the PRU for pupils excluded prior to the new arrangement will drop as pupils reintegrate into mainstream schools or leave at the end of Year 11. Increasingly places at the PRU will be funded via deductions to the school allocations, or if appropriate planned places at the PRU will be reduced.
- 5.7 The uncommitted balance on the reserve is £5.721m, as published in the 2016/17 Outturn Report presented on Schools Forum on 22 June 2017. Therefore there will be £3.496m remaining uncommitted.
- 5.8 There will be some PRU/AP related risks remaining to quantify, for example relating to primary and county exclusions or from only partial implementation if not all schools sign up. Furthermore, there may be other risks and potential demands on this uncommitted reserve balance relating to other areas of the high needs budget and to the other blocks. The 2017/18 outturn report will incorporate a review of these.
- 5.9 It is essential to count any new permanently excluded pupils after 1st February from the allowance. If exclusions for the spring term matched last year, the cost of provision for the additional pupils would be in the region of £0.8m in 2018/19 and potentially as much as a further £1m in future years.
- 5.10 The continuation of the status quo is not sustainable as the reserve will be quickly exhausted at the current rate.
- 5.11 If not all schools sign up to the new model then the LA will pursue a shift of funding from the schools block to the high needs block for 2019/20 and subsequent years. This will need to be at least 0.5%, which equates to just over £1m and would result in a reduction in delegated funding of around £73 per secondary pupil. The new national arrangements make it possible to move 0.5% of schools block funding to another block with approval from schools forum. Depending on how many schools sign up, it may well be necessary to pursue a shift in funding of more than 0.5%. It is possible for LAs to submit proposals to move in excess of 0.5% (or those that do not have schools forum approval) to the Secretary of State for a decision.
- 5.12 We would have to seek this shift in funding into the high needs block in order to safeguard levels of support/provision for pupils with SEND.

Kathryn Stevenson
Senior Commercial Business Partner
19/01/2018

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

- 6.1 The purpose of this report is to update Nottingham City Schools Forum as a pilot aimed at reducing permanent exclusions begun in April 2016 comes to an end and to consult with the Schools Forum about out a revised model to allocate funding to all city secondary schools to use to support alternatives to permanently excluding children from school. This all accords with the respective roles of Nottingham City Council ("NCC") and Nottingham City Schools Forum.

6.1.2 Since the proposal in this report affects Academies as well as maintained schools, presumably the proposal in this report has been or will be checked with the Education Funding Agency (“EFA”) to ensure the proposal is acceptable to the EFA.

7 HR COLLEAGUE COMMENTS

7.1 Not required.

8 EQUALITY IMPACT ASSESSMENT

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

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as **Appendix 2**, 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 None

Appendix 1 – allocation per school

School Number	School Name	October 2017 Census			Exclusions - Place Allowance					£26,000
		KS3 Pupils	KS4 Pupils	FSM%	KS3 FSM	KS3 Non FSM	KS4 FSM	KS4 Non FSM	TOTAL Place Allocation (rounded)	£ Devolved Allocation
4026	Ellis Guilford	781	529	32.7	3.4	1.6	2.3	1.1	8.0	£208,000
4615	Bluecoat Academy	572	380	21.8	1.6	1.3	1.1	0.9	5.0	£130,000
4003	Bluecoat Beechdale Academy	499	202	38.1	2.5	0.9	1.0	0.4	5.0	£130,000
4009	Bluecoat Wollaton Academy	468	290	24.1	1.5	1.1	0.9	0.7	4.0	£104,000
6919	Bulwell Academy	553	343	35.8	2.6	1.1	1.6	0.7	6.0	£156,000
6905	Djanogly City Academy	418	285	20.7	1.1	1.0	0.8	0.7	4.0	£104,000
4005	Farnborough Academy	416	287	25.0	1.4	0.9	1.0	0.6	4.0	£104,000
4064	Fernwood School	621	401	8.5	0.7	1.7	0.5	1.1	4.0	£104,000
6907	Nottingham Academy (Secondary)	1,136	696	28.2	4.2	2.4	2.6	1.5	11.0	£286,000
4462	Nottingham Emmanuel School	540	312	15.9	1.1	1.4	0.7	0.8	4.0	£104,000
4020	Nottingham Free School	280	90	11.6	0.4	0.7	0.1	0.2	2.0	£52,000
4000	Nottingham Girls' Academy	412	240	23.1	1.3	1.0	0.7	0.6	3.0	£78,000
4004	NUAST	0	174	13.0	0.0	0.0	0.3	0.5	1.0	£26,000
6906	Nottingham University Samworth Academy	411	291	34.6	1.9	0.8	1.3	0.6	5.0	£130,000
4006	Oakwood Academy	439	268	20.2	1.2	1.1	0.7	0.6	4.0	£104,000
4008	Park Vale Academy	492	276	26.2	1.7	1.1	1.0	0.6	4.0	£104,000
5404	Trinity School	551	348	11.1	0.8	1.5	0.5	0.9	4.0	£104,000
									78.0	£2,028,000

Appendix 2
Equality Impact Assessment Form (Page 1 of 2)

Title of EIA/ DDM: Nottingham Schools Trust
Department: Children and Adults
Service Area: Access and Learning
Author (assigned to Covalent): Jennifer Hardy

Name of Author: Jennifer Hardy
Director: John Dexter
Strategic Budget EIA Y/N (please underline)

Brief description of proposal / policy / service being assessed:
 Development of a new funding model for permanently excluded pupils.

Information used to analyse the effects on equality:
 School census information – 2016/17. (appendix 1)

	Could particularly benefit X	May adversely impact X	How different groups could be affected (Summary of impacts)	Details of actions to reduce negative or increase positive impact (or why action isn't possible)
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>	<p>This proposal will support schools to minimise the number of children who are permanently excluded from school, which will have a positive impact on young people and their families.</p> <p>This proposal will particularly benefit vulnerable children.</p>	
Men	<input type="checkbox"/>	<input type="checkbox"/>		
Women	<input type="checkbox"/>	<input type="checkbox"/>		
Trans	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>		
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>		
Older	<input type="checkbox"/>	<input type="checkbox"/>		
Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/	<input type="checkbox"/>	<input type="checkbox"/>		

adults).

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

Outcome(s) of equality impact assessment:

- No major change needed
- Adjust the policy/proposal
- Adverse impact but continue
- Stop and remove the policy/proposal

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

Data will be monitored for NST schools three times a year, when the school census is undertaken.

Approved by (manager signature):

Jennifer Hardy 0115 87 65629
Jennifer.hardy@nottinghamcity.gov.uk

Date sent to equality team for publishing:

29/08/17
Send document or link to:
equalityanddiversityteam@nottinghamcity.gov.uk

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

1. Read the guidance and good practice EIA's
<http://www.nottinghamcity.gov.uk/article/25573/Equality-Impact-Assessment>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly when this is going to happen.
7. Clearly cross referenced your impacts with SMART actions.

Ethnicity monitoring:

Information taken from the October school censuses for 2017.

29.7% of pupils in Nottingham schools speak English as an additional language, 14.2% have special educational needs (SEND), and 24.5% qualify for free school meals (FSM). Ethnicity information is below.

Year	Phase	Number on Roll	English		Believed English		Other		Believed Other		Unclassified		Refused	
			No	%	No	%	No	%	No	%	No	%	No	%
2017	Primary Total	9,598	6,576	68.5	1	0.0	3,011	31.4	2	0.0	8	0.1	N/A	N/A
	Secondary Total	1,310	1,103	84.2	0	0.0	197	15.0	1	0.1	8	0.6	N/A	N/A
	Academy Total	25,473	17,535	68.8	37	0.1	7,666	30.1	120	0.5	114	0.4	N/A	N/A
	Special Total	206	120	58.3	1	0.5	64	31.1	21	10.2	0	0.0	N/A	N/A
	Special Academy Total	228	207	90.8	1	0.4	17	7.5	3	1.3	0	0.0	N/A	N/A
	City of Nottingham Total	11,114	7,799	70.2	2	0.0	3,272	29.4	24	0.2	16	0.1	N/A	N/A
	City of Nottingham Total (incl Academies)	36,815	25,334	68.8	39	0.1	10,938	29.7	144	0.4	130	0.4	N/A	N/A
2016	Primary Total	9,269	6,299	68.0	1		2,962	32.0	1		6	0.1	N/A	N/A
	Secondary Total	1,302	1,116	85.7			186	14.3					N/A	N/A
	Academy Total	21,825	15,129	69.3	41	0.2	6,404	29.3	109	0.5	142	0.7	N/A	N/A
	Special Total	317	238	75.1	1	0.3	52	16.4	26	8.2			N/A	N/A
	City of Nottingham Total	10,888	7,653	70.3	2		3,200	29.0	27	0.2	6	0.1	N/A	N/A
	City of Nottingham Total (incl Academies)	32,713	22,782	69.6	43	0.1	9,604	29.4	136	0.4	148	0.5	N/A	N/A
2015	Primary Total	10,900	7,589	69.6	3	0.0	3,295	30.2	4	0.0	9	0.1		
	Secondary Total	1,313	1,140	86.8	6	0.5	163	12.4	4	0.3				
	Academy Total	22,173	15,664	70.6	69	0.3	6,118	27.6	120	0.5	36	0.2		
	Special Total	289	224	77.5	1	0.3	37	12.8	26	9.0	1	0.3		
	City of Nottingham Total	12,502	8,953	71.6	10	0.1	3,495	28.0	34	0.3	10	0.1		
	City of Nottingham Total (incl Academies)	34,675	24,617	71.0	79	0.2	9,613	27.7	154	0.4	46	0.1		
2014	Primary Total	12,242	8,724	71.3	4	0.0	3,436	28.1	67	0.5	11	0.1		
	Secondary Total	2,748	2,572	93.6	9	0.3	158	5.7	6	0.2	2	0.1	1	0.0
	Academy Total	18,519	12,888	69.6	30	0.2	5,482	29.6	71	0.4	48	0.3		
	Special Total	273	213	78.0			30	11.0	28	10.3	2	0.7		
	City of Nottingham Total	15,263	11,509	75.4	13	0.1	3,624	23.7	101	0.7	15	0.1	1	0.0
	City of Nottingham Total (incl Academies)	33,782	24,397	72.2	43	0.1	9,106	27.0	172	0.5	63	0.2	1	0.0
2013	Primary Total	12,560	9,130	72.7	8	0.1	3,328	26.5	76	0.6	18	0.1		
	Secondary Total	3,252	3,021	92.9	10	0.3	214	6.6	2	0.1	4	0.1	1	0.0
	Academy Total	16,476	11,665	70.8	35	0.2	4,674	28.4	58	0.4	41	0.2	1	0.0
	Special Total	249	195	78.3	4	1.6	41	16.5	8	3.2	1	0.4		
	City of Nottingham Total	16,061	12,346	76.9	22	0.1	3,583	22.3	86	0.5	23	0.1	1	0.0
	City of Nottingham Total (incl Academies)	32,537	24,011	73.8	57	0.2	8,257	25.4	144	0.4	64	0.2	2	0.0