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REPORT TO:	SCRUTINY SUB COMMITTEE – CHILDREN AND YOUNG PEOPLE 19 January 2021
SUBJECT:	EDUCATION BUDGET – 2021/22
LEAD OFFICER:	Kate Bingham, (Interim) Head of Finance – Children, Families and Education
CABINET MEMBERS:	Councillor Alisa Flemming – Cabinet Member for Children, Young People and Learning Councillor Stuart King, Cabinet Member for Croydon Renewal
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Kate Bingham, (Interim) Head of Finance – Children, Families and Education

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:

The Dedicated Schools Grant is a ring-fenced specific grant and it must be used in support of the schools budget. Local authorities are responsible for determining the split of the grant between central expenditure and the individual schools budget (ISB) in conjunction with local schools forums as well as allocating the ISB to individual schools in accordance with their local schools funding formula.

This aligns with Croydon Council's Corporate Plan priority:

'Our children and young people thrive and reach their full potential'

- Children and young people in Croydon are safe, healthy and happy, and aspire to be the best they can be
- Every child and young person can access high quality education and youth facilities

[Corporate Plan for Croydon 2018-2022](#)

ORIGIN OF ITEM:	This item is contained in the Sub-Committee's work programme
BRIEF FOR THE COMMITTEE:	To scrutinise the proposed 2020/21 Education Budget

1. EXECUTIVE SUMMARY

- 1.1 The report sets out the various components of the 2020/21 Education Budget to enable this committee to review the basis for the allocations received by Croydon for the coming year.
- 1.2 The Education budget can broadly be split into two areas, which are:
- Revenue expenditure, funded via the **Dedicated Schools Grant (DSG)**, for the day to day running costs of schools, the provision for children and young people with special educational needs and disabilities as well as two, three and four years olds in addition to the services to fulfil the statutory services of the council; and
 - Capital expenditure in relation to the requirement to provide school places and essential maintenance.
- 1.3 The report will cover each area in turn.

2. EDUCATION BUDGET – 2021/22

Funding Announcement

- 2.1 Overall national schools funding will increase by £4.8 billion in 2021/22 and £7.1 billion in 2022/23 compared to funding levels in 2019/20. In addition, funding continues to be provided to fund the recent increase in pension costs for teachers, worth £1.5bn a year.
- 2.2 Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, has been added to the Schools Block of the DSG and National Funding Formula (NFF) from 2021/22. The intention is to simplify the allocation of this funding recognising that these grants are part of schools' core budgets and providing reassurance to schools and Local Authorities (LAs) that the funding will continue to be provided.
- 2.3 The schools' NFF will provide LAs with per pupil funding of at least £4,000 for all primary schools and £5,150 for secondary schools. The addition of the funding to cover additional teachers' pay and pensions costs means that a further £180 (Primary) and £265 (Secondary) will be added to the minimum per pupil amounts above. The comparison to the Croydon 2020/21 and 2021/22 per pupil funding within the NFF is shown below:

Table 1: Units of funding and Minimum per Pupil Funding (MPPF)

Age Group	2020/21 Croydon Schools Block funding	2021/22 Croydon Schools Block funding	2021/22 MPPF
Primary Unit of Funding	£4,505	£4,821 (includes £213 teachers pay and pension costs)	£4,180 (£4,000 + £180 teachers pay and pension costs)
Secondary Unit of Funding	£5,987	£6,433 (includes £284 teachers pay and pension costs)	£5,415 (£5,150 + £265 teachers pay and pension costs)

- 2.4 Croydon’s schools have historically received more per pupil funding in both primary and secondary school settings than the Government’s minimum per pupil funding as can be seen in the above table for 2021/22.
- 2.5 In addition to this core funding, schools could apply for exceptional funding to cover specific unavoidable costs incurred by schools due to coronavirus (COVID-19) between March and July that could not be met from existing resources. The Department for Education (DfE) have made the payments for the submissions made. There was also an opportunity for schools to make an additional claim for the same period so a second window for schools to claim for the period March to July 2020. The claim window closed on December 22nd payments for this tranche of claims has not yet been paid.
- 2.6 There is also a £1bn ‘catch-up’ package for the 2020/21 academic year to directly tackle the impact of the disruption that COVID-19 has caused. This includes a ‘Catch-Up Premium’ worth £650m to support schools to make up for lost teaching time for all pupils, for which schools will be allocated £80 for each pupil in years reception through to 11. Alternative Provision and hospital schools will be provided with £240 for each place. The allocation of this funding is made in three tranches the first commenced in Autumn 2020 term funding the second tranche will be paid in early 2021 and the final tranche will be paid in the summer term 2021.
- 2.7 Finally, there is a new £350m tutoring fund for disadvantaged pupils, where 80% of the cost is subsidised by the DfE. The programme website was launched in Autumn 2020 and can be accessed directly by schools.

National Funding Formula

- 2.8 In March 2016 the DfE announced the NFF proposals and in the two consultations that followed set out the intentions for school funding going forward. The intention was to implement the NFF by December 2016. However, in May 2017 the government announced that the NFF implementation would be delayed until April 2018 with a soft implementation of the NFF being available to Local Authorities (LAs) for 2018/19 and 2019/20 with a further extension to include 2020/21 (announced in July 2018).

- 2.9 It remains the government's intention to move to a hardening of the individual factors between now and 2024/25 however for 2021/22, LAs will continue to determine final funding allocations for schools through a local formula allowing LAs, following Schools Forum authorisation and Cabinet approval, to apply local rates / amounts to each of the factors that determine the allocation (such as Minimum Funding Guarantee and income deprivation affecting children) prior to the distribution of funding to schools.
- 2.10 Three important restrictions will continue:
- LAs will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2021/22 must be between +0.5% and +2.00% per pupil compared to per pupil funding in 2020/21. All of Croydon schools have reached and exceeded these increases using the NFF rates. School Forum agreed to set the MFG at +0.5%.
 - Schools' Forum can agree to a transfer out of the schools block to a maximum of 0.5%. On the basis of information received to date it is not proposed to transfer funds to the high needs block.
 - The use of the national minimum per pupil funding levels, at the values in the school NFF, continue to be compulsory for LAs to use in their own funding formulae.
- 2.11 Croydon's School Forum intend to finalise those decisions on 18th January 2021 and Cabinet (are expected) to approve the funding formula on the same date.

3. Croydon's 2021/22 DSG Allocation

- 3.1 The final 2021/22 DSG allocation was published in late December 2020, following the provisional allocation notification in July 2020 and the spending round announcements in November.
- 3.2 The DSG is allocated on a financial year basis and funds all aspects of education that relate directly to children and young people. The grant is split into four blocks: a schools block, a high needs block, a central schools services block and an early year's block.
- 3.3 Funding for mainstream and special Academies is included within the DSG allocation for the LA for transparency but is not actually paid to the LA as it is passed directly to academies by the Education and Skills Funding Agency (ESFA). The removal of funding from the DSG allocation for academies is known as recoupment and in 2020/21, the DSG allocation was recouped by more than £192 million against the schools and high needs block allocation.
- 3.4 The total 2021/22 DSG allocation for Croydon is £390.567 million and is detailed in Table 2 below.

Table 2: DSG allocation (before recoupment)

Financial Year	Schools Block	High Needs Block	Central Schools Services Block	Early Years Block	Total DSG Allocation
	£ million	£ million	£ million	£ million	£ million
2021/22 Final	281.313	73.100	6.046	30.108	390.567
2020/21 Final	262.963	66.513	6.044	29.757	365.277
Movement between 2020/21 and 2021/22	18.350	6.586	0.001	0.352	25.289*

*includes £12.930 million teacher's pay and pension grant element

- 3.5 In 2021/22, Croydon will see an increase in the level of DSG funding of £25.289 million compared to 2020/21. Reasons for the increases are detailed below:

Schools Block (before recoupment) - increase of £18.350 million

- 3.6 Whilst there has been a very small reduction in pupil numbers by 148 to 50,874.5 in 2021/22 (reflecting a decrease in primary pupils by 343.5 to 32,054.5 and an increase in secondary pupils by 195.5 to 18,820), there is an overall increase in funding of £16.370 million as a consequence of the primary and secondary pupil unit of funding being increased to accommodate the overall increase, including the teacher's pay and pension grant element, in Education funding for 2021/22.
- 3.7 The respective pupil units of funding now stands at £4,821 and £6,433 – an increase of £315.77 and £446.58 from 2020/21, including £213 and £284 teacher's pay and pension grant element, respectively. As a result there is an increase in funding of £18.149 million, including the teacher's pay and pension element of £12.154 million, plus a small increase in the growth, premises and mobility factors of £0.251 million.

High Needs Block (before recoupment) - increase of £6.586 million

- 3.8 There is a net increase of £6.586 million in the High Needs Block. The funding for High Needs through the NFF for 2021/22 is based on three elements; the NFF allocation, the basic entitlement factor and the import/export adjustments.

3.8.1 NFF allocation

A significant increase in the NFF allocation of £4.665 million has been confirmed to accommodate the overall increase in High Needs funding for 2021/22 (based on population increases and proxy indicators including a free school meals (FSM) factor; an income deprivation affecting children index (IDACI) factor; a bad health factor; a disability factor and Key Stage 2 and 4 low attainment factors).

3.8.2 Basic entitlement

There is also additional growth in the basic entitlement as an increase of £717.85 per pupil has been allocated, resulting in a (area cost adjustment weighted) basic entitlement unit rate of £4,699 being applied to a increase in the number of pupils at special schools/academies of 69. The total allocation under this element is £6.529 million, representing additional funding of £1.226 million.

3.8.3 Import/export adjustments

The import/export adjustments element has remained the same as that for 2020/21 at a negative adjustment of - £2.190 million. This will be updated in May/June 2021 with the January 2021 Census data and the February 2021 Individualised Learner Record data. The intention is to reflect more precisely the movement of pupils and students, and therefore the funding.

3.8.4 Additional funding

Whilst a mechanism remains in the regulations for the transfer of up to 0.5% from the schools block to the high needs block, with the approval of the School Forum, this flexibility has not been sought for 2021/22.

Croydon did not rely on any further transfers from the Schools Block to the High Needs Block in our DSG Deficit Recovery Plan as that was

- (i) counterproductive to the SEND strategy with the emphasis on increasing inclusivity in mainstream schools; and
- (ii) any such transfer would require year on year approval and including any reliance of this in the recovery plan was presumptuous.

Both of those conditions remain present, in addition to the new consideration relating to significant increases in both the Schools Block and the High Needs Blocks for 2022/22. This latter consideration has enabled Croydon to review the current DSG Deficit Management Plan which now does not depend on any transfer from the Schools Block in future for the same reasons as outlined in (i) above.

Central Services Schools Block - increase of £0.001 million

3.9 In 2018/19, the NFF created a fourth block within the DSG called the Central Services Schools Block (CSSB). This block is made up of two parts – Reported spend on Ongoing Functions and Reported spend on Historic Commitments.

3.9.1 Ongoing Functions

The Reported spend on Ongoing Functions includes services such as School Improvement and Education Welfare, totals £2.833 million, including £0.080 million for teacher's pay and pension grant element for centrally funded staff.

The 2021/20 allocation for ongoing functions (without the pay and pension adjustment) has reduced by £0.079 million based on a reduction in the CSSB unit of funding decreasing by 2.5% year on year from £55.49 per pupil in 2020/21.

3.9.2 Historic Commitments

The Reported spend on Historic Commitments consists of the prudential borrowing costs for SEND provision (£3.0 million) and historic teacher pension costs (£0.213 million), totalling £3.213 million and has remained the same allocation as 2020/21.

The ESFA has a previously stated policy of reducing the funding that LAs receive for historic commitments made prior to 2013/14 and each year, the LA has made (successful) representations to the ESFA to maintain the current level of funding due to the impact on the General Fund of any reduction – particularly on the prudential borrowing costs of a capital programme with a pay-back period of 10 years (up to 2025/26). The ESFA have not yet determined how they will continue to unwind this in future years and commit to ensuring information about future years will be provided with as much notice as possible.

Early Years Block – increase of £0.352 million

- 3.10 There is an increase in the funding levels for 2021/22 from the 2020/21 final grant and work is continuing on the allocation Early Years Block and could be subject to further adjustment following the finalisation of the January 2020 census.

Croydon's DSG Funding Formula

- 3.11 The DSG funding formula is maintained by the finance function of the LA and agreed by the Schools Forum and its working groups. The Schools Forum is actively involved in working with the LA to agree the principles of the DSG local funding formula and there are dedicated working groups for schools, early years and high needs funding blocks. These working groups are attended by representatives from all education establishments in the borough.
- 3.12 From 2018/19 the NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. The 2021/22 rates per pupil are £4,821 for primary pupils and £6,433 for secondary pupils.
- 3.13 The above rates are multiplied by the number of primary and secondary pupils on roll to determine the LA's schools block allocation shown in Table 2 above. The LA then applies local factors that have been set by Schools Forum in order to determine the actual allocation per pupil and the individual schools budgets. Local factors include growth, de-delegation and deprivation. Therefore the amounts will change to smooth out the transition to NFF rates as per the recommendations made by Schools Forum.
- 3.14 Schools Block
- 3.14.1 The Schools Block funding formula is due to be submitted to the DfE on the 21st January 2021, following (anticipated) Cabinet approval on 18th January 2021 using the budget principles authorised by the Schools Forum over the autumn period. Once agreed by the DfE the detailed school budgets will be finalised and these will be issued to schools in March 2021.

3.14.2 Tables 3 and 4 below set out the 10 highest and 10 lowest schools block funded LAs in London on a per pupil basis for primary and secondary pupils, with Croydon ranked 23rd out of 32 London boroughs. Whilst all ten boroughs within the bottom 10 have remained the same, Croydon's ranking has improved by one place since 2020/21 – mainly due a slightly higher increase in the primary pupil unit of funding compared to the closest ranked authorities in 2020/21.

3.14.3 Although Croydon has seen an increase in its funding allocation the amount which other boroughs have received has increased and this results in the continuation of the gap between how much extra a pupil in one of our nearest neighbours for example Lambeth is funded compared to Croydon. The tables starkly illustrate the funding differentials between inner and outer London boroughs with the latter experiencing many of the same cost, provision and recruitment pressures as the former.

Table 3: DSG 2021/22 Schools block allocations per pupil

Rank	Highest Funded London Authorities	2021/22 schools block primary unit of funding £	2021/22 schools block secondary unit of funding £
1	Tower Hamlets	6,371.20	8,482.73
2	Hackney	6,356.11	8,501.48
3	Southwark	5,970.45	8,369.95
4	Lambeth	5,893.62	8,004.63
5	Camden	5,810.98	7,534.37
6	Westminster	5,797.66	7,433.29
7	Islington	5,717.05	7,628.94
8	Newham	5,884.29	7,318.96
9	Kensington and Chelsea	5,796.82	7,339.90
10	Hammersmith and Fulham	5,623.17	7,597.57

Table 4: DSG 2021/22 Schools block allocations per pupil

Rank	Lowest Funded London Authorities	2021/22 schools block primary unit of funding £	2021/22 schools block secondary unit of funding £
23	Croydon	4,820.66	6,433.15
24	Hillingdon	4,748.93	6,406.99
25	Harrow	4,559.49	6,253.54
26	Havering	4,559.26	6,097.05
27	Redbridge	4,500.13	6,070.33
28	Sutton	4,527.54	5,834.93
29	Bexley	4,466.42	5,996.71
30	Kingston upon Thames	4,510.62	5,887.15
31	Bromley	4,595.08	5,863.33
32	Richmond upon Thames	4,393.20	5,917.95

3.14.4 The minimum funding guarantee (MFG) will continue to be applied and in 2021/22, all maintained schools or academies will see an increase of at least 0.5% per pupil compared to its 2020/21 budget (this excludes sixth form funding). MFG protects schools' budgets from large changes in funding based on factor changes. It protects school funding on a £ per pupil basis and will not protect a school against falling roll numbers.

3.14.5 The 2021/22 schools funding formula is expected to be approved at Cabinet on 18th January.

3.15 High Needs Block

3.15.1 The 2020/21 High Needs allocation is £73.100 million based on the October 2020 census, with further adjustments expected for January 2021 census data, February 2021 Individualised Learner Record data and adjustments for hospital education funding. The budget for 2021/22 will be reviewed by the High Needs Working Group and the Schools Forum are expected to give its approval in early 2021.

3.15.2 At as the end of 2019/20, the High Needs block overspend was £18.477 million (including previous years overspends). The 2020/21 Quarter 2 High Needs Block forecast overspend is £4.559 million, bringing the cumulative deficit to £23.036 million.

3.15.3 Table 5 illustrates previous year's movements between the schools block and the high needs block and year end overspend.

Table 5: High Needs Block Cumulative Deficit

Year	In year Overspend £ million	Brought Forward £ million	Transfer from Schools Block £ million	Carry Forward £ million
2015/16	2.569	0	0	2.569
2016/17	4.619	2.569	-1.468	5.720
2017/18	5.175	5.720	-2.246	8.649
2018/19	5.611	8.649	-1.219	13.041
2019/20	5.436	13.041	-1.238	18.477
2020/21 draft	4.559	17.154	0	23.036

3.15.4 The budget pressures are principally attributable to the increase in demand, which has led to an over-reliance on the independent / non-maintained sector, due to shortage of local state funded special schools and / or resourced provision. This is being addressed and a strategy developed to move to a more sustainable framework.

3.15.5 Croydon Council has a long term plan to increase special schools, Enhanced Learning Provision and post 16 specialist places, including a new free special school with 150 places opened in September 2020 on a temporary site with the permanent site opening in September 2021. Through this strategy the intention is to provide an effective pathway of local education provision for young people

which is an efficient use of resources and supports young people in becoming independent in or near their local community.

3.15.6 Management of the high needs block and reducing the overspend requires that together there is an approach that manages reliance on Education, Health and Care Plans for children with lower levels of SEN, reduces demand and ensure placements of children are delivered through the continuum of state-funded education provision at efficient values. Further detail regarding the management of the DSG deficit is contained in section 4 of this report, below.

3.16 Early Years Block

3.16.1 The Early Years block allocation has been based on a nationally set rate of a:

- £5.21 hourly rate for three and four year olds; and
- £5.74 for two year olds

This has increased from funding rates of £5.13 and £5.66, respectively.

3.16.2 The allocation will be updated following the January 2021 census. Based on the initial 2021/22 allocation, the following components of the draft budget for 2021/22 will be proposed to the Early Years Working Group and Schools Forum in early 2021:

- A (provisional) increase in rate for three and four year olds in 2021/22 to £4.87 (£4.73 in 2020/21)
- £5.74 for two year olds

4 DSG Management Plan

4.1 From 2019/20, LAs with an overall DSG deficit of one per cent or more at the end of the previous financial year were required to submit recovery plans for that deficit and Croydon submitted our [DSG Deficit Recovery Plan](#) to recover the 2018/19 in-year High Needs Block deficit (£5.611 million) over a five year period to the DfE, as agreed with the School Forum and Chief Finance Officer and endorsed by this Sub Committee in July 2019.

4.3 The five-year recovery period is in line with the five year SEND strategy with key areas to be targeted, as set out in paragraph 3.15.5. The intention is to improve our SEND provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all pupils with special education needs.

4.5 In response to the request from the DfE (30th October 2019) to revise the plan in light of the additional DSG funding announced for 2020/21, a revised DSG Recovery Plan was presented and noted by the School Forum on 9th December 2019 and subsequently submitted to the DfE. The DfE has not responded to this revision.

4.6 More recently, a new template and accompanying guidance for a DSG Management Plan was released in September 2020 and the DfE has, again, recognised that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. Croydon is

currently revising their existing DSG Recovery Plan and in accordance with the template accompanying that guidance will be planning to bring the High Needs Block expenditure within the High Needs Block funding allocation by Year 3 (2023/24) with recovery of the cumulative deficit to follow in future years.

- 4.7 The DfE expects the DSG deficit management plan to be updated and presented at schools forum meetings and any high needs subgroups regularly and at least on a termly basis. The plan template is intended to be a live document and contains comparative data on special provision and placements, Section 251 budget and outturn data and High Needs National Funding Formula illustrative allocations.
- 4.8 Management plans should reflect the most current forecast DSG position and be published on the LA local offer website as set out in the Special educational needs and disability (SEND) Code of Practice: 0 to 25 years. The management plan will be reviewed and recommended by the SEND Finance Board, agreed by the Chair of the High Needs Working Group and the School Forum and signed off by the Director of Children's Services (DCS) and the Section 151 Officer (CFO).
- 4.9 In addition, relevant leads in the finance and special educational needs areas (at director level) should sign off each version of the management plan.
- 4.10 The latter sign off will be facilitated within the SEND Finance Board, with the Terms of Reference to be finalised and will take into account: membership to include the Chairs of the School Forum and High Needs Working Group alongside LA officers (Director of Education and Deputy S151 Officer) and regular meetings every six weeks.

5 Report in the Public Interest

- 5.1 In October 2020, the Council's external auditor, Grant Thornton, in issuing a Report in the Public Interest (RIPI) concerning the Council's financial position and related governance arrangements, highlighted concerns in respect of not managing the Dedicated School Grant within existing budgets.
- 5.2 The Council fully accepts the findings of the Report and the recommendations that have been made, including Recommendation 5 that the General Purposes and Audit Committee (GPAC) should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made.
- 5.3 To implement the action plan in response to those recommendations (outlined in Appendix 1), specifically in respect of the DSG deficit, the LA will report the progress against the DSG deficit management plan to the School Forum, in accordance with DfE guidance and as set out above, as an additional level of scrutiny prior to the progress being reported, more generally, to Cabinet as part of the usual quarterly budget monitoring report and more specifically to the General Purposes and Audit Committee (GPAC) in adherence to the specific recommendation of the Report.

- 5.4 The DSG management plan will be presented to the School Forum on 18th January, followed by GPAC on 25th January 2021 prior to approval and submission to the DfE.

6 Academies

- 6.1 Academies are funded directly from ESFA on an academic year basis.
- 6.2 As stated previously, mainstream and special academies funding is included within the DSG allocation for the LA for transparency and is not actually paid to the LA but passed directly to academies. The removal of funding from the DSG allocation for academies is known as recoupment.
- 6.3 This amount will be subject to change depending on the number of schools that convert to academies during the year. In October 2020 of the 56,756 pupils on roll full time and part time at main point of registration, 39,372 (69%) were in academies and free schools. The proportion/percentage of pupils attending an academy or free school has increased by 3% from 66% of Croydon's pupils to 69% but the number of children on roll at an academy or free school has increased by 5% from 37,599 in 2019 to 39,372 in 2020.
- 6.4 Ark Blake Academy, a mainstream secondary free school opened in September 2020 with a published admission number (PAN) of 180 pupils.
- 6.5 Croydon currently has five open free schools - two primary and three secondary. The existing free schools (Harris Invictus Academy Croydon, Paxton Academy Sports and Science, Krishna Avanti Primary school, Coombe Wood School and Ark Blake Academy) are all funded by the ESFA in the same manner as academies are funded. Funding for non-mainstream free schools (e.g. special or alternative provision free schools) are funded differently.
- 6.6 Croydon new special free school - Addington Valley Academy – part of the Orchard Hill Academy Trust – for 150 pupils aged from 2-19, with Autism Spectrum Disorder and learning difficulties, opened in September 2020 on a temporary site at Canterbury Road Recreation Ground. The main new build is on schedule to open from September 2021.

7 Pupil Premium

- 7.1 Pupil Premium funding is awarded in addition to the DSG and is allocated on a per pupil basis for pupils who meet the criteria. The aim of the funding is to raise the attainment of disadvantaged pupils and close the gap between them and their peers. Funding is currently awarded on a per pupil basis for any pupil who has:-
- been eligible for Free School Meals in the last six years.
 - children (aged 4 to 15) who have been looked after for one day or more, adopted from care or leave care under a special guardianship or residency order, and
 - children whose parents are in the armed forces are also eligible.

7.2 The 2021/22 funding allocation is yet to be announced (anticipated in mid-2021) and rates per pupil will remain the same as 2020/21. The 2020/21 allocation was updated in December 2020 to take account for the October 2020 census data. This resulted in an allocation of £21.619 million for Croydon, based on per pupil rates of £1,345 for children in reception, year 1 to year 6, and £955 for pupils in year 7 to year 11 and £2,345 for looked after children (LAC) and £310 for children whose parents are in the armed forces being distributed to the schools fully. The 2020/21 allocation is marginally higher than the 2019/20 allocation, due to increased eligible pupil numbers.

8 Revenue Funding – General Fund

8.1 The Council is required to provide some education functions as a statutory duty. These include statutory education welfare, the Virtual School for Looked After Children, exclusions, children who are electively home educated, the commissioning of Alternative Provision, and intervention in schools causing concern. In addition, the School Improvement team has oversight of standards in primary, secondary, special schools and pupil referral units. They generally focus on improving service delivery, raising standards, narrowing the gap, enriching the curriculum and building learning communities. Other services include 16-19 services (NEET tracking), the schools music service, and commissioning of Octavo (the school improvement mutual).

8.2 In 2018/19, a new DSG block i.e. the Central School Services block (CSSB) was created with the aim of funding LA's for statutory duties they hold for both maintained schools and academies. It brings together:

- Funding for ongoing responsibilities such as admissions
- Funding previously allocated through the retained duties element of the education services grant (ESG)
- Residual agreed funding for historic commitments

8.3 The CSSB was resourced by virement from the School block which is where the above commitments were historically funded from. Please note the CSSB does not include (and is not intended to include) funding for any central front line budgets and commitments held in the Early Years and High Needs blocks.

8.4 The aim of the CSSB is to improve transparency and recognise the continued need to use DSG funding (within laid out parameters) to fund centrally managed commitments which support statutory front line and support service functions.

8.5 It should be noted that the ESFA has a policy of reducing the funding that LAs receive for historic commitments made prior to 2013/14 (as set out on paragraph 3.9.2) and each year, the LA must apply for the continuation of that funding and maintain the current level of funding.

8.6 The Council faces significant financial challenges, exacerbated by reductions in funding and grants provided by central government and any reduction in the historical commitment funding – particularly on the prudential borrowing costs of a capital programme with a pay-back period of 10 years (up to 2025/26) would adversely impact the General Fund in future years.

- 8.7 In the current financial year, one secondary school has closed with a current proposal to close another at the end of the current or next academic year, both schools have significant deficit balances (£2.7 million and approx. £2.5 million, respectively). Under current legislation, where a maintained school closes any balance held by the school (whether surplus or deficit) reverts to the Local Authority and cannot be transferred as a balance to any maintained school, even where the school is a successor to the closing school.
- 8.8 The closure of both schools will have a negative impact on the Council's revenue budget which will put increasing pressure on an already heavily pressurised budget and will need to be funded by the Council taxpayers of Croydon.

8 Capital Funding

- 8.1 The three year education capital programme, along with the necessary funding required for the supply of these places, will be presented to Council in January 2021 as part of the council's Croydon's Education Estates Strategy.
- 8.2 Based on Croydon's recent School Capacity (SCAP) Survey and forecasts of pupil numbers, our latest estimates suggest that there will be sufficient places in Croydon primary and secondary schools to accommodate children for the next three years. Currently, there is a higher level than necessary of spare capacity / surplus places in some of the primary school planning areas and council staff are currently working with the relevant schools to manage this spare capacity / surplus places.
- 8.3 The cost of the capital programme is estimated at £49.051 million over the period 2020/21 to 2023/24 as at January 2021. This is predominantly funded from a combination of council borrowing and other funding grants, as detailed in Table 6 below.
- 8.4 Full details of the capital programme are included in Appendix 2 of this report.

Table 6: Education capital programme

Funding Source	2020/21 £ million	2021/22 £ million	2022/23 £ million	2023/24 £ million
School Condition Allocation	8,902	4,145	3,300	3,000
Special Provision Capital Funding	1,626	897	152	355
Basic Need Funding	3,540	640	78	0
ESFA	9,750	5,003	0	0
S106	316	362	0	0
Borrowing	1,955	2,330	0	0
CIL	2,000	300	200	200
Total	28,089	13,677	3,730	3,555

CONTACT OFFICER: Kate Bingham, (Interim) Head of Finance – Children,
Families and Education

BACKGROUND DOCUMENTS: None

APPENDICES: Appendix 1 Report in the Public Interest, Recommendation 5 Actions
Appendix 2 Education Capital Programme Budget Summary