



## Schools Forum

**Report title: Dedicated Schools Grant 2022/23**

**Date:** 16<sup>th</sup> December 2021

**Key decision:** No.

**Item number:** 8

## Outline and recommendations

*The purpose of this report is to agree the principle and approach for the 2022/23 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.*

*Schools forum is further asked to approve the application of the increase in funding for EY as detailed in this report.*

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## Timeline of engagement and decision-making

At the time of writing, a partial Dedicated Schools Grant (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 21<sup>st</sup> January 2022. This will result in an incredibly short time for Officers to undertake detailed work - **Schools forum to note that this will mean that the lead in time will be reduced from 5 working days to 3 (potentially).**

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 20<sup>th</sup> - 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.

January meeting also – 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 we will provide further update on various risks including:-
  - High Needs Block
  - Early Years Funding
- 3 CSSB
- 4 Term Time Only

### Background

- 5 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** 2022 (primary and secondary).
- 6 The deadline for producing this information is very challenging as the financial settlement is unlikely to be known until around 22<sup>nd</sup> December 2021. 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**
- 7 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.**
- 8 Schools Forum will be aware that the APT modelling tool is provided by the DfE. The tool is largely a pre-populated data modelling tool.
- 9 Using the APT tool, the LA determines each school's budget share and associated Minimum Funding Guarantee (MFG). The MFG is based on overall affordability and is expected to be minimum 0.5% to a maximum 2% per pupil uplift (based on pupil led characteristics e.g AWPU, Free School Meals etc). **Subject to affordability we will aspire to as close to 2% as possible.**

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- 10 Once the APT is submitted it remains provisional until the DfE has undertaken validation and approved the submission for accuracy and compliance.
- 11 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.
- 12 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 to EY funding. The January report will provide update based on the funding settlement.
- 13 There is a legal requirement for all schools to be advised of their budget share by the end of February 2022. It is at this point schools will be formally advised of their delegated budget share.
- 14 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 2022/23

- 15 Schools forum was advised of the partial settlement for 2022/23 at their meeting in October 2020. It is anticipated that support for the National insurance 1.25% uplift will be in the form of a separate grant.

## Proposed application of the Schools Block

- 16 **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 \(Primary and Secondary\)](#)
- 17 **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

- 18 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.
- 19 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 2022/23 delegation are in line with the current de-delegation levels. It is proposed that de-delegation continues in line with current levels plus 2% uplift where indicated, and supports the following:
  - A Administration of Free School Meals (£60k plus 2%) = £61.2k
  - B Trade union and non-sickness supply scheme (Maternity Fund) (£1.122m plus 2%), = £1.14
  - C School Improvement – to support the work of the Lewisham Learning Partnership. (£300k). It should be noted that the School Improvement and Brokerage Grant is very likely to be reduced by 50% for 2022/23. The grant supports the central funded element of the Lewisham Learning Partnership. [Schools forum is asked to consider increasing the de-delegation to meet the shortfall or to agree to the reduction in service. Depending on the final pupil number information which drives the de-](#)

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delegation calculation, the value will be circa £4.70 per pupil. This translates to circa £1000 per a one form entry school. Schools forum is asked to refer to the attached consultation response which details our views on the cessation of the grant and provides information on the work currently undertaken by Lewisham Learning to support schools.

- 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, 2022/23 as agreed by Schools Forum in October 2021.

**Schools Forum to agree (Primary and Secondary)**

De-delegation Types	Current	Option 1	Option 2
Schools contingency	£557,604	£557,604	£557,604
Free school meals eligibility	£60,131	£61,333	£61,333
Licences/ subscriptions	£181,863	£181,863	£181,863
Staff costs supply cover	£1,127,500	£1,150,050	£1,150,050
Lewisham Learning	£300,000	£300,000	£450,000
uplift of 2%			
£ for £ to recoupment level			
shortfall from school improvement and brokerage grant			

**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, 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, with the increase in demand (activity/price), expenditure 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 can be 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:

Phase - EHCPs	Under 5s	Primary	Secondary	Post-secondary	Grand Total	Year on Year increases
FY17/18 Used As Base Line	42	831	769	537	2179	
FY18/19	24	889	821	626	2360	181
FY19/20	37	929	887	774	2627	267
FY20/21	74	1027	974	931	3006	379
FY 21/22	90	1036	1056	1057	3239	233
Increase on Baseline Numbers	48	205	287	520	1060	
Increase on Baseline %	76.2%	23.6%	26.7%	73.4%	38.0%	

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- 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 Detailed work is currently being undertaken to review the “soft close” position for the high needs overspend post-secondary transfer. The overspend is anticipated to be between £5m to £6m (allowing for growth in the later part of the year). This would increase the pressure from a current cumulative £4m to circa £9m /£10m
- 26 Whilst we note an increase in funding for 2022/23 (potentially £5m) this will not be sufficient to finance the overspend from 2021/22.
- 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 2022/23.
- 29 To enable this consideration it is proposed that two options are put to schools forum:-
- a. APT using full funding.
  - b. Impact of transfer of 0.5%.
- 30 Schools Forum will recall that in 2021/22, the funding was sufficient to meet the maximum 2% increase, with a residue of £1m.
- 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 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,

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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** We have now received further information on Early Years Funding. Overall the position is favourable with a 21p hourly rate increase in 2 year old funding and a 17p hourly rate increase in 3& 4 year old.

The table below shows the application of the increase across the current Lewisham Funding Formula:-

Schools Forum is asked to note and approve this application. Which notes 90% of the 2 year old funding being passported to providers (19p) and equally 15p of the 3 & 4 year old funding (87%)

	2021/22	2022/23			2021/22	2022/23		
	2 year old	2 year old	Movement	%	3 & 4 year old	3 & 4 year old	Movement	%
	Current	Proposed			Current	Proposed		
<b>2 YEAR OLD ENTITLEMENT</b>	£6.000	£6.190	<b>£0.190</b>	90%	£0.000	£0.000	£0.000	0.0%
3 & 4 YEAR OLD SUPPLEMENT	£0.000	£0.000	£0.000	0%	£0.000	£0.000	£0.000	0.0%
EARLY YEARS QUALITY AND SUFFICIENCY TEAM	£0.000	£0.000	£0.000	0%	£0.288	£0.297	£0.009	5.0%
EY DISABILITY ACCESS FUND	£0.000	£0.000	£0.000	0%	£0.000	£0.000	£0.000	0.0%
EY INCLUSION FUND	£0.508	£0.520	£0.012	6%	£0.155	£0.160	£0.005	2.7%
<b>3 &amp; 4 YEAR OLD ENTITLEMENT</b>	£0.000	£0.000	£0.000	0%	£5.000	£5.148	<b>£0.148</b>	86.8%
EYS: DEPRIVATION	£0.000	£0.000	£0.000	0%	£0.210	£0.216	£0.006	3.6%
EARLY YEARS PUPIL PREMIUM	£0.000	£0.000	£0.000	0%	£0.000	£0.000	£0.000	0.0%
EYS: CONTINGENCY	£0.152	£0.160	£0.008	4%	£0.107	£0.110	£0.003	1.9%
	<b>£6.660</b>	<b>£6.870</b>	<b>£0.210</b>	<b>100%</b>	<b>£5.760</b>	<b>£5.930</b>	<b>£0.170</b>	<b>100%</b>
Increases agreed		£0.210				£0.170		

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This means that the budget will be as follows:-

	2021/22	2022/23		
	Budget	Budget (assuming update)	Movement	% uplift
2 YEAR OLD ENTITLEMENT	£2,759,257	£2,846,632	£87,375	3%
3 & 4 YEAR OLD SUPPLEMENT	£447,929	£461,367	£13,438	3%
EARLY YEARS QUALITY AND SUFFICIENCY TEAM	£1,013,707	£1,054,611	£40,904	4%
EY DISABILITY ACCESS FUND	£91,635	£119,200	£27,565	30%
EY INCLUSION FUND	£785,024	£806,722	£21,698	3%
3 & 4 YEAR OLD ENTITLEMENT	£17,784,342	£18,309,227	£524,885	3%
EYS: DEPRIVATION	£746,942	£768,988	£22,046	3%
EARLY YEARS PUPIL PREMIUM	£75,988	£86,024	£10,036	13%
EYS: CONTINGENCY	£461,065	£465,398	£4,333	1%
<b>TOTAL FUNDING</b>	<b>£24,165,889</b>	<b>£24,918,169</b>	<b>£752,280</b>	

In addition there are also increases in:-

Early Years Pupil premium 7p from 53p to 60p (this is how LA's are funded, local method applies for local targeting of funding)

Disability Access Funding has increased from £615 to £800

Supplementary Factor 3.5%

Schools forum should further note that the above budgets will remain provisional until the EY data is cleansed; likely to be some point after June 2022. For this reason it remains imperative that a sound contingency figure is included in the budget setting process.

### Financial Implications

33 There are no direct financial implications arising from this report.

### Equalities Impact

34 There are no direct equalities implications arising from this report.

### Legal Implications

35 There are no direct legal implications arising from this report.

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