



Lewisham Schools Forum

Report title:

Dedicated schools grant (DSG) 2022/23 – Report 1 of 3 – Summary overview

Date: 20th January 2022

Key decision: No.

Outline and recommendations

This report is for mainly for information only and provides technical updates to schools forum on the DSG 2022/23 Settlement.

Supplementary Grant to support National Insurance – base information has been received for the supplementary grant, with more detailed information to be provided in the spring period. However, with regards High Needs Block (special school/provision), it appears the grant distribution will need to be a local decision. **Schools forum is asked to delegate this decision to the High Needs Working Group. Potential options could include for example, commissioned numbers.**

Accompanying report :

Report 2 – provides detailed information on Lewisham learning to support Lewisham’s request for an additional delegation level of £150k to support fall out of the school improvement and brokerage grant.

Report 3 – provides detailed costing and models for decision making by schools forum to submit to the DfE including formalising decision on £150k (report 2).

Timeline of engagement and decision-making

- *Mainly Information item*
- Schools forum to delegate the decision of distribution to High Needs Working Group for the HN element of the supplementary factor.

Purpose of report

1. On the 16th December 2021, the DfE confirmed the final DSG position for 2022/23. This basically builds on the provisional settlement announced in the summer – effectively updated for pupil data.
2. In addition, to the above, the Chancellor in his autumn statement, advised on additional targeted funding. This has been provisionally advised with further details on a school by school basis to be made in the spring of 2022.

Overall DSG position

3. Table 1 below shows the summary position for the DSG; this will be followed by further detailed explanation on the sub-elements of the DSG, with any local context where appropriate.

Table 1

	Schools block (£s)	Central school services block (£s)	High needs block (£s)	Early years block (£s)	Total DSG allocation (£s)
2022/23	221,069,111	3,693,443	67,608,028	24,119,201	316,489,783
2021/22	222,768,952	4,261,006	62,072,054	24,165,889	313,267,901
	-1,699,841	-567,563	5,535,974	-46,688	3,221,882

4. The table shows a net increase of £3.222m increase in funding. This is the gross funding position before any adjustments for academy recoupment, high needs place adjustments – which should in principle be net neutral (i.e. no impact). The early years block will remain provisional until the January 2022 & January 2023 pupil data cleansing process, as such we will not know the final position for the Early Years Block until summer 2023, which is in line with previous years.

Schools Block

Table 2

Overall summary	2021/22	2022/23	Variance	Pupil Number	Price variation on pupil numbers	Rates	Pfi
Growth Fund	£719,878	£460,550	-£259,328	-£259,328			
Premises	£7,267,832	£6,226,242	-£1,041,590			-£1,129,863	£88,273
Primary	£131,078,549	£128,192,499	-£2,886,051	-£5,442,604	£2,556,553		
Secondary	£83,702,691	£86,189,820	£2,487,128	£350,113	£2,137,016		
Total	£222,768,952	£221,069,111	-£1,699,841	-£5,351,819	£4,693,569	-£1,129,863	£88,273

5. Overall the Schools Block is lower relative to 2021/22. The reasons for this movement are a combination of factors which can be explained as follows

- Growth Fund – funding to support growth is allocated by comparison of super output area pupil movement. Overall the growth for Lewisham is predicted to be lower than last year which is reflected in the funding with an overall reduction of £259k
- Premises – the premises element is made up of several components including split sites, extraordinary factors (DfE agreed), rates and PFI factor. Split sites and extraordinary factor remain at the same level as 2021/22.
 - Rates is based on the 2021/22 figure (but should be adjusted for actual as this is funded £ for £.
 - The process for Rates, will also change this year, with the DfE undertaking a central billing approach alongside a top-slice process.
 - Private finance initiative (PFI) sees a inflation increase of 3.5%.
- Pupil led funding is based on the National funding formula which sees Lewisham per pupil funding for primary phase increase by £111.14 (2%) and £187.40 (2.5%) for secondary phase. However there is a large reduction of 997 (4.2%) pupil in primary schools offset by a small increase in secondary phase of 47 (0.4%) pupils. The reduction in pupil numbers is not unique to Lewisham with various councils (especially in London, suggesting the same). Nevertheless, this will continue to have pressure on schools budgets and how they adapt to supporting learning and teaching with falling rolls.

Table 3

Schools Block	Primary schools unit of funding (£s)	Secondary schools unit of funding (£s)	Number of pupils in primary schools	Number of pupils in secondary schools
2022/23	£5,572.86	£7,558.19	23,003.00	11,403.50
2021/22	£5,461.72	£7,370.79	23,999.50	11,356.00
Variance	£111.14	£187.40	-996.50	47.50
% increase in funding	2.0%	2.5%	-4.2%	0.4%

Central Schools Services Block (CSSB)

6. The CSSB has been confirmed per table 4 below. The £506k loss in funding is expected, with a further reduction now arising from the movement in pupil numbers on the

“ongoing” element of the funding £46k and a small reduction in price (£15k) (based on levelling). Total overall reduction is £567.563

Table 4

	CSSB unit of funding (£s)	CSSB pupil count	ongoing costs	Funding for historic commitments (£s)	Total central school services block (£s)
2022/23	£48.48	34,406.50	£1,668,027	£2,025,415	£3,693,443
2021/22	£48.91	35,355.50	£1,729,238	£2,531,768	£4,261,006
Variance	-0.43	-949.00	-£61,210	-£506,353	-£567,563
	-0.88%	-2.68%	-3.54%	-20.00%	-13.32%

Pupil	-£46,416
Price	-£14,795
Total	-£61,210

High Needs Block

7. Table 5 below shows the summarised position for the high needs block. The table confirms an increase of £5.5m. The associated explanation box shows the increase is made up of £3.8m uplift on the base (effectively the 8% increase in funding that is being advised in the press), followed by increases in price (£18k), pupil numbers (£670k) in our schools and uplift on the hospital element £16k. A key point to note here is that the pupil led funding is based on pupils in our special schools and units. As our mitigation strategy progresses towards more in house provision, funding should also improve which is a double benefit as costs would also reduce from in house provision.

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	Additional Funding for Special Free Schools (£s)	Hospital education, AP teachers' pay/pension and supplementary funding factor	Total high needs block before deductions (£s)
2022/23	£63,834,661.00	£5,644.95	1,049.00	-£2,541,000.00	£6,000.00	£386,814.00	£67,608,028.00
2021/22	£59,005,484.00	£5,627.96	929.50	-£2,541,000.00	£6,000.00	£370,381.00	£62,072,054.00
Variance	£4,829,177.00	£16.99	119.50	£0.00	£0.00	£16,433.00	£5,535,974.00
	7.6%	0.3%	11.4%			4.2%	8.2%

Pupil Numbers	£672,541.22
Price	£17,822.51
Total	£690,363.73

Explanation

Uplift on base	£4,829,177.00
Pupil number	£672,541.22
Price	£17,822.51
Hospital	£16,433.00
Total	£5,535,973.73

Early Years Funding

8. The Early Years funding settlement remains provisional until the January 2022 and January 2023 pupil data census has been finalised. The data used by the DfE for the below indicative settlement is using the 2021/22 estimated position.
9. There are various components to the Early Years Block, as such each area will be discussed separately.
10. In early December the DfE confirmed increases in funding for Early Years which is reflected in the provisional settlement. This included increase in hourly rates of 17p (per hour) for 3 and 4 year olds and an increase of 21p (per hour) for 2 year olds. Schools forum at its meeting of the 16th December, approved the distribution of the funding in compliance with the current local determination as shown in table 6 below. Key thing to note is that the increased funding is mainly targeted to support providers whilst continuing to build on support for inclusion fund. The Inclusion fund plays an important part in the Early Help /preventative strategy. Historically, funds held to support inclusion have been extremely low relative to other Local Authorities. Lewisham remains very lowly funded relative to other inner London councils which clearly has implications for both providers and central funding holdback.

Table 6 - distribution of increase in funding as agreed by schools forum.

	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		
2 YEAR OLD ENTITLEMENT	£6.000	£6.190	£0.190	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%
3 & 4 YEAR OLD ENTITLEMENT	£0.000	£0.000	£0.000	0%	£5.000	£5.148	£0.148	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%
	£6.660	£6.870	£0.210	100%	£5.760	£5.930	£0.170	100%
Increases agreed		£0.210				£0.170		

11. Table 7 shows funding support for 3 and 4 year olds. The main point to note here is an increase of 17p per hour in funding. 17p typically equates to approximately £96.9 per 15 hour pupil. The overall funding level will be revised following census. Currently the data suggests an overall reduction of 45 part time equivalent which equates to 3%. DfE is forecasting nationally a reduction of 15%, which part way goes to explain the increase in the EY funding being recycled funds. In the main, funding should follow demand, to that extent the position should be cost neutral, however approximately 5% of funding is held back in line with government guidance to support central costs of facilitating the EY agenda.

Should there be a reduction in pupil numbers this will have a direct impact on central funding held.

Table 7

	Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)	Number for 3 and 4 year old universal entitlement funding (part-time equivalent)	Indicative funding allocation for universal entitlement for 3 and 4 year olds (£s)	Number for 3 and 4 year old additional 15 hours entitlement for eligible working parents (part-time equivalent)	Indicative funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£s)
2022/23	£5.93	4,499.83	£15,209,876.00	1,698.02	£5,739,478.00
2021/22	£5.76	4,497.50	£14,766,192.00	1,742.62	£5,721,370.00
Variance	£0.17	2.33	443,684.00	-44.60	18,108.00
	3%	0%	3%	-3%	0%

12. 2 year old funding. Table 8 shows the provisional settlement for 2 year old funding. Again, the main aspect to note is the increase in funding of 21p per hour. This equates to a total of £119.70. As before the distribution has been agreed with Schools Forum (see table 6 above). The provisional data suggests a reduction in 2 year old funding of 154 pupils.

Table 8

	Hourly rate for 2 year old entitlement (£ / hr)	Number for 2 year old entitlement funding (part-time equivalent)	Indicative funding allocation for 2 year old entitlement (£s)
2022/23	£6.87	653.00	£2,557,083
2021/22	£6.66	806.80	£3,062,775
Variance	0.21	-153.80	-£505,692
	3%	-24%	-20%

There are further sub-elements to the Early Years Block as shown in the table below. The update in early December also confirmed increases in EY pupil premium, DAF and supplementary funding (all be it a very marginal position for the supplementary factor). As with the remainder of this block, the final allocations will be driven by pupil number changes.

Table 9

	Indicative funding allocation for early years pupil premium (£s)	Funding allocation for disability access fund (£s)	Hourly rate for supplementary funding for maintained nursery schools (£ / hr)	Number for supplementary funding for maintained nursery schools (part-time equivalent)	Indicative supplementary funding allocation for maintained nursery schools (£s)	Total early years block (£s)
2022/23	£99,180	£105,600	£3.89	184	£407,984	£24,119,201
2021/22	£75,988	£91,635	£3.76	209	£447,929	£24,165,889
Variance	£23,192	£13,965	£0.13	-25	£-39,945	£-46,688
	23%	13%	3.47%	-11.96%	-10%	-0.2%

Autumn Review Additional Funding

13. The autumn 2021 spending review confirmed £1.6 billion funding for schools and high needs, for the 2022 to 2023 financial year. In the 2022 to 2023 financial year, schools will be allocated £1.2 billion of this additional funding, to provide support for the costs of the Health and Social Care Levy and wider costs. This funding will be allocated through the schools supplementary grant 2022 to 2023. We have yet to receive detailed information on school by school however we have been advised as follows:

- £6,211,008 for schools (not sure if this is just for 5 to 16 year olds)
- 2,632,908 for High Needs Block

14. Not clear if the above includes funding for nursery age provision and post 16 or if that is indeed additional. Logically it should be additional. The guidance suggests that this should equate to schools receiving circa increase of circa 2% to 3%-- this would mean that 1.25% circa is for the increased cost of National Insurance (social care levy), with the remainder for schools to target as they see appropriate. **School by school allocations will not be known until some point in the spring term.**

15. The schools supplementary grant will fund the following providers:

- maintained nursery schools
- primary and secondary maintained schools
- primary and secondary academies and free schools
- all through maintained schools
- all through academies
- 16 to 19 maintained schools
- 16 to 19 academies
- city technology colleges

16. The schools supplementary grant will only be payable to public sector employers. This means that further education colleges, sixth form colleges, independent learning providers, as well as private and voluntary sector early years providers will not be eligible to receive this funding. This therefore results in a potential unfunded risk as providers. We will need to ensure this is factored into any decision making especially around the high needs block.

17. The base per-pupil funding rate

- For early years provision in schools, and for maintained nursery schools, will be £24 per pupil.
- **Rates for 5 to 16 schools:**

The base funding rates for 5-16 schools will be:

- basic per-pupil rate of £97 for primary pupils
- basic per-pupil rate of £137 for key stage 3 pupils
- basic per-pupil rate of £155 for key stage 4 pupils
- lump sum of £3,680
- FSM6 per-pupil rate of £85 per eligible primary pupil
- FSM6 per-pupil rate of £124 per eligible secondary pupil
- **Rates for post-16**

The base per-student funding rate for 16-19 provision in schools, including 16 to 19 schools and academies, will be £35 per student.

18. With regards High Needs Block (special school/provision), it appears the grant distribution will need to be a local decision. **Schools forum is asked to delegate this decision to the High Needs Working Group. Potential options could include for example commissioned numbers.**

Next Steps

19. The next stage of this process will be to develop the Schools Funding Formula within affordability and agree that with schools forum at its meeting of the 20th January. The submission is required to the DfE by the 21st January. The general mandates have been agreed with schools forum at its meeting of the 16th December. LA's can set schools funding via the APT tool to a maximum of 2%.
20. **Report 2 and 3 provides further information for schools forum to support the submission process to the DfE.**

Financial Implications

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

Equalities Impact

22. There are no equalities implications arising from this report

Legal Implications

23. there are no direct legal implications arising from this report

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