

Report of the Director of Children and Families Services

Report to the Leeds Schools Forum

Subject: Dedicated Schools Grant 2024/25 – Budget Monitoring Month 5

Report Authors:

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1 Summary of main issues

- 1.1 This report is to inform members of Schools Forum of the latest 2024/25 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of August 2024.
- 1.2 This report projects an in year overspend of £15,142k, which represents 2.73% of the estimated funding. This is largely made up of overspends in the high needs block with minor variations in the other blocks.
- 1.3 Schools Forum agreed to a transfer of £3.540m from the schools block to the high needs block in 2024/25.
- 1.4 Overall, the variation on general DSG is analysed as follows:

| | Estimated Funding £000 | Projected Expenditure £000 | Variance £000 |
|-------------------------------------|------------------------------|----------------------------------|------------------|
| Schools Block | (341,218) | 341,212 | (6) |
| Early Years Block | (80,990) | 80,877 | (113) |
| High Needs Block | (127,821) | 143,094 | 15,273 |
| Central Schools Services Block | (5,125) | 5,113 | (12) |
| Total In Year Overspend | (555,154) | 570,296 | 15,142 |
| Surplus b/fwd from 2023/24 | | | (5,265) |
| Budgeted use of reserves | | | 3,500 |
| Projected deficit at 31/3/25 | | | 13,377 |

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

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 | (347,023) | (338,936) | 8.087 |
| Funding From Reserves | (2,282) | (2,282) | 0 |
| Individual Schools Budget | 341,966 | 333,873 | (8,093) |
| Growth Fund | 1,510 | 1,510 | 0 |
| | (5,829) | (5,835) | (6) |
| De-delegated budgets | 5,829 | 5,556 | (273) |

(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 £273k. There is a projected underspend of £100k on contingency and additional de-delegated income due to the technical adjustments made when a school converts to an academy.
- 2.4 Current projections on growth fund show no variance from the budget set in January.

3 Early Years Block

- 3.1 At this early stage in the year, there is a high degree of uncertainty on the Early Years block for 2024/25, with projected costs and variances within the block summarised below:

| | Budget £000 | Projection £000 | Variance £000 |
|----------------------|----------------|--------------------|------------------|
| DSG Income Due | (80,877) | (80,990) | (113) |
| FEEE 3 & 4 Year Olds | 50,483 | 50,483 | 0 |
| FEEE 2 Year Olds | 19,623 | 19,623 | 0 |
| FEEE Under 2's | 5,195 | 5,195 | 0 |
| SEN Inclusion Fund | 1,123 | 1,123 | 0 |

| | | | |
|--------------------------------|----------|--------------|--------------|
| Early Years Pupil Premium | 1,098 | 1,098 | 0 |
| Disability Access Fund | 511 | 511 | 0 |
| Early Years Centrally Retained | 2,844 | 2,844 | 0 |
| | 0 | (113) | (113) |

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

3.2 The final funding adjustment in relation to 2023/24 has now been confirmed and has resulted in an additional £113k in 2024/25.

3.3 Based on activity in recent years, it is apparent that the way early years is funded creates a baseline underspend, part of this has been resolved by increasing the base rate for 3 and 4 year olds by 8p. This has continued into 2024/25.

3.4 Early years funding increased in 2024/25, with eligible working parents of 2 years olds able to access 15 hours of free childcare per week from April 2024 and from September 2024 eligible working parents of 9 months to 2 years old children also able to access 15 hours of free childcare per week.

3.5 As a result of these changes, the funding due to authorities for the early years block will be based on termly census rather than the January censuses that have been used in recent years. At the moment the results of the summer term census have not been announced. Added to the difficulties in projecting costs for children that have not been funded from this block in previous years, at this stage in the year it has been assumed that the in year activity will be on budget overall.

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 | (124,148) | (124,321) | (173) |
| Funding From Reserves | (3,500) | (3,500) | 0 |
| Funding Passported to Institutions | | | |
| - SILC and Resource Provision Places | 14,872 | 15,803 | 931 |
| - Out of Area and residential placements | 14,021 | 20,825 | 6,804 |
| - Alternative Provision (including AIP's) | 5,254 | 5,254 | 0 |
| - SEN Top-ups to Institutions | 79,887 | 82,816 | 2,929 |
| - Mainstream additional places (£6k blocks) | 8,597 | 9,279 | 682 |
| - Education provision for mental health beds | 100 | 100 | 0 |
| - In-year savings to be identified | (3,397) | 0 | 3,397 |
| Commissioned Services | | | |
| - Hospital & Home Tuition | 2,432 | 2,679 | 247 |
| - PD & Medical Service | 0 | 97 | 97 |

| | | | |
|---|----------|---------------|---------------|
| Children's Services | | | |
| - SEN Support Services | 4,242 | 4,646 | 404 |
| - Children missing out on education | 522 | 574 | 52 |
| - Management of high needs services | 331 | 234 | (97) |
| - SEN adaptations | 229 | 229 | 0 |
| Other items | | | |
| - Prudential borrowing for SEMH provision | 558 | 558 | 0 |
| | 0 | 15,273 | 15,273 |

(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 overspend of £15,273k on the High Needs Block. These projections are also following the transfer of £3,540k from the schools block to the high needs block. If this had not been agreed, the high needs block would have been £18,813k overspent.
- 4.3 DSG income due is £173k more than budgeted following a minor change in the import / export element of the funding calculation and changes to deductions for payments to academies. This figure may change very slightly in coming months.
- 4.4 Previous reporting identified a significant rise in the requests for new assessments. The Leeds SEN2 return to the DFE reported a 60%+ increase in the number of requests for EHC Assessments. This is due to both the longer-term trend of growing need in the community, as well as a significant number of referrals which were thought to have been delayed until schools returned after the pandemic and identified unmet need. The number of EHC Plans in total continues to increase, by over 15% in the last two years. This is a consistent long-term trend since 2013, mirrored by national comparators.
- 4.5 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.
- 4.6 Out of area and residential placements is currently projected to be £6,804k overspent. This is due to an increase in the number of high needs pupils in external residential and unregulated placements. The education element of these placements is charged to the high needs block. However this may change as the impact of the placements required for the new academic year becomes clearer.
- 4.7 SEN top-ups to institutions is projected to be overspent by £2,929k. Within this, the largest increase is in top-ups paid to mainstream schools (£2,308k). This is largely due to more high needs pupils in mainstream schools. This overspend is after the budget for mainstream top ups was increased by £9,514k (41%) compared to the 2023/24 budget.

- 4.8 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 £682k overspent due to an increased number of SEN pupils within schools meeting the current criteria for additional £6k blocks. This overspend is after the budget for additional £6k blocks was increased by £3,372k (65%) compared to the 2023/24 budget.
- 4.9 There is expected to be a combined overspend in the services provided by Children and Families of £359k. As a result of underspend in previous years, the budgets for SEN Support Services and Children Missing Education were reduced to reflect an estimated level of staff turnover which reduces costs. However, the turnover on these services has been less than expected. In addition, there has been an increased demand for provision to be made for pupils who are missing from education.
- 4.10 When the high needs budget was set, there was a target to identify savings of £-3,397k during the year. Although work is ongoing, any savings already identified have been outstripped by further increases in demand. Other ongoing areas of work are likely to generate savings in future years, but not in 2024/25.

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 | (5,125) | (5,125) | 0 |
| Historic Commitments | 515 | 515 | 0 |
| Ongoing Responsibilities | 4,610 | 4,598 | (12) |
| | 0 | (12) | (12) |

(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.
- 5.4 However, within the ongoing responsibilities element of the CSSB is a budget for ESFA central licences. As reported to Schools Forum in January 2024, this budget was set without final confirmation of the costs of the licences for 2024/25. Most of these licences have now been confirmed, though the Performing Rights Society Ltd. licence costs are still outstanding. At the moment, the assumption is that expenditure will match the budget available, though this is likely to change once the final licence cost is confirmed.

6 2024/25 Reserves

6.1 The table below shows the expected position as at 31st March 2025 as a result of all the variances detailed above.

| | General £000 | De-delegated £000 | Total £000 |
|----------------------------------|-----------------|----------------------|---------------|
| Balance b/fwd from 2023/24 | (5,265) | (1,191) | (6,456) |
| Use of reserves | 3,500 | 500 | 4,000 |
| Refund of de-delegated reserves | | 400 | 400 |
| 2024/25 Variances | | | |
| - Schools Block | (6) | (273) | (279) |
| - Early Years Block | (113) | | (113) |
| - High Needs Block | 15,273 | | 15,273 |
| - Central Schools Services Block | (12) | | (12) |
| Balance c/fwd to 2025/26 | 13,377 | (564) | 12,813 |

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

6.2 As previously reported to Schools Forum, a refund totalling £400k has been made to all schools that contributed to the de-delegated surplus at the end of 2023/24.

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 2024/25 financial year must be able to present a plan to the DfE for managing their future DSG spend. As the DSG is currently projected to be in deficit, this will be required and will be brought to a future Schools Forum meeting.

7 Other Funding Streams

7.1 In July 2024 it was announced by the government that teachers would receive a 5.5% pay rise. This is to be fully funded by the Core Schools Budget Grant (CSBG) which covers the period of September 2024 – March 2025, the first 7/12ths of the pay award. This is in addition to the existing grants relating to the 2023/24 teachers pay award and the increase in teachers pension contributions from April 2024.

7.2 These grants will be passed onto settings in line with the conditions of grant and are in addition to the Dedicated Schools Grant and so are not included within these projections. However, it is expected that these grants will be transferred into the DSG baseline from 2025/26 onwards.

8 Recommendations

8.1 Schools Forum is requested to note the projected overspend on General DSG of £15,142k which will be taken off the surplus on General DSG brought forward from 2023/24. This will make the current projected cumulative deficit £13,377k with projected de-delegated surplus balances standing at £564k.