



Schools Forum

Report title: Dedicated Schools Grant 2021/22

Date: 10th December 2020

Key decision: No.

Item number: 5

Outline and recommendations

The purpose of this report is to agree the principle and approach for the 2021/22 schools funding – Authority Proforma Tool (APT) submission to the DfE

Schools Forum is asked to agree guiding principles including

- 1 Continuation with the National Funding Formula in the deployment of the Schools Block*
- 2 Agree to any growth funding to be included on the APT tool, with a minimal amount in the Growth Fund Budget to fund incremental support for bulge class and potentially any unplanned in-year growth/bulges.*
- 3 De-delegation to be in line with the current basis plus inflation*
- 4 De-delegation –agree to receive a detailed report for consideration on functions previously supported by the Education Services Grant.*
- 5 Minimum Funding Guarantee (MFG) – consider two options for MFG*
 - A MFG set at max 2% (estimate), with any residue to support pressures in HNB.*
 - B 0.5% transfer from Schools Block, followed by MFG set at affordability*

Schools forum is also asked to note the continuation of financial risk associated with High Needs (demand led) and Early Years Funding (lack of clarity arising from COVID-related estimations in payment terms and funding receivable).

Schools forum is also asked to note and agree to receive further updates as more information is made available at the January meeting and the summer meeting.

Timeline of engagement and decision-making

At the time of writing, a partial DSG settlement has been advised by the DfE, which was the main matter for discussion at the last schools forum meeting.

The final settlement is due just ahead of Christmas, with a submission to the DfE due 21st January 2021.

The December meeting is commonly used for discussion between the Local Authority and Schools forum to agree the approach to facilitate the finalisation of the APT submission.

January 18th a further meeting of Schools forum to support the submission of the APT tool to the DfE

The January schools forum meeting will also be used to further consider the High Needs Recovery Plan (potentially a submission to the DfE)

&

January meeting – any updates on “Term Time Only” review.

Summary

- 1 Main focus of this report will be for schools forum to consider and agree main components of the funding formula that will enable Lewisham Council to provide a draft funding formula (known as the APT tool) to the Department for Education (DfE) in January.
- 2 Please note the will further provide update on various risks including
 - High Needs Block
 - Early Years Funding
- 3 Term Time Only potential financial risk

Background

- 4 Schools Forum will be aware that each Local Authority is required to submit their agreed Local Schools Funding Formula to the DfE by the **21st January** 2021 (primary and secondary).
- 5 The deadline for producing this information is very challenging as the financial settlement is unlikely to be known until around 22nd December 2020. For this reason, there could potentially be a delay to the reports dispatch process although every effort will be taken to meet the required timescales. [Schools Forum to note](#)
- 6 The APT tool submission is mainly based on the Schools Block, however the Local Authority is responsible for ensuring overall affordability across the whole DSG.
- 7 Schools Forum will be aware that the APT modelling tool is provided by the DfE. The tool is largely a prepopulated data modelling tool.
- 8 Using the APT tool, the LA determines each school's budget share and associated Minimum Funding Guarantee. The MFG is based on overall affordability and is expected

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to be minimum 0.5% to a maximum 2% per pupil uplift (based on pupil led characteristics e.g AWPU, Free School Meals etc).

- 9 Once the APT is submitted it remains provisional until the DfE has undertaken validation and approved the submission for accuracy and compliance.
- 10 Special Schools are funded based on their operating model of places and top up. Funding for Special Schools is from the High Needs Block and is not part of the APT reconciliation. There will need to be some consideration at the January forum report with regards to the allocation of the Teachers' pension and pay grant for specialist provisions. At the time of writing we do not have the detailed information.
- 11 Equally nursery schools, PVI's and the early years component for primary schools are funded from the Early Years Block and are not part of the APT tool process. No information has been received with regards EY funding. The January report will provide update based on the funding settlement.
- 12 There is a legal requirement for all schools to be advised of their budget share by the end of February 2021. It is at this point schools will be formally advised of their delegated budget share.
- 13 This report will aim to gain the necessary mandate to enable officers to provide schools forum with final funding information to enable both the above deadlines to be met.

DSG 2021/22

- 14 Schools forum was advised of the partial settlement for 2020/21 at their meeting in October 2020. Schools forum will recall that for 2021/22, the teachers' pension and pay award grants are expected to be streamlined into the DSG. It is anticipated that the final allocation to schools will clearly separate the aspects for the main delegated budget share and the streamlining of grants to enable comparisons.

Proposed application of the Schools Block

- 15 **Alignment to the National Funding Formula** - Continue to progress with the Principles of the National Funding Formula in full. This includes using all funding values as determined by the DfE. [Schools Forum to agree \(Primary and Secondary\)](#)
- 16 **Minimum Funding Guarantee (MFG) uplift** –the DfE requirement is that all schools will receive an uplift of between 0.5% and 2.00%. Subject to affordability it is proposed that the formula will endeavour to deliver on or as close to the 2%. [Schools Forum to agree \(Primary and Secondary\)](#)

De-Delegation

- 17 The DfE guidance enables Local Authorities to provide services centrally which are funded by a process known as de-delegation. This only applies to mainstream schools and not academies. As such funding levels agreed will reduce should any school convert following finalisation of the budget process.
- 18 The de-delegation process **must be agreed every year** and supported (by means of voting) by the representative of each phase at Schools Forums. The proposal for 2019/20 delegation are in line with the current de-delegation levels. It is proposed that de-delegation

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continues in line with current levels plus 2% uplift where indicated and supports the following:

- A Administration of Free School Meals (£59K plus 2%) = £60k
- B Trade union and non-sickness supply scheme (Maternity Fund) (£1.1m plus 2%), = £1.122
- C School Improvement –to support the work of the Lewisham Learning Partnership. (£300k)
- D **Schools Contingency** – to support costs that should not be reasonably incurred by a governing body. (£557k). Please note that Schools Forum has agreed a two year finance support package, 2021/22 will be the second year of this funding.
[Schools Forum to agree \(Primary and Secondary\)](#)

19 **Consideration of De-delegation to support previous functions funded from the Education Services Grant.**

Schools forum will be aware that the historically the Department for Education supported LA with a unringfenced grant called the Education Services Grant. The grant was significantly reduced, yet the services have continued to be provided and supported mainly from the General Fund

Across the country councils have a different approach to financing these functions. Some LA include this as part of the de-delegation process

[Schools Forum is asked to agree to receive a detailed paper at the January Budget Setting meeting to consider the appropriateness of considering de-delegation to support core functions.](#)

Overall duty to ensure spending is within DSG

- 20 The [Dedicated Schools Grant \(DSG\): conditions of grant 2020 to 2021 paragraph 5.2](#), requires that any local authority (LA) with an overall deficit on its DSG account at the end of 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend.
- 21 The DfE provides a very detailed and comprehensive return to be completed.
- 22 Schools Forum will be aware that Lewisham has raised concerns around the ability to deliver SEN provision within the funding allocated. As previously stated this position is not unique to Lewisham and has been discussed at various government forums including Parliament. In recognition of the challenges, the DfE has given additional resources towards high needs. Unfortunately, the funding coupled with the increase in demand (activity/price) is more than the funding given. Schools Forum will also be aware that a mitigation plan is in place, led by the SEN team. Again there is a challenge between the pace at which the mitigation plan is embedded against the increasing demands, which has been exacerbated by COVID.
- 23 To put this into context, the table below shows the increase in EHCP since April of this year

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Phase - EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total
2020/21 April	57	985	903	775	2720
2020/21 November	78	937	960	937	2912
Increase on Baseline Numbers	21	-48	57	162	192
Increase on Baseline %	36.8%	-4.9%	6.3%	20.9%	7.1%

- 24 Schools Forum will note that the greatest area of increase is post-secondary. At this stage further exploratory work is being undertaken to understand why, however it is anticipated that there are many reasons for this increasing
- Limited job opportunities in the current climate so young people want to stay in education longer
 - Greater awareness that EHCP plans are supported to 0-25
 - Greater learning opportunities for young people with EHCP
- 25 The current projected overspend for 2020/21 is now expected to be in the region of £4m to £6m.
- 26 Whilst we note an increase in funding for 2021/22 (potentially £5m) this will not be sufficient to finance the overspend from 2020/21.
- 27 As with any funding allocations, there is a requirement to spend within the allocation. This report (and previous reports to Schools Forum) have highlighted pressures arising from a combination of demand, type of need and cost pressures (including inflation/supply and demand/ overall growth). Whilst it is noted that the funding for next year is expected to increase by circa £5m, we anticipate demand/cost drivers to potentially exceed this figure. Schools forum is asked to support in principle the transfer of 0.5% towards the high needs block. Lewisham is expected to progress towards a formal recovery plan with the DfE and this would support some aspect of the solution. It is anticipated that the additional 0.5% circa £1m will enable the mitigation plan to embed. If this request is not supported, then part of the mitigation plan will require a review of discretionary versus statutory services including potentially reduction in spend falling on preventative measures. It is re-emphasised that the obligation and solutions to spend within the budget allocation is a joint responsibility on Lewisham Council and schools forum. It should be further noted that it is not prohibited for the General Fund to subsidise this grant.

Transfer request of 0.5% to support the High Needs Block

- 28 Schools Forum is asked to consider a potential transfer of 0.5% from the Schools Block to the High Needs for 2021/22.
- 29 To enable this consideration it is proposed that two options are put to schools forum
- APT using full funding
 - impact of transfer of 0.5%
- 30 Schools Forum will recall that in 2020/21, the funding was sufficient to meet the maximum 1.84% increase, with a residue of £400k.
- 31 Under the regulations, a consultation with all schools is required. Schools forum is asked to agree that Lewisham undertakes this brief consultation with schools to be

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considered alongside the holistic DSG funding issue. Schools Forum to agree (Primary and Secondary)

EXTRACT FROM DfE GUIDANCE

1. Subject to the paragraphs below, local authorities must not allocate money designated in the DSG settlement tables as schools block to items of spend other than budget shares for mainstream primary and secondary schools (excluding funding for nursery classes and for places reserved for pupils with special educational needs), or money retained centrally for growth in schools, as defined in paragraphs [4] to [7] of Schedule 2 to the School and Early Years Finance (England) Regulations 2020.
2. Local authorities may allocate up to 0.5% of money designated as school block to other items with the consent of the schools forum.
3. Local authorities must consult with all local maintained schools and academies if they propose to allocate schools block money to other items. The schools forum must take into account the outcome of that consultation before deciding whether to give their consent.
4. The local authority can apply to the Secretary of State for permission to allocate schools block money to other items if they do not secure the consent of the schools forum as above, or if they wish to allocate more of the schools block money to other items than would be permitted under point 2. In the case of the Secretary of State giving such permission, this may be for all or part of the sum requested by the local authority and may be given subject to conditions.

Early Years Funding

- 32 At the time of writing, we are still awaiting the Provisional Early Years Settlement. Early Years is always a complex area to determine as it is demand led and paid on 3 termly counts, yet funding is received on the two January count dates.
- 33 For the current year this process is more complex due to COVID. Early Years attendance numbers have been clearly down as a consequence of COVID, coupled with the DfE attempt at providing necessary protection to EY providers. The extract below from the DfE suggests that the autumn payment will be based on January 2020 and the Spring Payment on January 2021. (Normally Autumn and Spring would be on 2021). There remains an expectation that providers are funded on numbers had COVID not been in place! **Schools Forum to note a potential risk.**

Funding from the Department for Education (DfE) to local authorities in the autumn term 2020

The normal process for determining funding allocations for local authorities for the early years entitlements is to take an annual census count of the number of hours taken up by children in each local authority in January. This is the mid-point of the academic year and so balances the relatively lower numbers eligible for the free entitlements in the autumn term and the higher numbers in the summer term. This means that local authorities would in normal circumstances be paid for the autumn term 2020 based on the January 2021 census data.

We recognise that the number of children attending childcare may not have returned to normal levels by early January, when we take the January 2021 census. In light of the coronavirus (COVID-19) outbreak, the final funding allocation to local authorities for the 2020 autumn term will therefore exceptionally be based on their January 2020 census count

Funding from local authorities to early years providers in the autumn term 2020

From the start of the autumn term 2020, local authorities should continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus (COVID-19) outbreak. They should also continue to fund providers which have been advised to close, or left with no option but to close, due to public health reasons. Local authorities should not fund providers which are closed, without public health reason, from the start of the autumn term.

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The intention is to fund on the basis of 'as if autumn term 2020 were happening normally'. In order to do this, local authorities might, for example, use the numbers of children in places in the previous autumn to inform funding levels this autumn. This means that if a local authority is aware of particular changes in catchment demographics that would have impacted local demand (for example, a big increase in family housing in an area), they should take that into account. Local authorities should be transparent in the approach they take.

“Term Time Only” –review

- 34 Schools Forum will be aware that there is currently ongoing discussions on the subject of “term time only”. In a number of LAs, it was noted that an error in calculation has resulted in underpayment of holiday pay. Each LA is in a different stage of this discussion. Lewisham is currently in discussion with various partners including trade unions. Until the matter is concluded there remains a risk which may or may not have financial implications for schools. Schools Forum is asked to continue to note this risk and to agree to receive regular updates over the next series of meetings.

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