

Report of the Director of Children and Families Services

Report to the Leeds Schools Forum

Subject: Dedicated Schools Grant 2022/23 – Budget Monitoring Month 5

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1 Summary of main issues

- 1.1 This report is to inform members of Schools Forum of the latest 2022/23 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of August 2022.
- 1.2 This report projects an in year underspend of £1.597m. This is largely made up of underspends in the high needs block with minor variations in the other blocks.
- 1.3 Schools Forum agreed to a transfer of £3.127m from the schools block to the high needs block in 2022/23.
- 1.4 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Projected Expenditure £000	Variance £000
Schools Block	(323,757)	323,460	(297)
Early Years Block	(58,247)	58,261	14
High Needs Block	(103,957)	102,646	(1,311)
Central Schools Services Block	(5,138)	5,135	(3)
Total In Year Overspend	(491,099)	489,502	(1,597)
Deficit b/fwd from 2021/22			979
Projected surplus at 31/3/23			(618)

2 Schools Block

- 2.1 The majority of the Schools Block is allocated to primary and secondary schools (ISB), with smaller amounts for de-delegated services and the growth fund. These budgets are subject to fluctuations in expenditure throughout the year. The projected costs and variances are summarised below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(324,960)	(323,103)	1,857
Funding From Reserves	(229)	0	229
Individual Schools Budget	318,127	316,031	(2,096)
Growth Fund	1,910	1,623	(287)
	<u>(5,152)</u>	<u>(5,449)</u>	<u>(297)</u>
De-delegated budgets	5,152	5,138	(14)

(note: a bracketed figure is an underspend and a positive figure an overspend)

- 2.2 When a school becomes an academy, funding payments are made directly by the Education and Skills Funding Agency (ESFA). For Leeds City Council this means that there is a reduction in grant income which is largely matched by reduced expenditure. There is no longer a benefit to local authorities on NNDR in respect of schools which have converted to academies during 2022/23.
- 2.3 As reported in the 2021/22 outturn report in June, it was expected that there would be a technical funding adjustment by the ESFA which was added to the funding available to schools in 2022/23. That adjustment was delayed and has now been received in 2022/23.
- 2.4 Overall, de-delegated services budgets are currently projected to be underspent by £14k. There is a projected overspend of £221k on maternity and suspended employees pay which is offset by a projected underspend of £249k on the contingency. There are minor variances on other budgets which total £14k.
- 2.5 Current projections on growth fund show an underspend of £287k compared to the budget set in January.

3 Early Years Block

- 3.1 There is a high degree of uncertainty on the Early Years block for 2022/23, with projected costs and variances within the Early Years block are summarised below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(58,187)	(58,247)	(60)
FEEE 3 & 4 Year Olds	47,625	47,625	0
FEEE 2 Year Olds	7,450	7,450	0
SEN Inclusion Fund	487	670	183
Early Years Pupil Premium	618	618	0
Disability Access Fund	254	145	(109)
Early Years Centrally Retained	1,753	1,753	0
	0	14	14

(note: a bracketed figure is an underspend and a positive figure an overspend)

3.2 Early Years funding for 2021/22 was based on termly censuses, though for 2022/23 it reverts to being based on January 2022 and January 2023 censuses. The final funding in relation to 2021/22 has now been confirmed and has resulted in an additional £60k in 2022/23.

3.3 The hourly rate received in 2022/23 increased by 8p per hour for 2 year olds and 6p per hour for 3 and 4 year olds. The full increase for 2 year olds was passed onto providers. However for 3 and 4 year olds, the base rate has been increased to £4.78 per hour from £4.46 per hour in 2021/22. This means that £5.20 per hour is being utilised even though the funding received is only £5.12 per hour.

3.4 At this stage of the year, it is difficult to assess the full year effect of current activity and as a result at this stage, this block is largely expected to be on budget apart from an overspend on the SEN Inclusion Fund and an underspend on the Disability Access Fund. These variances reflect similar projected expenditure in previous years.

4 High Needs Block

4.1 The projected costs and variances within the High Needs Block are summarised in the table below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(103,981)	(103,957)	24
Funding From Reserves	0	0	0
Funding Passported to Institutions			
- SILC and Resource Provision Places	13,738	13,842	104
- Out of Area and residential placements	13,360	14,161	801
- Alternative Provision (including AIP's)	5,056	5,056	0
- SEN Top-ups to Institutions	56,127	56,899	772
- Mainstream additional places (£6k blocks)	3,231	3,634	403
- Increase in Special School places	2,647	1,000	(1,647)

- Education provision for mental health beds	100	100	0
- Contingency	947	0	(947)
Commissioned Services			
- Hospital & Home Tuition	2,441	2,441	0
- PD & Medical Service	97	97	0
Children's Services			
- Autism support (STARS)	507	473	(34)
- Children missing out on education	468	468	0
- Management of high needs services	234	234	0
- SEN adaptations	229	229	0
- SEN Inclusion Team	1,337	1,306	(31)
- Sensory Service	2,304	2,048	(256)
- Invest to Save budget	600	100	(500)
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	0	(1,311)	(1,311)

(note: a bracketed figure is an underspend and a positive figure an overspend)

- 4.2 As detailed in the table above, there is a projected underspend of £1,311k on the High Needs Block. The budget and projection figures above are after the utilisation of the supplementary high needs funding reported to Schools Forum in July. These projections are also following the transfer of £3,127k from the schools block to the high needs block. If this had not been agreed, the high needs block would have been £1,816k overspent.
- 4.3 DSG income due is £24k less than budgeted following a minor change in the import / export element of the funding calculation.
- 4.4 Previous reporting identified a significant rise in the requests for new assessments. The Leeds SEN2 return to the DFE reported that the number of children and young people with EHC plans has increased from 4689 to 5005 (an increase of 6.7%) at January 2022. This is a consistent long-term trend since 2013, mirrored by national and comparators. During the pandemic period we are continuing to deliver our statutory roles with some adjustments to service. There have been fluctuations in the rate of requests related to the general closure of schools. Whilst requests have reduced slightly during lockdown periods they have then returned and increased on each re-opening. We are therefore now anticipating an even greater number of requests than previously projected.
- 4.5 DFE national data shows that at the present time the capacity of LA SEND teams across the country remains stretched, with case work high, and expected to rise, both in terms of requests for new assessments and re-assessment of need. This is due to the fact that many children are returning to school with even greater difficulties and gaps in learning or presenting with significant social, emotional and mental health needs requiring support. It is too early to give clear projections of the impact of COVID on the rise in requests for new assessment; however, our previous estimates of requests being doubled by 2025 to over 7,000 children may now be an underestimation despite work being undertaken to support at an earlier intervention level.

- 4.6 National statistics indicate that around 50% of learners with an EHCP then move into specialist provision. At the present time we are working to develop specialist resourced bases in mainstream schools for specific areas of identified need alongside the creation of a new generic special school. In addition we have also increased the capacity in our existing SILCs across the city to meet this demand. It must also be noted that even though we have a planned programme of developing additional provision across the city there will still remain the need to commission out of authority places for those learners with highly complex and individual needs that require a bespoke package.
- 4.7 Out of area and residential placements is currently projected to be £801k overspent based on 2021/22 activity. However this may change significantly as the impact of the placements required for the new academic year becomes clearer.
- 4.8 SEN top-ups to institutions is projected to be overspent by £772k. Within this, the largest increase is in top-ups paid to mainstream schools. This is largely due to more high needs pupils remaining in mainstream school due to a lack of suitable special school places available and an increase in need as described above.
- 4.9 Another impact of the increase in SEN top-ups to mainstream schools is that the budget for the additional £6k blocks paid to schools who have a higher number of SEN pupils than their notional SEN budget covers, is expected to be £403k overspent due to an increased number of SEN pupils within schools meeting the criteria for additional £6k blocks. Overall, this means that mainstream schools are projected to receive £6,144k more than in 2021/22.
- 4.10 There is expected to be a combined underspend in the services provided by Children and Families of £821k. This is a combination of vacant posts and delays in recruitment, especially on the newly created Invest to Save budget as no costs have been incurred to date.
- 4.11 At the start of the year, it was expected that there would be a need for extra specialist placements from September 2022. The majority of these costs are now shown within the overspends above (particularly mainstream) but there is still a projected cost of £1,000k in respect of pupils where funding is still to be agreed, largely on outside placements where costs generally take some time to come through.
- 4.12 As reported to Schools Forum in July, £947k of the 2022/23 high needs supplementary funding has not been utilised.

5 Central School Services Block

- 5.1 This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. CSSB is split into funding for historic commitments and funding for ongoing responsibilities.
- 5.2 The projected costs on this block are:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(5,138)	(5,138)	0
Historic Commitments	588	588	0
Ongoing Responsibilities	4,334	4,331	(3)
Centrally Employed Teachers Pension funding	216	216	0
	0	(3)	(3)

(note: a bracketed figure is an underspend and a positive figure an overspend)

5.3 The minor underspend is due to savings in the Admissions Service as a result of vacancies and delayed recruitment.

6 2020/21 Reserves

6.1 The table below shows the expected position as at 31st March 2023 as a result of all the variances detailed above.

	General £000	De-delegated £000	Total £000
Balance b/fwd from 2021/22	979	(1,098)	(119)
2022/23 Variances			
- Schools Block	(297)	(14)	(311)
- Early Years Block	14		14
- High Needs Block	(1,311)		(1,311)
- Central Schools Services Block	(3)		(3)
Balance c/fwd to 2023/24	(618)	(1,112)	(1,730)

6.2 The conditions of grant for the Dedicated Schools Grant requires that any local authority with an overall deficit on its DSG account at the end of 2021/22 financial year must be able to present a plan to the DfE for managing their future DSG spend. However as the DSG is currently projected to be in surplus, this is not currently required.

7 Recommendations

7.1 Schools Forum is requested to note the projected underspend on General DSG of £1,597k which will be added to the deficit on General DSG brought forward from 2021/22. This will make the current projected cumulative surplus of £618k with projected de-delegated surplus balances standing at £1,112k.