



Schools Forum

Report title: Dedicated Schools Grant 2021/22 – Final Announcement (including updates on supporting grants)

Date: 19th January 2021

Key decision: No.

Item number: 5

Outline and recommendations

This is the main report providing Schools forum with detailed update on the Dedicated Schools Grant (DSG) funding settlement for 2021/22 as announced by the Secretary of State for Education on the 17th December 2020. The report will also include a section on any updates to other grants announced as part of this notification.

The report will provide high level update including comparison to the 2020/21 DSG settlement and any updates to the grant methodology/application.

Due to the limited information available for the Early Years (EY) Block, there is no further supporting report. Schools forum is asked to approve the transfer of any marginal increase in the pass-through rate to contingency as defined in Table 7 and Table 4. Schools forum is also asked to note the difficulties arising from the uncertainty on the EY Block for both providers and the Local Authority

This report will be supported by a series of further reports providing more detail and local context as follows

- 1 *Schools Block –to consider and agree the Schools Funding Formula*
- 2 *High Needs Block*
- 3 *Central Schools Services Block, which will include reference to the Ex-Education Services Grant.*

Due to the integrated nature of this grant, a diagrammatical presentation will also support the documents to enable forum to appreciate the synergy of decisions sought for clarity.

Timeline of engagement and decision-making

This is the main report and provides an update on the funding settlement.

Supporting reports will include further details and where appropriate decision making with schools forum.

Summary

- 1 This report is primarily for information and provides highlevel information on the DSG 2021/22 funding settlement.
- 2 However, as mentioned above very limited information is available on Early Years, with marginal increases in funding for 3 & 4 year olds and 2 year olds. The application of these marginal increases is included in tables 7 and 8.

Background

- 3 At the meeting of the Schools Forum on 10th December 2020, Forum considered a report to 'agree the principles and approach to enable Lewisham to progress with work following the Financial Settlement due' from the Department for Education (DfE), which also noted that the Council was required to submit the agreed Local Schools Funding Formula to the DfE by 21st January 2021. This report progresses that work.
- 4 The Dedicated Schools Grant (known as the DSG) is the main source of funding for schools. The allocation in this report is the **gross value allocated to Lewisham**, which means that the actual physical "cash" receivable will be lower after any appropriate "top –slice" for example –academy recoupment, import/export adjustment for high needs places and the License and Subscriptions charges purchased from the DfE.
- 5 The DSG is further split into discreet funding blocks as outlined below:
 - Schools Block – main funding allocaiton to Schools and includes an element for the Growth Fund to support expansions and bulge class requirements.
 - Central School Services Block (CSSB) – Supports funding incurred by Local Authorities at the time of transfer in 2012/13. For this reason, funding between local authorities vary depending on the clasification of DSG funding priorities at that period of time. This grant has incurred significant reduction over the last two years totalling in the region of £1.5m
 - High Needs Block – Funding supports the provision of Special Education Needs including the cost of special schools.
 - Early Years (EY) Block – Funding to support the provision of services for young people 5 years or under.
- 6 Schools forum wil recall from the meeting in October 2020, that the 2021/22 DSG will include the streamlining of the Teachers' Pension and Pay grants (TPPG).
- 7 The notification from the Secretary of State does include some updates on other grants,

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

any such update has been incorporated in this report.

DSG Gross Allocation 2021/22

- 8 Table 1 below shows the gross (i.e before any recoupment or import/export adjustments) allocation for Lewisham

Table 1

	2021 to 2022 DSG allocations, before recoupment and deductions for direct funding of high needs places by Education and Skills Funding Agency (ESFA)				
	Schools block (£s)	Central school services block (£s)	High needs block (£s)	Early years block (£s)	Total DSG allocation (£s)
	[A]	[B]	[C]	[D]	[E]
					= [A] + [B] + [C] + [D]
2021/22	222.769	4.261	62.399	24.166	313.595
2020/21	212.135	4.645	55.586	23.914	296.279
Movement	10.634	-0.384	6.814	0.252	17.316

- 9 The table confirms funding for each sub block and its comparative figure for 2020/21. The following paragraphs will provide further details on each sub block. Of the overall increase of £17m, best part of £10m relates to streamlining for the TPPG.

Schools Block 2021/22

- 10 Table 2 below shows the detailed calculations that make up the Schools Block. Effectively the sub components are pupil led funding, premises related funding and funding to support growth.
- 11 The table confirms based on the National Funding Formula, that the funding for Primary age pupils is £5,461.72 and £7,370.79 for secondary age pupils. It should be noted that this is the basis Lewisham receives funding not the value receivable by the school. In addition, £7.268m is received for premises related factors and £0.720m for growth fund.
- 12 The pupil led funding now incorporates the TPPG, so this is not new money, merely a streamlining of existing grants. The total allocation for the TPPG is £9.064m, this is lower than the amount receivable in the financial year 2020/21 £9.995m. This is partially a consequence of pupil numbers, change in method of distribution and post 16 numbers.
- 13 A couple of anomalies have been noted in the settlement and are being referred to the

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

DfE. The numbers are not material per se, however, for accuracy a query has been raised. Funding is based on 24,000 primary numbers and 11,356 secondary numbers, yet the Authority Proforma Tool (APT) notes slightly higher numbers at 24,005 and 11,359.

Table 2

	Primary schools unit of funding (£s)	Secondary schools unit of funding (£s)	Number of pupils in primary schools	Number of pupils in secondary schools	Pupil Led Funding	Funding through the premises factor (£s)	Growth funding (£s)	Total schools block (£s)
	A	B	C	D	E	F	G	H
2021/22	5,461.72	7,370.79	24,000	11,356	£214,781,240	7,267,832	719,878	222,768,952
2020/21	5,125.27	6,859.10	24,635	11,330	£203,968,637	7,203,886	787,087	212,134,697
Price	£336.45	£511.69	5,125.27	6,859.10		63,946		
Volume	24,000	11,356	-635	27				
Total	£8,074,632	£5,810,752	-£3,254,546	£181,766	£10,812,603	63,946	-67,209	10,634,255

Gross Increase	5.01%
Teachers' Pension and Pay award Grants	9,063,769
Net Increase	1,570,486
	0.74%

- 14 The table below (table 3) shows the per pupil funding ranked in order of highest level of funding. The extract is for inner London. Lewisham is the 11th highest funded for Primary and the 9th for Secondary schools. It should be noted that inner London is also the highest in the country.

Table 3

Funding per pupil for 2021/22 and by RANK

		Primary	Primary Rank	Secondary	Secondary Rank
202	Camden	£5,810.98	5	£7,534.37	7
203	Greenwich	£5,330.67	12	£7,334.51	11
204	Hackney	£6,356.11	2	£8,501.48	1
205	Hammersmith and Fulham	£5,623.17	9	£7,597.57	6
206	Islington	£5,717.05	8	£7,628.94	5
207	Kensington and Chelsea	£5,796.82	7	£7,339.90	10
208	Lambeth	£5,893.62	4	£8,004.63	4
209	Lewisham	£5,461.72	11	£7,370.79	9
210	Southwark	£5,970.45	3	£8,369.95	3
211	Tower Hamlets	£6,371.20	1	£8,482.73	2
212	Wandsworth	£5,467.71	10	£6,993.22	12
213	Westminster	£5,797.66	6	£7,433.29	8

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Central School Services Block (CSSB)

- 15 The CSSB is made up of two components, the first is based on historic spend basis, which will vary for each Local Authority dependant on their local priorities as at 2012/13. The second part of this is driven by a formula and mainly supports funding that was previously included in the former Education Services Grant.

Table 4

Central Services To Schools Block								
	CSSB unit of funding (£s)	2020 to 2021 TP er cont funding for centrally employed teachers	2020 to 2021 CSSB pupil count	Additional unit of funding for centrally employed teachers	Final CSSB unit of funding	2021 to 2022 CSSB pupil count	Funding for historic commitments (£s)	Total central school services block (£s)
	A	B	C	D	E	F	G	H
					A+D			
2021/22	43.80	180,666.605	35,964.00	5.11	48.91	35,356	2,531,768	4,261,006
2020/21	41.15	183,857.00	35,964.00		41.15	35,964	3,164,710	4,828,486
Movement	2.65	-3,190.39			7.76	-609	-632,942	-567,480
							Funding for Historic commitments	-632,942
							Uplift of £2.65	93,692
							Reduction in pupil numbers	-25,040
							centrally employed teachers	-3,190

- 16 The table confirms
- Small increase in the formula element of £2.65 per pupil unit offset by reduction in pupil numbers (net increase of £68,652).
 - A further reduction of £632,942 in the historic budgets. Schools forum will recall that the CSSB historic budgets element already suffered a reduction of £775k in 2020/21. So over a two year period, this has now reduced the funding level by £1.4m

High Needs Block

- 17 Table 5 below shows the detailed reconciliation for the High Needs Block. In recognition of the pressures facing high needs, the Government has increased funding to Local Authorities to support high needs. The position for Lewisham is an overall **net increase of £5.987m**. Relative to the 2020/21 allocation of £55.585m this represents an 11% increase. Partially driven by an increase of 285 funded pupils.
- 18 The TPPG is also now streamlined into the High Needs Block at a rate of £660 per pupil. Total funding for TPPG in 2020/21 is £669k and is assumed to be matched.

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Table 5

	Total high needs elements in the funding floor and gains calculation	Basic entitlement factor (area cost adjusted) unit of funding (£s)	Number of pupils in special schools and academies	Import/export adjustment (based on January 2020 school census and February R06 2019 to 20 individualised learner record) (£s)	Additional Funding for Special Free Schools (£s)	Hospital education, AP teachers' pay/pension and supplementary funding factor	Total high needs block before deductions (£s)	deductions	Net of Deductions
2021/22	59,005,484	5,628	930	-2,208,000	0	370,381	62,399,054	-574,000.00	61,825,054
2020/21	54,677,621	4,831	645	-2,208,000	0	183,856	55,585,526	-600,668.00	55,168,714
Movement	4,327,863	797	285	0	0	186,525	6,813,528	26,668	6,656,340

Variations

increase in Basic Entitlement	£514,130
increase in pupil led funding	£1,601,155
increase in floors/gains	£4,327,863
Hospital education, AP teachers' pay/pension and supplementary funding factor	£186,525
HNB deductions	£26,668
Gross Increase in Funding	£6,656,340
Teachers Pay and Pensions Grant	-£668,898
Net Increase in Funding	£5,987,442

Early Years Block

- 19 Table 6 below shows the detail for the EY block. The funding is PROVISIONAL as each year but more so this year.
- 20 For this reason a greater risk is apparent. The main reason being the impact of Covid on pupil numbers and lack of policy direction as a consequence from the DfE. At the time of writing, we are still not clear on
- TPPG – currently (2020/21) this totals £56k across both the nursery schools.
 - Supplementary Factor – the DfE guidance states that the supplementary funding is

“For 2021 to 2022, part of the supplementary funding allocations are published as indicative, and part as conditional. The allocations for April 2021 to August 2021 are indicative and will be updated on the same basis as the universal entitlements (more information on funding arrangements in this period will follow). That is the only adjustment that will be made to those figures. However, the maintained nursery school supplementary funding allocations for September 2021 to March 2022 are conditional: they may be subject to change and local authorities should therefore treat them as unconfirmed.”

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- Covid and what this means in terms of pupil number assumptions and therefore funding.

Table 6

Early Years Block

	3& 4 year old Hourly Rates	3 and 4 year old Universal (part time)	indicative funding 3&4 -Universal	3 &4 year old additional hours	Indicative Funding for Additional Hours	2 year old Hourly rate	2 year old PTE	Indicative Funding 2 year old	Indicative Pupil Premium	DAF	Indicative and conditional Supplementary Funding	Total early years block (£s)
2021/22	£5.76	4,497.5	£14,766,192	1,742.62	£5,721,370	£6.66	806.8	£3,062,775	£75,988	£91,635	£447,929	£24,165,889
2020/21	£5.70	4,497.5	£14,612,378	1,742.62	£5,661,773	£6.58	806.8	£3,025,985	£75,988	£89,790	£447,929	£23,913,843
Movement	£0.06	0	£153,814	0	£59,597	£0.08	0	£36,790	£0	£1,845	£0	£252,046
	1%											
										Variances		
										3 and 4 year old hourly rate		£153,814
										3 and 4 year old hourly rate (additional 15 hours)		£59,597
										increase in 2 year old rate		£36,790
										DAF		£1,845
										Total Variance		£252,046

- 21 Caveats aside, there is a marginal increase in funding of 6p for 3&4 year old. This would equate to £34 per part time pupil. Similarly, 2 year old funding has also increased by a nominal 8p which equates to £45 per part time pupil.
- 22 Schools forum is asked to approve the distribution of the 3 and 4 year old funding in line with the table 7 below, which enables the 95% passthrough rate to be met and enables a prudent hold back of the 6p which equates in total to £213k, i.e. to contingency.

Table 7

Early Years Funding -Local Distribution							
		2020/21		%	2021/22		£
3 and 4 Year Old Funding							Indicative Allocation
	Hourly Rates	£5.00			£5.00		£17,784,342
	Deprivation	£0.21	£5.42	95%	£0.21	95%	£746,942
	Inclusion Fund	£0.16			£0.16		£551,315
	Contingency	£0.05			£0.11		£380,585
	Centrally Held	£0.29			£0.29		5%
	Total Hourly Rate	£5.70	£5.70		£5.76		£20,487,562

- 23 Schools forum is asked to approve the allocation of the additional 8p for 2 year olds as outlined below in table 8

Table 8

2 Year Old Funding		2020/21	2021/22	2021/22 Indicative Allocation

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

	Hourly Rate	£6.00	£6.00	£2,759,256
	Inclusion Fund	£0.45	0.51	£233,709
	Contingency (drift)	£0.13	0.15	£69,809
	Total	£6.58	£6.66	£3,062,774

Other Grants

- 24 **Pupil premium** The pupil premium will continue in the 2021 to 2022 financial year. Funding rates for the Pupil Premium in financial year 2021 to 2022 will stay the same as for 2020 to 2021. For 2021/22, October 2020 school census data will be used to allocate the pupil premium. Further information is due soon.
- 25 **Schools forum to note the change in count dates. Currently Pupil Premium is based on January Census dates. It is not clear what (if any) impact there will be on an individual schools' allocation. At this stage, it is not clear if there will be any transitional support should there be any significant changes in arising from change in methodology.**

Teachers Pay and Pensions Grant

- 26 As previously advised both the grants will cease and streamline into the DSG from 2020/21.

Any other Grants

- 27 Information about other grants for 2021 to 2022 will be issued during 2021. We have previously been advised that the year 7 catch up grant has now ceased. We understand this still to be the case, but will provide any further updates as necessary.

Financial implications

- 28 There are no direct financial implications arising from this report as the report is providing factual information of the Lewisham funding allocation.
- 29 Subsequent reports follow the same stance of providing factual information.
- 30 These remain challenging times for Local Authorities and schools. For example, uncertainty on the Early Years Funding will result in concerns for maintained nursery schools and other early years providers. Equally, the reduction in funding to the services delivered by the Council will also have an impact on the support that can be provided.
- 31 The main area of concern will remain the High Needs Block and the duty placed on Local Authority to deliver on its statutory functions within the funding allocations.

Legal Comments

- 32 Regulation 10 of The School and Early Years Finance (England) (No. 2) Regulations 2018 requires local authorities before the beginning of the funding period and after consultation to decide on the formula used to determine school's budget shares. The local authority is required to submit its funding formula to the Department for Education

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

by the 21st January 2021.

Equalities Impact

- 33 There are no direct equalities impact arising from this or associated reports. Depending on some decisions, for example those that impact on the High Needs Block Affordability, there could potentially be considerations on reviewing services to ensure spending is within the affordability. Should this be the case a more detailed report with the appropriate assessment of the equalities impacts would be undertaken.

Author –Mala Dadlani Group Finance Manager

Mala.dadlani@lewisham.gov.uk

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>