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Agenda Item No.6 (m)

DERBYSHIRE COUNTY COUNCIL**CABINET****16 March 2020****Report of the Executive Director for Children's Services****CENTRAL SCHOOL SERVICES BLOCK AND
PUPIL GROWTH FUND SETTLEMENT 2020-21
(YOUNG PEOPLE)****1. Purpose of the Report**

To inform Cabinet of the Central School Services Block (CSSB) and Pupil Growth settlements for 2020-21 and the decisions of Schools Forum regarding their allocation.

2. Information and Analysis**2.1 Central School Services Block (CSSB)**

Details of LAs' 2020-21 CSSB allocations were published on 19th December 2019.

This block of the Dedicated Schools Grant was introduced in 2018-19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- funding previously allocated through the retained duties element of the former Education Services Grant;
- funding for ongoing central functions; and
- historic commitments previously held within the Schools Block.

The determination of budgets funded by the CSSB is a matter for the School Forum rather than the County Council. The Schools Forum considered the allocation of funding for 2020-21 in October 2019 on the basis of provisional settlement figures, as it was not expected that the final settlement in December 2019 would be significantly different.

In October 2019 the estimated grant was calculated to be as follows:

Table 1 – Provisional CSSB Allocation 2020-21

	2020-21	2019-20
NFF multiplier	£29.80	£29.23
October 2018 pupil census count	97,700.00	97,700.00
Total ongoing responsibilities	£2,911,072	£2,855,771
Historic commitments	£1,389,600	£1,737,000
Total Central School Services Block	£4,300,672	£4,592,771
Net decrease	-£292,099	

The key changes of note were a 1.95% increase in the per-pupil funding rate for ongoing responsibilities and a 20% reduction in the historic commitments element. The DfE's intention to reduce LAs' historic allocations had been trailed for some time, although the scale of the reduction was only made clear in October 2019.

The report to Schools Forum set out proposals to allocate the 2020-21 grant, as shown in Table 2 below.

Table 2 – Proposed Central Schools Block spend

	2020-21	2019-20	
<u>Item</u>	£m	£m	Note
<u>Ongoing responsibilities</u>			
Admissions	0.559	0.538	
Schools Forum	0.042	0.041	
Former ESG Retained duties	1.652	1.620	
Licences	0.620	0.602	Forum approval not req'd
Ongoing responsibilities sub total	2.873	2.801	
<u>Historic commitments</u>			
Contribution to combined budgets	1.390	1.737	20% reduction
Historic commitments sub total	1.390	1.737	
Total Central Services Schools Block	4.263	4.521	

These proposals were agreed and the allocations left £0.038m of the estimated grant unallocated, to be used to contribute to the expected DSG deficit at 31 March 2020 of approximately £3.5m. The actual settlement in December resulted in a slightly higher CSSB settlement of £4.319m with the extra £0.018m also contributing to the deficit.

Cabinet is asked to note the decisions of the Schools Forum in respect of the CSSB for 2020-21.

2.2 Pupil Growth Fund

Local authorities' DSG allocations now include pupil growth funding as an element of the Schools Block. The distribution of this funding is also a matter for the Schools Forum rather than the County Council. Historically, the fund has been used to support schools with in-year increases in pupils, including new free schools, as well as contributing to the extra costs of meeting national Key Stage 1 class size requirements.

Allocations for 2020-21 were announced on 19th December 2019 and based on a formula which looks at increases in pupil numbers as measured at Middle Super Output Area (MSOA) level: net reductions at MSOA level would be ignored. The allocations for 2020-21 have been based on the increases between October 2019 and 2018 pupil census data with each additional primary pupil attracting £1,425 and each secondary pupil £2,130. In addition LAs will receive £67,000 for each new institution registered for the first time on the October 2019.

Derbyshire's Pupil Growth funding for 2020-21 is shown in Table 3 below:

Table 3 – Pupil Growth allocation 2020-21

	Pupil Increase	2020-21 Rate	Pupil growth funding
Primary	500.0	£1,425	£712,500
Secondary	1,212.0	£2,130	£2,581,560
Sub total			£3,294,060
New Institutions - The Mease/Chellaston Fields			£134,000
Total allocation			£3,428,060

The allocation in Table 3 is significantly higher than that for 2019-20 (£2.352m) as the 2020-21 allocation has not been capped. Whilst the increase is welcomed, it must be noted that this level of funding is only guaranteed for 2020-21, separate calculations will be performed annually to determine future years' allocations based on future pupil number changes.

The allocation of this grant was considered by the Schools Forum at its meeting on 20th January 2020. The backcloth to the Forum's decisions was the anticipated £3.5m accumulated DSG deficit at 31st March 2020. Given the need to address this deficit, the Forum was keen to ensure that the pupil growth fund made a significant contribution to this shortfall. In summary the Schools Forum agreed the following allocations:

Key Stage 1 Class size (£1.128m) – this supports infant and primary schools to meet national infant (Key Stage 1) class size requirements. The current (2019-20) budget for this purpose is £1.1m and this was increased to £1.128m to cover the impact of pay awards. No other changes were made to the operation of this budget.

In year pupil increases (£0.250m) - the need for support arises from the lagged nature of schools and academies' funding. For example, children admitted in September 2019 would not generate additional funding until the start of the 2020-21 financial year (LA maintained schools) or 2020/21 academic year (academies). This leaves the school and academy having to support any in-year additional costs for seven and twelve months respectively. N.B. DfE guidance only allows support to be provided where in-year increases in numbers arise as a direct consequence of a basic need issue i.e. where the Authority requires the school or academy to admit a significant number of children. The guidance specifically prohibits supporting general growth due to popularity as this should be managed through lagged funding.

The 2019-20 budget for this purpose is also £0.250m of which £0.113m has been allocated to date. In order to minimise the budget requirement in 2020-21 the Forum approved that the 2019-20 underspend be earmarked for in year pupil increases in 2020-21. This was felt to be necessary given the increasing number of academies, which generally require a longer period of support.

New Free Schools (£0.725m) - Two new primary free schools The Mease at Hilton and Chellaston Fields opened in September 2019 with a further two, Highfields Farm and Boulton Moor, planned for September 2020 and 2021 respectively.

Under the national academy framework LAs are responsible for funding the pre and post opening set up costs and formula support of free schools. Pre-opening support provides funding for the free school to meet some initial costs in advance of the school opening e.g. employing key staff. The amount of support ranges from £0.172m to £0.212m, the lower figure is more usual where a single Trust opens more than one school in the same local authority in the same academic year and reflects an expectation that there will be some economies of scale in the planning stages.

Post-opening support recognises that in the initial years after opening, the mainstream formula allocation is unlikely to provide sufficient resources to run a school. Post opening support comes in two forms. The first, Leadership, provides an average of £13,500 per empty cohort per annum, the maximum a school could claim would be £0.283m during the first six years. The second element is to help provide additional resources

and is a flat rate £250 per additional pupil, a total cost of £52,500 for a 210 pupil school.

In terms of formula support, children starting a free school for the first time in September would only trigger DSG resources from the following April. In the interim the Authority is required to fund the formula budget of the school relating to these children for the period September to March from the pupil growth fund.

The precise level of support, particularly the post-opening and formula support, will depend upon the schools' admission profiles, the pupils' characteristics i.e. the levels of deprivation and prior attainment and the formula multipliers used by the local authority to fund its schools and academies. Typically it estimated that around £0.950m will be required over a number of years for each new free school.

In order to ensure resources are in place to provide this additional support the Authority holds a reserve within the DSG to cover the above costs. Currently £2.402m has been set aside for this purpose and the Schools Forum agreed to set aside a further £0.725m from the 2020-21 pupil growth fund for this purpose: a similar figure is expected to be required in 2021-22. The 2020-21 budget will be used to add to the existing reserve with funds only being drawn down when required.

2.3 Implications of the allocations

The above budgets utilise £2.103m of the grant leaving £1.325m unallocated and thus available to contribute towards the forecast DSG deficit.

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 Central School Service Block and Pupil Growth settlements for 2020-21;
- (ii) Notes the decisions of Schools Forum regarding the allocation of these grants; and
- (iii) Notes the contributions these grants are expected to make towards the anticipated DSG deficit at March 31st 2020.

Jane Parfremment
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