

Report of the Director of Children and Families Services

Report to the Leeds Schools Forum

Subject: Dedicated Schools Grant 2023/24 – Outturn Position

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1 Summary of main issues

- 1.1 This report is to inform members of Schools Forum of the outturn position on the Dedicated Schools Grant (DSG) for 2023/24.
- 1.2 This report shows an in year overspend of £1,795k, which represents 0.35% of the funding received. This is largely made up of overspends in the high needs block with underspends in the other blocks.
- 1.3 Schools Forum agreed to a transfer of £3.338m from the schools block to the high needs block in 2023/24.
- 1.4 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Actual Outturn £000	Variance £000
Schools Block	(337,487)	337,070	(417)
Early Years Block	(59,218)	57,530	(1,688)
High Needs Block	(117,504)	121,426	3,922
Central Schools Services Block	(5,106)	5,084	(22)
Total In Year Overspend	(519,315)	521,110	1,795
Surplus b/fwd from 2022/23			(7,060)
Surplus at 31/3/24			(5,265)

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	Outturn £000	Variance £000
DSG Income Due	(340,471)	(336,737)	3,734
Funding From Reserves	(750)	(750)	0
Individual Schools Budget	335,047	331,305	(3,742)
Growth Fund	980	571	(409)
	<u>(5,194)</u>	<u>(5,611)</u>	<u>(417)</u>
De-delegated budgets	5,694	4,703	(991)
Funding From Reserves	(500)	0	500
	<u>5,194</u>	<u>4,703</u>	<u>(491)</u>

(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.
- 2.3 Overall, de-delegated services budgets are currently projected to be underspent by £991k. This is largely made up of an underspend of £585k on contingency, £144k on maternity costs, £65k on employees suspended from school and there was additional de-delegated income of £134k due to the technical adjustments made when a school converts to an academy.
- 2.4 As a result of the underspend on contingency, the budgeted transfer of £500k from reserves was not required.
- 2.5 The final position on the growth fund was an underspend of £409k.

3 Early Years Block

- 3.1 There was a high degree of uncertainty on the Early Years block during 2023/24, with the actual costs and variances within the block summarised below:

	Budget £000	Outturn £000	Variance £000
DSG Income Due	(57,538)	(59,386)	(1,848)
EY Supplementary Grant deficit		168	168
FEEE 3 & 4 Year Olds	47,038	47,971	933
FEEE 2 Year Olds	7,303	6,282	(1,021)
SEN Inclusion Fund	467	734	267
Early Years Pupil Premium	606	581	(25)
Disability Access Fund	292	130	(162)
Early Years Centrally Retained	1,832	1,832	0
	0	(1,688)	(1,688)

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

- 3.2 The final funding adjustment in relation to 2022/23 has now been confirmed and has resulted in an additional £189k of income in 2023/24.
- 3.3 The hourly rate initially allocated in 2023/24 increased by 30p per hour for 2 year olds and 16p 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 £4.92 per hour from £4.78 per hour in 2022/23. This means that £5.36 per hour is being utilised even though the funding received is only £5.28 per hour.
- 3.4 In July 2023, the government announced an increase in early years funding rates from September 2023. The increases for Leeds were as follows:

	Original Rate	Revised Rate	Increase
2 Year Olds	£5.87	£7.78	£1.91 per hour
3 and 4 Year Olds	£5.28	£5.40	£0.12 per hour
Early Years Pupil Premium	£0.62	£0.66	£0.04 per hour
Disability Access Fund	£828.00	£881.00	£53.00 per year

- 3.5 Local authorities received a supplementary grant to fund the increased rates. Indicative allocations were received, though the final amount due to each local authority will be calculated on the same basis as the standard early years funding methodology, which is that it will be based on January 2024 early years census numbers. For Leeds, £2,058k was initially received, though the expected January 2024 early years census means the eligible grant is expected to be £1,826k.
- 3.6 There had been concerns that this approach could cause a financial pressure in 2023/24 as additional funding will be for 7/12ths of the year (58.33%) with payments made to providers are based on the number of school weeks in each term. For 2023/24, the autumn and spring term count for 25 out of 38 weeks (65.79%). This did materialise, with an overall shortfall of £168k. The conditions

of grant for this funding state that any overspend should be funded from the early years block. As a result, the overspend has been added into this block.

- 3.7 The January 2024 early years census is used to calculate funding due for 7 months of the year (September to March). These census totals are not expected to be confirmed by the ESFA until July / August 2024. Estimates have been made of the expected number, but if the final census numbers are different, any impact will be in 2024/25.

4 High Needs Block

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

	Budget £000	Outturn £000	Variance £000
DSG Income Due	(117,035)	(117,504)	(469)
Funding Passported to Institutions			
- SILC and Resource Provision Places	14,610	14,789	179
- Out of Area and residential placements	14,821	16,918	2,097
- Alternative Provision (including AIP's)	5,228	5,208	(20)
- SEN Top-ups to Institutions	67,631	69,846	2,215
- Mainstream additional places (£6k blocks)	5,225	6,108	883
- Additional high needs places	0	0	0
- Education provision for mental health beds	100	50	(50)
Commissioned Services			
- Hospital & Home Tuition	2,604	2,563	(41)
- PD & Medical Service	97	97	0
Children's Services			
- SEN Support Services	4,216	4,307	91
- Children missing out on education	482	454	(28)
- Management of high needs services	234	234	0
- SEN adaptations	229	181	(48)
- Invest to Save budget	1,000	113	(887)
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	0	3,922	3,922

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

- 4.2 As detailed in the table above, there was an overspend of £3,922k on the High Needs Block. These projections are also following the transfer of £3,338k from the schools block to the high needs block. If this had not been agreed, the high needs block would have been £7,260k overspent. As detailed in paragraph 4.8, increased funding due to mainstream settings compared to 2022/23 is projected to be £5,531k more than the block transfer.

- 4.3 DSG income due is £469k more than budgeted following a minor change in the import / export element of the funding calculation and changes to deductions for payments to academies and an adjustment in relation to the deduction of places for the new special free school that opened in September 2023. £121k of this increased income offsets part of the increase in resource provision places.
- 4.4 Out of area and residential placements was £2,097k overspent. This is as a result of an increase in the number of high needs pupils in external residential placements and unregulated placements. The education element of these placements is charged to the high needs block.
- 4.5 SEN top-ups to institutions was overspent by £2,215k. Within this, the largest increase is in top-ups paid to mainstream schools (£2,701k). This is largely due to more high needs pupils in mainstream schools.
- 4.6 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. To reflect the increase in high needs pupils in mainstream schools, the budget previously earmarked for additional high needs places has been moved to this budget. As a result, this budget was £883k 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 £8,869k more than in 2022/23 which is £5,531k more than the block transfer.
- 4.7 There was a combined underspend in the services provided by Children and Families of £872k. The majority of this is due to the Invest to Save budget which has largely not been spent during 2023/24.

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	(5,106)	(5,106)	0
Historic Commitments	515	515	0
Ongoing Responsibilities	4,591	4,569	(22)
	<u>0</u>	<u>(22)</u>	<u>(22)</u>

(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.

6 2023/24 Reserves

6.1 The table below shows the position as at 31st March 2024 as a result of all the variances detailed above.

	General £000	De-delegated £000	Total £000
Balance b/fwd from 2022/23	(7,060)	(1,950)	(9,010)
Refund of de-delegated reserves		1,250	1,250
2023/24 Variances			
- Schools Block	(417)	(491)	(908)
- Early Years Block	(1,688)		(1,688)
- High Needs Block	3,922		3,922
- Central Schools Services Block	(22)		(22)
Balance c/fwd to 2024/25	(5,265)	(1,191)	(6,456)

6.2 As previously reported to Schools Forum, a refund totalling £1,250k has been made to all schools that contributed to the de-delegated surplus at the end of 2022/23. There is currently a surplus balance of £1,191k on de-delegated reserves, of which £500k is required to fund the de-delegated contingency budget in 2024/25. This leaves an unallocated balance of £691k. It is proposed that £400k of this balance is refunded back to schools pro-rata to the amount of income contributed to these services.

6.3 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 2023/24 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 overspend on General DSG of £1,795k which will be taken off the surplus on General DSG brought forward from 2022/23. This will make the current cumulative surplus of £5,265k with projected de-delegated surplus balances standing at £1,191k.