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Agenda Item No.6 (g)

DERBYSHIRE COUNTY COUNCIL

CABINET

16 January 2020

Report of the Executive Director for Children's Services

**SCHOOL BLOCK FUNDING SETTLEMENT 2020-21
(YOUNG PEOPLE)**

1. Purpose of the Report

To ask Cabinet to consider and approve mainstream school block budgets for 2020-21.

2. Information and Analysis

2.1 Background

In the last two years Derbyshire's local resource allocation formula has mirrored the mainstream National Funding Formula (NFF) as closely as possible, and this report assumes this approach will apply again in 2020-21.

As part of the government's Spending Round 2019, the Chancellor of the Exchequer confirmed to Parliament that funding for schools and high needs will, compared to 2019-20, rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23. On 11th October 2019 the DfE released provisional DSG funding levels for 2020-21 for each LA.

The government have also announced the mainstream National Funding Formula (NFF) multipliers and formula data for 2020-21. Details of the current and new NFF multiplier values are provided in Appendix 1.

The increased NFF multipliers feed directly into the calculation of the 2020-21 schools block budgets for each LA. The LA-level schools block for each sector is derived as a unit rate (Primary/ Secondary Unit of Funding (PUF/SUF)) multiplied by the October pupil census. The PUF/SUF values have been derived by calculating schools' NFF budgets for 2019-20, summing the individual amounts and dividing the aggregate total by the October 2018 pupil

count. The 2020-21 Schools Block is the product of the PUF/SUF values multiplied by the October 2019 pupil census. In addition each sector receives an allocation for premises e.g. PFI, split site, rates etc. which are largely based on planned spend in 2019-20.

Final Schools Block allocations were published on 19th December 2019, details of Derbyshire's allocation are shown in Table 1 below.

Table 1 – 2020-21 Schools Block allocations

	Primary			Secondary	
	2019-20	2020-21		2019-20	2020-21
PUF/SUF per pupil (£)	£3,971.40	£4,251.91		£5,002.23	£5,189.56
% increase in PUF/SUF		+7.06%			+3.74%
October pupil counts	59,516	59,160		38,184	39,141
NFF total excl. premises (£m)	236.362	251.543		191.005	203.122
Premises–PFI Allowance (£m)	0.000	0.000		2.373	2.462
Premises–Split site (£m)	0.080	0.080		0.501	0.272
Premises–School rates (£m)	3.738	3.747		3.552	3.252
Premises–Except'l site factors (£m)	0.094	0.097		0.113	0.119
Schools Block total (£m)	240.274	255.467		197.544	209.227
2020-21 increase (£m)		+15.193			+11.683

2.2 Key points to note from the settlement

The percentage increase in the unit of funding is higher for the primary sector than the secondary sector, due mainly to the release of capped gains. Although the government has stated it remains committed to a “hard” national formula i.e. one where LAs have little or no role in determining schools’ budgets, this approach will not be applied for 2020-21 and LAs will continue to have local discretion. The key changes to the NFF for 2020-21 are as follows:

- (i) Increased NFF multipliers, see Appendix 1.
- (ii) The Minimum Per Pupil Funding levels (MPPF) will be set at £3,750 (2019-20 £3,500) for primary schools and £5,000 (2019-20 £4,800) for secondary schools. The following year, 2021-22, the primary minimum level will rise to £4,000. These values are mandatory.
- (iii) Pupil mobility funding will be allocated using a formulaic approach rather than on an historic spend basis. The mobility factor is intended to support schools in which a high proportion of pupils first join on a non-standard date e.g. schools close to military garrisons. Schools with more than 6% of such pupils will be eligible, with every “mobile” pupil in excess of the threshold triggering the multiplier. This would be a new indicator for Derbyshire and bring in £0.263m for the relevant schools.

- (iv) The Minimum Funding Guarantee (MFG) – which ensures that every school's per pupil funding increases – will be set by LAs but must be within the range of +0.5% to +1.84% per pupil.
- (v) The funding floor – which in 2019-20 guaranteed schools at least a 1% per pupil increase compared to 2017-18 baseline budgets - has been removed as a factor within local authorities' formulae; &
- (vi) There will be no gains cap in the NFF, however, LAs can apply a cap locally, for example to help address overall affordability issues.

2.3 School budgets 2020-21

It is proposed that schools' budgets for 2020-21 will be based on the following:

- Full application of NFF multipliers in Appendix 1 to 2020-21 formula data;
- An MFG of +1.84% per pupil, the maximum allowed; and
- No cap on gains.

In addition, it is proposed that premises allocations (i.e. rates, split site, PFI and exceptional site factors) be increased by inflation. The inflationary increases for the split site factors have been backdated to 2014-15, the last time that these local indicators were increased. The additional cost (£0.044m) will be more than offset by split site formula savings following Glossopdale School's move to a single site (£0.163m).

The rates allocations have been increased by 1.7% and adjusted to reflect changes in rateable values, including the impact of academisation. When a community or voluntary controlled school becomes an academy its rates expenditure reduces by 80% as the academy becomes automatically entitled to mandatory rate relief.

The budgets resulting from the above approach are set out in Appendices 2 & 3 and a comparison of the cost with the grant is summarised in Table 2 below.

Table 2 – Funding and allocations 2020-21

	Total	Total
	£m	£m
Available funding per Table 1		464.694
Primary sector budgets – Appendix 2	255.242	
Secondary sector budgets – Appendix 3	209.716	
Total budgets		464.958
Shortfall		0.264

The above shortfall, which represents around 0.05% of the Schools Block quantum, will be funded from anticipated savings in schools' rates bills following their conversion to academy status. Currently there are 7 schools

actively pursuing academy status with a combined rates bill in 2019-20 of £0.638m. The maximum savings from academisation in 2020-21 would be £0.519m, assuming they all converted on 1st April 2020 and including a 1.7% increase for inflation. Even allowing for delays in some individual applications the savings in 2020-21 should be sufficient to meet the above shortfall.

In the unlikely event that the savings were insufficient, any residual shortfall would add to the deficit in the DSG general reserve. The DSG deficit at 31st March 2020 is forecast to be approximately £3m. It is planned to recover this deficit from the increases in funding between 2020-21 and 2022-23 announced by the government, as set out in section 2.1 of this report.

2.4 Pupil Growth funding including support for free schools

Local authorities' schools block allocations also include Pupil Growth funding to support schools with increasing numbers of pupils. Derbyshire's allocation for 2020-21 is £3.428m, significantly higher than the equivalent total for 2019-20 (£2.352m). There are three circumstances in which the DfE permit an LA to hold such funding centrally, namely:

- (i) To meet the cost of in-year increases in pupil numbers due to basic need;
- (ii) To provide support to new free schools; and
- (iii) To provide temporary support to good or outstanding schools with falling rolls.

The allocation of the Pupil Growth budget is a matter for the Schools Forum and thus largely outside the scope of this report. However, one of the calls on this fund directly links to this report.

The primary school budgets in Appendix 2 are based on October 2019 pupil numbers. However, the allocations for new and existing free schools need to be adjusted to reflect the growing pupil rolls and the expected October 2020 pupil intakes as well. The free schools in question are:

The Mease – opened September 2019
Chellaston Fields - opened September 2019
Highfield Farm – planned for September 2020

A further school is planned at Boulton Moor but this will not now open until September 2021.

Reflecting the estimated October 2020 counts provides the funding these schools will require to meet the costs of the additional classes. The budgetary pressure resulting from this technical change is still being calculated but is likely to be between £0.200m and £0.300m. Once agreed, the final cost will be funded from the reserve set aside for this purpose rather than the Schools Block budget. The balance of this reserve at 31st March 2020 is forecast to be £2.100m, which is more than sufficient to meet the anticipated cost.

2.5 Completion of mainstream budget process

Local authorities are required to notify the Education and Skills Funding Agency (ESFA) of the mainstream school budgets to be funded from the Dedicated Schools Grant (DSG) Schools Block by 21st January 2020. In order to avoid delaying publication and ensure the above deadline is met, it is proposed that any decisions on matters of detail be delegated to the Executive Director for Children's Services in consultation with relevant Cabinet Members.

2.6 De-delegation and top-slicing of funding 2020-21

Each year local authorities' Schools Forums have been permitted to take-back monies delegated through the formula to mainstream schools to fund a range of prescribed functions. Academies' budgets are not subject to de-delegation, instead academies remain responsible for meeting their own costs directly.

Historically, Derbyshire schools have given significant support to the de-delegation of funding for these services. Following a brief consultation with schools at the start of this financial year, the Schools Forum at its meeting in June agreed to approve the de-delegation of funds once more for 2020-21. The list of services and the amounts proposed to be deducted from mainstream primary and secondary schools are set out in Appendix 4. The decision to accept responsibility for costs funded from de-delegated and top-sliced resources is a matter for Cabinet and it is recommended that Cabinet agree to the Forum's request for 2020-21.

3. Other Considerations

In preparing this report, the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity, and environmental, health, social value, human rights, human resources, property and transport considerations.

4. Background Papers

Files held within Children's Services Finance.

5. Key Decision

Yes.

6. Call-in

Is it required that the call-in period be waived in respect of the decisions being proposed within this report? No

7. Officer's Recommendations That Cabinet considers this report and:

- (i) Notes the Schools Block settlement, including Pupil Growth funding, for 2020-21;

- (ii) Approves that mainstream school budgets be calculated in accordance with the proposals in section 2.3;
- (iii) Notes that the allocation of Pupil Growth funding is a matter for the Schools Forum;
- (iv) Notwithstanding (iii) above, approves that the additional cost of supporting free schools will be funded by a drawdown from reserves as indicated in section 2.4;
- (v) Approves that matters of detail regarding the calculation of school budgets be delegated to the Executive Director for Children's Services in consultation with relevant Cabinet Members;
- (vi) Approves the request from the Schools Forum to de-delegate and top-slice funding from maintained schools' 2020-21 budgets for a range of services in accordance with Appendix 4.

Jane Parfremment
Executive Director for Children's Services

	2019-20 Multiplier	2020-21 Multiplier	Increase	Increase
	£	£	£	£
Primary				
Per pupil: Key Stage 1 and 2 Pupils	2,746.99	2,857.00	110.01	+4.00%
Deprivation: Current Free School	440.00	450.00	10.00	+2.27%
Deprivation: Ever 6 Free School Meals	540.00	560.00	20.00	+3.70%
Deprivation: IDACI F	200.00	210.00	10.00	+5.00%
Deprivation: IDACI E	240.00	250.00	10.00	+4.17%
Deprivation: IDACI D	360.00	375.00	15.00	+4.17%
Deprivation: IDACI C	390.00	405.00	15.00	+3.85%
Deprivation: IDACI B	420.00	435.00	15.00	+3.57%
Deprivation: IDACI A	575.00	600.00	25.00	+4.35%
Low Prior Attainment (DCC 2019-20 rate, £750)	1,022.00	1,065.00	43.00	+4.21%
English as an Additional Language (EAL3)	515.00	535.00	20.00	+3.88%
Lump Sum	110,000.00	114,400.00	4,400.00	+4.00%
Sparsity	25,000.00	26,000	1,000.00	+4.00%
Mobility (new)	-	875.00	875.00	-
Minimum Per Pupil Funding ^{*1}	3,500.00	3,750.00	250.00	+7.14%
Secondary	£	£	£	£
Per pupil: Key Stage 3 Pupils	3,862.65	4,018.00	155.35	+4.02%
Per pupil: Key Stage 4 Pupils	4,385.81	4,561.00	175.19	+3.99%
Deprivation: Current Free School Meals	440.00	450.00	10.00	+2.27%
Deprivation: Ever 6 Free School Meals	785.00	815.00	30.00	+3.82%
Deprivation: IDACI F	290.00	300.00	10.00	+3.45%
Deprivation: IDACI E	390.00	405.00	15.00	+3.85%
Deprivation: IDACI D	515.00	535.00	20.00	+3.88%
Deprivation: IDACI C	560.00	580.00	20.00	+3.57%
Deprivation: IDACI B	600.00	625.00	25.00	+4.17%
Deprivation: IDACI A	810.00	840.00	30.00	+3.70%
Low Prior Attainment	1,550.00	1,610.00	60.00	+3.87%
English as an Additional Language (EAL3)	1,385.00	1,440.00	55.00	+3.97%
Lump Sum	110,000.00	114,400.00	4,400.00	+4.00%
Sparsity	65,000.00	67,600.00	2,600.00	+4.00%
Mobility (new)	-	1,250.00	1,250.00	-
Minimum Per Pupil Funding ^{*1}	4,800.00	5,000.00	200.00	+4.17%

^{*1} Mandatory rates for 2020-21.

PRIMARY SECTOR 2020-21 ALLOCATIONS BY INDICATOR**APPENDIX 2**

	2020-21	2020-21	2020-21
	COUNT	MULT	BUDGET
		£	£
PER PUPIL:KS1 & 2	59,161.00	2,856.99	169,022,385
DEPRIVATION: CURRENT FSM	11,343.00	450.00	5,104,350
DEPRIVATION: EVER 6 FSM	14,094.51	560.00	7,892,925
DEPRIVATION: IDACI F	6,417.81	210.00	1,347,740
DEPRIVATION: IDACI E	3,440.31	250.00	860,077
DEPRIVATION: IDACI D	3,879.24	375.00	1,454,715
DEPRIVATION: IDACI C	3,901.34	405.00	1,580,041
DEPRIVATION: IDACI B	3,477.10	435.00	1,512,538
DEPRIVATION: IDACI A	389.16	600.00	233,496
LOW PRIOR ATTAINMENT	18,147.63	1,065.00	19,327,225
ENGLISH AS AN ADDITIONAL LANGUAGE	1,038.50	535.00	555,596
MOBILITY	263.91	875.00	230,920
SUB TOTAL - PUPIL LED			209,122,008
LUMP SUM	352.00	114,400.00	40,268,800
SPARSITY	14.35	26,000.00	372,996
SPLIT SITE: <500m	4.00	2,747.87	10,991
SPLIT SITE: >500m	2.00	43,600.39	87,201
RATES			3,715,822
RENTS			103,543
SUB TOTAL - NON PUPIL LED			44,559,353
MINIMUM PER PUPIL FUNDING			1,344,985
FUNDING FLOOR			0
MINIMUM FUNDING GUARANTEE (MFG)			211,105
CAPPING			0
PRIMARY SCHOOLS BLOCK TOTAL			255,242,036

SECONDARY SECTOR 2020-21 ALLOCATIONS BY INDICATOR**APPENDIX 3**

	2020-21	2020-21	2020-21
	COUNT	MULT	BUDGET
		£	£
PER PUPIL: KS3 AWPU	24,253.00	4,018.00	97,448,554
PER PUPIL: KS4 AWPU	14,892.00	4,561.00	67,922,412
DEPRIVATION: CURRENT FSM	6,298.00	450.00	2,834,100
DEPRIVATION: EVER 6 FSM	9,981.15	815.00	8,134,638
DEPRIVATION: IDACI F	4,162.19	300.00	1,248,656
DEPRIVATION: IDACI E	2,125.15	405.00	860,685
DEPRIVATION: IDACI D	2,340.11	535.00	1,251,959
DEPRIVATION: IDACI C	2,333.92	580.00	1,353,673
DEPRIVATION: IDACI B	2,275.33	625.00	1,422,078
DEPRIVATION: IDACI A	231.04	840.00	194,077
LOW PRIOR ATTAINMENT	8,376.41	1,610.00	13,486,021
ENGLISH AS AN ADDITIONAL LANGUAGE	113.21	1,440.00	163,020
MOBILITY	26.59	1,250.00	33,238
SUB TOTAL - PUPIL LED			196,353,111
LUMP SUM	45.00	114,400.00	5,148,000
SPARSITY	0.30	67,600.00	20,055
SPLIT SITE	1.00	135,354.66	135,355
PFI			2,433,366
RATES			3,069,151
JOINT USE			88,201
SUB TOTAL – NON PUPIL LED			10,894,128
MINIMUM PER PUPIL FUNDING			2,270,134
FUNDING FLOOR			0
MINIMUM FUNDING GUARANTEE (MFG)			198,195
CAPPING			0
SECONDARY SCHOOLS BLOCK TOTAL			209,715,568

Proposed De-delegated funds 2020-21**Appendix 4**

<u>Primary</u>		Rate £	<u>Narrative</u>
Contingencies	Per pupil	8.00	e.g. schools in financial difficulty, exceptional unforeseen costs, unreasonable for a GB to meet
Insurance	Per pupil	20.64	Includes premises, cash in transit, public liability and employers' liability
Staff Costs: Maternity	Per pupil	17.89	Cover costs for staff on maternity, paternity or adoption leave
Staff Costs: Public Duties	Per pupil	0.20	Cover costs for staff on jury service.
Staff Costs: Trade Unions	Per pupil	4.00	Cover costs for staff undertaking union duties
School Improvement	Lump sum	2,850.00	Services include Leadership forums, single named contact for advice, guidance, signposting & support, e-noticeboard, reduced rate attendance at courses and conferences plus core package of 3 days of school improvement activity plus governor support package
Redundancy	Per pupil	8.50	To meet the agreed redundancy costs of school staff
Former Education Service Grant funded services	Per pupil	14.24	Funds a range of HR, Finance, pensions, ICT and asset management functions
<u>Secondary</u>			
Contingencies	Per pupil	6.00	See primary
Insurance	Per pupil	18.20	See primary
Staff Costs: Trade Unions	Per pupil	4.00	See primary
School Improvement	Lump sum	2,850.00	See primary
Redundancy	Per pupil	8.50	See primary
Former Education Service Grant funded services	Per pupil	14.24	See primary