

LEEDS SCHOOL FORUM

Meeting to be held on
Thursday, 6th October, 2022 at 4.30 pm

MEMBERSHIP

Peter McQuillen Strong, J. Leeds Catholic Diocese
Maria Williams, E. Academy Reps - Brigshaw High School
Gavin Hosford, E. Academy Reps - Green Meadows
Rachel Colbourn, E. Academy Reps - Bramhope Primary
Andrew Neal, A. Primary Governor - Adel St John Primary
Jatinder Ubhi, A. Primary Governor - Swarcliffe Primary
Dave Kagai, A. Primary Governors - St Nicholas Primary
Sarah Talbot, E. Academy Reps - East Ardsley Primary
John Garvani (LSF), A. Primary Governors - Broadgate Primary School
John Hutchinson, B. Primary Heads - St Theresa's Catholic Primary
Claire Harrison, B. Primary Heads - Wetherby Deighton Gates Primary
Peter Harris, B. Primary Heads - Farsley Farfield Primary
Julie Harkness, B. Primary Heads - Carr Manor Community school - Primary Phase
Emma Wraight, B. Primary Heads - Fieldhead Carr Primary
David Webster, C. Secondary Governors - Pudsey Grammar
Delia Martin, D. Secondary Heads - Benton Park
David Gurney, E. Academy Reps - Cockburn School
Rob Dixon, E. Academy Rep, Pudsey Waterloo Primary
Neil Miley, E. Academy Reps - Dixons Academy
John Thorne, E. Academy Reps - St Mary's Academy Menston
Joe Barton, E. Academy Reps - Woodkirk Academy
Russell Trigg, F. Governor East SILC
Mary Ruggles, H. Academy Specialist Provision - Springwell Academy
Diane Reynard, I. Special School Principal - East / NW SILC - SILC Principals
Helen Gration, J. Non School PVI - Nursery Provider
Angela Hynes, J. Non School PVI - Nursery Provider
Patrick Murphy, J. Non School - Schools JCC
Dan Cohen (Leeds School Forum), J. Jewish Faith Schools

A G E N D A

Item No	Title	Lead	Time	Purpose
1.	APOLOGIES	Chair	16:30	For information
2.	SCHOOLS FORUM MEMBERSHIP	Chair	16:35	For decision
3.	MINUTES OF PREVIOUS MEETING <i>3 - 12</i>	Chair	16:45	For decision
4.	MATTERS ARISING	Chair	16:50	For information
5.	DSG MEDIUM TERM FINANCIAL PLAN 2023-24 <i>13 - 20</i>	Lucie McAulay	16:55	For information
6.	DSG BUDGET MONITORING 2022-23 <i>21 - 26</i>	Lucie McAulay	17:20	For information
7.	SCHOOL FUNDING UPDATE 2023-24 <i>27 - 32</i>	Lucie McAulay	17:45	For information
8.	THE VINE DISAPPLICATION REQUEST <i>33 - 34</i>	Louise Hornsey	18:05	For decision
9.	ANY OTHER BUSINESS	Chair	18:20	For information
10.	MEETING DATES FOR 22-23 AND FORWARD PLAN <i>35 - 36</i>	Chair	18:25	For information
11.	CLOSE		18:30	

Leeds Schools Forum

Microsoft Teams Meeting
Thursday 23rd June 2022 at 16:30

Membership (Apologies in Italics)	
GOVERNORS	HEADTEACHERS
Primary (6 seats)	Primary (6 seats)
<i>Sue Tuck</i> Ireland Wood	John Hutchinson St Theresa's Catholic Primary
<i>David Kagai</i> St Nicholas	<i>Helen Stott</i> Allerton C of E Primary
<i>John Garvani</i> Broadgate	Peter Harris Farsley Farfield Primary
<i>Jatinder Ubhi</i> Swarcliffe Primary	Julie Harkness Carr Manor Community School
<i>Andrew Neal</i> Adel St John's Primary	<i>Emma Wraight</i> Fieldhead Carr Primary
	Jo Smithson Greenhill Primary
Secondary (2 seats)	Secondary (2 seats)
<i>Barbara Trayer</i> Allerton Grange	Delia Martin Benton Park
<i>David Webster</i> Pudsey Grammar	
Special (1 seat)	Special (1 seat)
Russell Trigg East SILC, John Jamieson	Diane Reynard East SILC
Non School	Academies – Mainstream (10 seats)
<i>Angela Hynes</i> PVI Providers	David Gurney Cockburn School
<i>Helen Gration</i> PVI Providers	Neil Miley Dixons Academy
<i>Patrick Murphy</i> Schools JCC	John Thorne St Mary's Academy Menston
<i>Louise Turner</i> 16-19 Providers	<i>Joe Barton</i> Woodkirk Academy
<i>Dan Cohen</i> Jewish Faith Schools	Rob Dixon Cockburn School
<i>Peter McQuillen-Strong</i> Catholic Diocese	Gavin Hosford Green Meadow
	<i>Rachel Colbourn</i> Bramhope Primary
	<i>Sarah Talbot</i> East Ardsley
	<i>Maria Williams</i> Brigshaw
	<i>High</i>
	<i>Kate Burton</i> Alder Tree Primary
Officers	
Tim Pouncey, Chief Officer Strategy & Resources	Academy – Special School (1 seat)
Louise Hornsey, Head of Service, Finance	Mary Ruggles Springwell Leeds North
<i>Shaheen Myers, Deputy Director Learning</i>	
Lucie McAulay, Head of Service, Finance	
Val Waite, Head of Learning Inclusion	Academy – Alternative Provision (1 seat)
<i>Shirley Maidens, Finance</i>	Vacancy
Elizabeth Jackson	
<i>Rebecca McCormack, Lead for Admissions & Family Information</i>	Jonathan Renton
<i>Michael Cole</i>	Louise Hornsey, Head of Finance
<i>Richard des Forges</i>	<i>Barbara Dostalov</i>
Claire Swift	<i>Lawrence Clark</i>
Liz Honeyman	

Item	Title	Actions
1.0 1.1	Welcome and Apologies The Chair welcomed everyone to the meeting. Apologies were noted and introductions made.	
2.0 2.1 2.2 2.3	Schools Forum Membership 16 terms due to end this summer. John Hutchinson is the New Director of Education Diocese in September 2022. Beginning already. Lucie McAulay to speak to Lesley when she gets back but membership for the academy alternative provision seat has out for election before and low on uptake. Due to expire at end of August	LM
3.0 3.1	Minutes of Previous Meeting The minutes of the previous meeting held on 17 th February 2022 were agreed as an accurate record of the meeting. 4.1 Liz was looking at what can be put in place with any surplus to support schools covering the cost of staff absence due to maternity. The conclusion is the only route is a Schools in Financial Difficulties (SIFD) bid and the school would need to be in deficit. 5.12 The graph has been circulated.	
4.0 4.1	Matters Arising 6.2 – Action will carry over to next meeting. <u>SILC funding review</u> Diane Reynard raised on behalf of SILC principle a query on the SILC funding review. In December 2021 they were invited to discuss the proposed funding model to increase funding per pupil. They were advised this would be considered and would be followed up. In May the proposed model was sent out via letter, but no further update has been given. Head teachers are concerned that they cannot set budgets when it is still a proposal. Tim Pouncey advised that he is confident the model will be approved and implemented. He apologised for the delay and explained that there has been uncertainty around the level of DSG and changes in projection of funding. The DfE guidance changes regularly. <u>Supplementary Grant</u> There is £4.147m funding but the guidance is unclear on what this is for and how this should be applied. Discussions have taken place with other Local Authorities in the region to try and establish a consistent approach. Understand that we need to give certainty to SILCS. Tim hopes to move quickly to provide this certainty. The current thinking is to increase the unit rate in mainstream schools and special schools. Mainstream would increase from £650 to £672 per unit and special from £684 to £708 per unit. A formal paper will be circulated.	LM TP

	<p>Peter Harris asked what role Schools Forum will play in the papers that are due. Tim advised that the Local Authority follow the Decision-Making process and Schools Forum is a good forum for consultation.</p> <p>Louise advised that the financial information for the Supplementary Funding report is ready for Children and Families to consider and make their recommendations. Peter Harris proposed a 1 item meeting before the end of term to discuss this. This was agreed.</p> <p>6.10 Lucie cover</p> <p>7.2 PH shared votes</p> <p>9.2 – Preference was to stay virtual.</p>	
<p>5.0</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>5.4</p> <p>5.5</p> <p>5.6</p>	<p>School and Extended Balances Outturn 2021-22</p> <ul style="list-style-type: none"> • Overall net surplus of £43.3m for maintained schools and extended schools. This is an increase of £4.6m compared to 2020/21. Schools’ balances have increased by £3.6m from a surplus of £33.5m at the end of 2020/21 to £37m at the end of 2021/22. • Although overall surplus of £37m, some schools are operating with deficit balances. The number of schools with deficit at end of 2021/22 was 21. • 12 schools have balances greater than 15% over three successive financial years. They are all primary schools and will be asked to complete an application if they wish to retain excess surplus balance. • The process for reviewing excess surplus balances (above 15% of funding) for Area Inclusion Partnerships (AIPs) is underway currently and meetings will be held with AIPs to discuss their end of year positions. Four AIPs are in a clawback position for 2021/22 and the evaluation of bids to retain the surplus is being carried out by the council <p>Jo raised question regarding surplus balances reducing to 8%. It was advised that this applies from this year going forward.</p> <p>Peter Harris – list of primary schools shows more than half of schools have balances over 8% so clear messages should be getting out there. This should be built into budget model and reiterated at autumn review. Schools expected to advise governors.</p> <p>John Hutchinson advised that he has discussed at meetings with Claire Swift regarding significant issues with recruitment. Fiscally aware of long-term budget projection.</p> <p>Patrick important this should be spent for children in school now. When we lobby or campaign for extra funding – no more effective argument if we are carrying surplus funding. We need to press for it to be used on the children.</p> <p>Individual school balances</p> <p>Balances for individual schools were circulated. This show balances at the end of 2021/22 in comparison to 2020/21. Schools are listed by phase with the highest percentage deficits first. Table gives analysis of school surplus and deficit balances.</p> <p>Details of Table 2 - Year end surplus and deficit balances for maintained schools within this report were given. It is noted that there is a reduction of 3 schools due to academy conversions, whose net balances were £447k surplus at the end of 2020/21.</p>	

	<p>In relation to surplus balances, in accordance with the rules set out in Leeds Scheme for Financing Schools there are 41 schools where the surplus balances are above 15% of the school budget share at the end 2021/22. A reduction of 12 from the end of 2020/21.</p> <p>12 primary schools where balances remained greater than 15% over three successive years. They will be asked to complete an application if they wish to retain balance. Application will be considered by the Schools Forum Panel before the final decision is made by Children & Families Directorate.</p> <p>Remaining 29 schools that have balances over 15% threshold not subject to clawback as the balance has not been over 15% for 3 consecutive years. Due to high number in this category, they haven't been asked to identify how surplus will be utilised.</p> <p>In terms of deficit balances:</p> <p>5.7 Although overall surplus of £37m for schools, there are several schools with deficits. The number has increased by 9 since the end of 2020/21, with a total of 21 schools (11.9%) carrying forward a deficit from 2021/22. Value of deficit balances has reduced by £0.9m during 2021/22, closing balances value of £2.96m.</p> <p>Of the 21 schools in deficit:</p> <ul style="list-style-type: none"> • 4 are below £10k • 10 are between £10k and £100k • 7 are between £100k and £700k <p>Although the number of deficits has increased, the overall total value has reduced. Of the 21 schools in deficit at the end of 2021/22, 8 have already set an overall surplus budget for 2022/23. Another of the schools converted to academy status on 1st June 2022. Of the remaining 12, 10 already have a deficit action plan in place from previous years and the cumulative total deficit reduced by £190k in 2021/22.</p> <p>5.8 PH concerned about autumn teacher pay and effect on school budgets as no additional funding has been made available.</p>	
<p>6.0</p> <p>6.1</p> <p>6.2</p>	<p>DSG OUTTURN 2021-22</p> <p>This report informs of 2021/22 outturn position on the Dedicated Schools Grant (DSG). Overall there is an underspend of £2.383m. This is made up of small underspends in the school's block and central school services block and a higher underspend in both the early years and high needs blocks. These are detailed in the report.</p> <p>Went through by each block:</p> <p>Schools block</p> <p>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. 2.2 explains when a school when 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 reduced expenditure, though overall there is an underspend as a result of recoupment adjustments on NNDR in respect of schools which have converted to academies during 2021/22. In addition, the ESFA have recently made us aware of an adjustment that will be processed on the value recouped from the</p>	

	<p>DSG to fund academies and free schools. This adjustment was due to be processed in 2021/22 but instead was delayed until 2022/23, so is no longer in the above totals. This amount has been added to the funding allocated to schools in 2022/23.</p> <p>Overall de-delegated services were underspent by £996k. The majority of this related to school's contingency and interventions, this amounts to £945k, free school meals amount to £65k and union duty £65k which is offset by an overspend of £133k on maternity pay and an overspend of £85k on employees suspended from schools. Small variances on de-delegated budgets come to a total of £17k.</p> <p>Additional income of £81k has been received due to the way de-delegated budgets are dealt with when a school becomes an academy.</p> <p>It is proposed that the underspend remains within DSG balances.</p>	
6.1	<p>Early years</p> <p>Overall, £1.394m underspend. As we reported previously a decision was made to increase the base hourly rate paid to providers for 3 and 4 year olds, this means £5.20 per hour is being utilised, even though funding received is £5.12 per hour. The base rate paid to providers for 3 and 4 year olds has increased to £4.78 per hour from £4.46 per hour in 2021/22.</p> <p>Spending within this block will be closely monitored due to risk that this approach may lead to an overspend.</p>	
6.2	<p>Tim advised that in February there had been talks regarding the base rate going from 4.46 – 4.70 passing on the 17p per hour increase plus 7p deprivation funding. Unclear what communication has been issued in terms of this, this will be checked and if necessary further details issued.</p>	RM
6.3	<p>High Needs</p> <p>As detailed in the table there was an underspend of £818k on the High Needs Block, though this is after the assumption that £1.181m is required from reserves to fund the in-year expenditure.</p>	
6.4	<p>4.4 details that demand for ECHP's levels have returned to pre pandemic levels and demand continues to rise.</p> <p>4.7 The Out of Area and Residential Placements budget was overspent by £1,458k, due to an insufficiency in places to meet specific needs in specific age groups alongside complexity of need that require bespoke provision often with residential accommodation alongside parental preferences and tribunal orders.</p> <p>4.8 SEN top-ups to institutions underspent by £1,670k.</p> <p>4.9 SEN budget for additional £6k blocks was overspent by £676k</p> <p>4.10 Noting hospital service spent £101k more than originally budgeted for</p> <p>4.11 Combined underspend in the services provided by Children and Families was £558k. Combination of vacant posts partly offset by an increase cost of SEN adaptations in schools.</p>	
6.5	<p>A question was raised about whether the £6k blocks is a national or local arrangements. Louise advised this will be checked and the details reported back to a future Schools Forum meeting.</p>	LH
7.0	DSG Management Plan	
7.1		

	Any local authority with an overall deficit is required to present a plan to the DfE in relation to managing their future DSG budget. Overall, there is now a slight surplus, however pressures are expected in future years and therefore the council will still prepare a plan.	
8.0	Schools Bill School's bill making its way through parliament. This report highlights key provisions within the School's Bill that may be of significance to School's Forum:	
8.1	Academy Trusts Bill reflects Government aim that by 2030 all schools will be part of a Multi Academy Trust (MAT) or be in the process of joining one.	
8.2	National Funding Formula Intention to move to 'hard' formula. No date yet but some requirements for Local Authorities to move closer. Question raised if de-delegation could continue? Answer is yes de-delegation could continue. 2.4 The new measure does allow for local authorities to continue to allocate some aspects of schools' funding where the government judges that is necessary because local authorities have the most detailed knowledge about the needs of their local schools; for example, where the local authority has a Private Finance Initiative (PFI) contract for that school, or where the local authority asks a school to provide additional school places to meet its sufficiency duty. John Thorne raised the question of would the cap be removed on high needs funding? Louise Hornsey advised that this has been raised and the council would continue to lobby regarding this.	
9.0	Any other Business There was no other business on this occasion.	
10.0	Meeting Dates for 2022/23 and Forward Plan The next meeting is Thursday 6 th October.	

Leeds Schools Forum

Microsoft Teams Meeting
 Tuesday 19 July 2022 at 16:30

Membership (Apologies in Italics)			
GOVERNORS		HEADTEACHERS	
Primary (6 seats)		Primary (6 seats)	
Sue Tuck	Ireland Wood	John Hutchinson	St Theresa's Catholic Primary
David Kagai	St Nicholas	Helen Stott	Allerton C of E Primary
John Garvani	Broadgate	Peter Harris	Farsley Farfield Primary
Jatinder Ubhi	Swarcliffe Primary	Julie Harkness	Carr Manor Community School
Andrew Neal	Adel St John's Primary	Emma Wraight	Fieldhead Carr Primary
		<i>Jo Smithson</i>	<i>Greenhill Primary</i>
Secondary (2 seats)		Secondary (2 seats)	
<i>Barbara Trayer</i>	<i>Allerton Grange</i>	Delia Martin	Benton Park
<i>David Webster</i>	<i>Pudsey Grammar</i>		
Special (1 seat)		Special (1 seat)	
Russell Trigg	East SILC, John Jamieson	Diane Reynard	East SILC
Non School		Academies – Mainstream (10 seats)	
Angela Hynes	PVI Providers	David Gurney	Cockburn School
Helen Gration	PVI Providers	Neil Miley	Dixons Academy
<i>Patrick Murphy</i>	<i>Schools JCC</i>	John Thorne	St Mary's Academy Menston
Louise Turner	16-19 Providers	Joe Barton	Woodkirk Academy
Dan Cohen	Jewish Faith Schools	<i>Rob Dixon</i>	<i>Cockburn School</i>
Peter McQuillen-Strong	Catholic Diocese	Gavin Hosford	Green Meadow
		<i>Rachel Colbourn</i>	<i>Bramhope Primary</i>
		Sarah Talbot	East Ardsley
		Maria Williams	Brigshaw High
		<i>Kate Burton</i>	<i>Alder Tree Primary</i>
Officers			
Tim Pouncey, Chief Officer Strategy & Resources		Academy – Special School (1 seat)	
Louise Hornsey, Head of Service, Finance		Mary Ruggles	Springwell Leeds North
<i>Shaheen Myers, Deputy Director Learning</i>			
Lucie McAulay, Head of Service, Finance			
Val Waite, Head of Learning Inclusion		Academy – Alternative Provision (1 seat)	
Shirley Maidens, Finance		Vacancy	
Elizabeth Jackson			
Rebecca McCormack, Lead for Admissions & Family Information		Jonathan Renton	
Claire Swift		Louise Hornsey, Head of Finance	
Richard des Forges			

Item	Title	Actions
1.0	Welcome and Apologies	
1.1	The Chair welcomed everyone to the meeting. Apologies were received from Barbara Trayer, David Webster, Patrick Murphy, Rob Dixon, Jo Smithson, Rachel Colbourn, Kate Burton.	
2.0	High Needs Supplementary Grant	
2.1	Leeds has been allocated £4.147m for 2022-23 to account for the costs of the Health and Social Care Levy and wider costs. This is a one-off grant payment.	
2.2	As per the DSG allocation the final decision re how to allocate the grant sits with the local authority. The ESFA has stipulated that the levy should account for less than 1% of the overall High Needs budget. This equates to under £1m for Leeds. Consultation with other authorities has highlighted that there is no consistent approach.	
2.3	It is proposed to increase the FFI top up rate from £650 per unit to £672 per unit; the increase represents 3.4%. For special school settings the unit rate will increase from £684 to £708, equating to a 3.51% rise. Payments will be backdated to April 2022.	
2.4	One of the budget challenges is the increase demand and costs of out of area and residential costs. It is proposed to allocate £1.5m of the grant (12.6%) to offset budget pressures. Supplementary funding takes account of post 16 institutions offering extra hours of tuition. This is expected to cost an additional £200K.	
2.5	As a result of the pressures on the High Needs budget £600k has been allocated on an invest to save basis to support transformational work across High Needs. An additional £400k has been assigned to provide support to deliver savings and efficiencies. Recruitment has not taken place yet so it is proposed to set aside the £400k to add to the DSG reserves.	
2.6	A total of £947k remains unallocated and it was felt wise to allocate this to the DSG reserves to assist with any future DSG deficits.	
2.7	The vast majority (91%) of the High Needs Block allocation is passported to institutions. The plan outlines an increase in funding for schools with a unit-based approach. Currently there is no scope in the allocation for non-unit rate funding. The funding mechanism will be revisited once all funded places have been taken up. It was recognised that there is an inequality in funding on all specialist funded settings were funding is very different to others. As a result, discussions will take place with settings on an individual basis.	
2.8	A query was raised in relation to the contents of a local authority report which states that mainstream schools would get the supplementary grant to support rising costs. Confirmation was given that mainstream schools are not double funded through the levy. It was felt that the additional funding would not be enough to cover both the levy and wider costs. Action: email paper to LH and LMc to investigate the source of the report.	DR
2.9	Following this meeting the comments/observations made by the Forum will be reflected upon and where possible amendments will be made to the report.	
2.10	Disappointment was expressed that following this meeting schools were still unable to set a budget.	

2.11	In terms of capping on the High Needs Block the ESFA and DFE have intimated that it will not cease. Leeds has moved closer to the funding formula which has resulted in a reduction of the cap on the budget.	
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Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 6th October 2022

Subject: Dedicated Schools Grant – Medium Term Financial Strategy 2023/24 – 2027/28

Report Author: Lucie McAulay

Contact telephone number: 0113 3788766

Summary of main issues

1. The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services.
2. Over the five year period 2023/24 – 2027/28 the DSG is projected to overspend at a rate of between £0.8m and £17.7m per year if no action is taken. The majority of the overspend is on the high needs block and the council is currently reviewing the options available for managing this as required by the Department for Education.
3. Further updates on the council's DSG management plan will be brought to future Schools Forum.

Recommendations

4. Schools Forum is asked to note the medium term projections for the Dedicated Schools Grant and the work ongoing to identify and implement actions in order to achieve a balanced financial position.

1 Main issues

1.1 Background

- 1.1.1 The Dedicated Schools Grant (DSG) is allocated by the Education and Skills Funding Agency (ESFA) and is the main source of income for local authorities' schools budgets. It consists of four funding blocks: schools, high needs (special educational needs), early years and central school services (provided by the council). The Council is forecast to receive DSG Funding of approximately £2,652m over the next 5 years and further details are provided in Table 1.
- 1.1.2 Along with many other local authorities, Leeds is currently not receiving the full allocation of DSG due under the national funding formula, as there is a cap on some of the funding increases and this has created pressures on the DSG account. If the cap on gains had not been in place, Leeds would have been allocated an additional £32.3m of funding between 2018/19 and 2022/23 across the schools block (£9.5m) and high needs block (£22.8m). A further funding cap of £1.86m will apply in 2023/24 to the high needs block, based on provisional funding allocations released by the ESFA. Further details on funding are provided in the sections that follow.
- 1.1.3 In accordance with the Education Act, some of the DSG can be retained by the council to provide services for schools, though the vast majority is passed directly on to schools and other educational settings. There is some flexibility within the regulations in how funding is allocated out to schools and it is also currently possible to move a small proportion of funding between the different blocks of the DSG to offset overspends, although this is subject to strict regulations and requires annual consultation with schools and Schools Forum approval.

1.2 Projections

- 1.2.1 As shown in Table 1 below, the schools block and early years block budgets are expected to balance over the next five years, based on previous trends and forecast data. Table 1 shows the projected DSG deficit for each year. Table 2 shows the projected cumulative DSG deficit at the end of each year.
- 1.2.2 In line with national trends, the key pressure anticipated in the MTFs for DSG relates to the high needs block, which provides funding in relation to pupils with special educational needs. This is projected to overspend by between £0.7m and £17.7m each year. The assumptions and risks associated with the projections for this funding block and plans to address the overspend are set out in the sections that follow. There is also a smaller pressure on the central school services block from 2023/24, due to the phased reduction in DSG for any historical council expenditure no longer deemed eligible for funding.

Table 1 – Dedicated Schools Grant projected income and expenditure

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Schools Block					
DSG Income	(340.4)	(350.5)	(357.0)	(363.0)	(368.0)
Individual Schools Budgets	332.9	342.9	349.3	355.2	360.1
De-delegated budgets	5.6	5.7	5.8	5.9	6.0
Growth Fund	1.9	1.9	1.9	1.9	1.9
	0.0	(0.0)	0.0	0.0	0.0
Central School Services Block					
DSG Income	(5.1)	(5.1)	(5.2)	(5.3)	(5.3)
CSSB Expenditure	5.2	5.3	5.4	5.5	5.6
	0.1	0.2	0.2	0.2	0.3
Early Years Block					
DSG Income	(59.0)	(57.2)	(55.4)	(53.7)	(52.0)
3 and 4 year old entitlement	48.6	47.1	45.7	44.3	42.9
2 year old entitlement	7.4	7.2	7.0	6.8	6.6
Other early years provision	3.0	2.9	2.7	2.6	2.5
	0.0	0.0	0.0	0.0	0.0
High Needs Block					
DSG Income	(108.3)	(111.0)	(113.7)	(116.7)	(119.8)
Funding passported to institutions	99.2	106.4	113.5	120.7	126.6
Commissioned services	2.7	2.8	2.9	3.0	3.0
Directly Managed by Children & Families	7.1	7.2	7.3	7.5	7.6
	0.7	5.4	10.0	14.5	17.4
Total DSG Income	(512.8)	(523.8)	(531.3)	(538.7)	(545.1)
Total Expenditure	513.6	529.4	541.5	553.4	562.8
Total Dedicated Schools Grant overspend	0.8	5.6	10.2	14.7	17.7

Table 2 – Dedicated Schools Grant projected cumulative deficit

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
DSG balance brought forward	(0.6)	0.2	5.8	16.0	30.7
In year deficit (from table above)	0.8	5.6	10.2	14.7	17.7
Total deficit on General DSG before further actions	0.2	5.8	16.0	30.7	48.4

Potential additional funding, if Schools Forum continued to agree a transfer 0.5% of schools block funding to the high needs block

(3.2) (3.3) (3.4) (3.4) (3.5)

Potential revised cumulative deficit

(3.5) (1.2) 5.6 16.9 31.1

1.3 Assumptions and risks

National SEND review

- 1.3.1 At the end of March 2022, the government published its long-awaited SEND review. The review identified 3 key challenges facing the SEND and alternative provision system.
1. Navigating the SEND system and alternative provision is not a positive experience for too many children, young people and their families.
 2. Outcomes for children and young people with SEND or in alternative provision are consistently worse than their peers across every measure.
 3. Despite the continuing and unprecedented investment, the system is not financially sustainable.
- 1.3.2 The SEND review sets out government’s proposals for a system that offers children and young people the opportunity to thrive, with access to the right support, in the right place, and at the right time, so they can fulfil their potential and lead happy, healthy and productive adult lives. The public consultation ran until the end of July 2022 and we are now awaiting the resulting white paper. The recommendations of the SEND Review will have important implications for how support for pupils with SEND is delivered and funded and could therefore have a significant impact on the projections for the high needs block.
- 1.3.3 The Department for Education, with the support of the Department of Health and Social Care, has also commissioned Ofsted and the Care Quality Commission to develop a new area SEND inspection framework to operate from early 2023. This will replace the framework established in response to the Children and Families Act 2014, which introduced joint area inspections of services for children and young people with SEND from 2016. Ofsted and CQC consulted on proposals for the new framework from 13 June 2022 to 11 September 2022. A response will be published in Autumn 2022.

Funding increases

- 1.3.4 In 2019/20, the Government also announced a three year funding settlement for the schools and high needs blocks of the DSG, providing a combined national rise of £7.1bn by 2022/23 compared to 2019/20. An indicative funding announcement has been made for 2023/24 only and it is not yet known what increases may be available beyond that year.
- 1.3.5 In January 2022, advice was received that local authorities should assume a 3% year on year increase in high needs funding in future years. If increases were not as high as

expected for the schools and early years blocks this would be matched by a reduction in funding allocated out to settings.

- 1.3.6 In relation to the central school services block funding, these projections are based on the current funding mechanism. However the Department for Education (DfE) has advised there will be a future consultation on the services this block funds. Some services may become traded arrangements with schools and therefore DSG funding may reduce.
- 1.3.7 In relation to high needs, in the past Leeds was significantly underfunded for and in 2017/18 the high needs block funding for Leeds was 25% lower per pupil than the national average. Since 2018/19 the government has been moving towards a national funding formula to address historical funding differences. This is currently in a transitional phase and while the funding for Leeds has increased it is not yet at the full allocation in the national formula. Leeds still receives less than the national average per pupil for high needs funding when taking into account all maintained and special school pupils, and ranks 133rd out of 150 local authorities for per pupil funding on this basis.
- 1.3.8 The figures presented in the table assume a 3% increase in high needs funding each year, in line with advice received in January. There is however a risk that the national increase could be lower.
- 1.3.9 It is also possible that the high needs funding increase could be higher than estimated. In 2021/22 Leeds received the maximum 12% increase, in 2022/23 the maximum 11% increase and in 2023/24 Leeds will receive the maximum 7% increase. To provide some context for the potential impact of funding increases, for every 1% increase in the high needs allocation there would be approximately £1m of additional funding received.

Cap on gains

- 1.3.10 Although funding has increased since the move towards the national funding formula, some DSG funding increases have been subject to a cap on gains during the transitional period. Although this cap has been removed from the schools block from 2020/21 onwards, it is still in place for the high needs block until at least 2023/24. It is not currently known whether a cap will continue to be applied to the high needs block beyond 2023/24.
- 1.3.11 Although Leeds has been receiving the maximum increases allowed under the cap on gains, it is less than the national funding formula entitlement. If the cap on gains had not been in place, Leeds would have been allocated an additional £32.3m of funding between 2018/19 and 2022/23 across the schools block (£9.5m) and high needs block (£22.8m). A further funding cap of £1.86m will apply in 2023/24 to the high needs block, based on provisional funding allocations released by the ESFA. Leeds is one of the 30 local authorities out of 150 that will continue to have their funding capped in 2023/24.

High needs demand and complexity

- 1.3.12 In line with the national picture, Leeds has experienced an increase in high needs demand and complexity in recent years, with this trend expected to continue. However as

noted above there is currently still a cap on funding increases and to date any additional funding received by Leeds has been exceeded by increased costs.

- 1.3.13 The projections in tables 1 and 2 are based on the current data for forecast population changes in special educational needs in Leeds, combined with trend analysis over the past three years. However there are risks that increases in demand and complexity could be higher than projected, particularly in relation to the long term impact of COVID on learning and deprivation, the effects of which may only become apparent after a number of years.

Funding paid to high needs settings

- 1.3.14 As a result of the supplementary high needs funding for 2022/23, Schools Forum were informed in July 2022 to increase the FFI unit rate from £650 to £672 for mainstream, early years and post 16 settings. At this stage the unit rate is not expected to increase further in 2023/24 for these settings.
- 1.3.15 For special schools, the proposal was to increase the FFI unit rate from £684 to £708. In addition, the high needs operational guide for 2023/24 has set a minimum funding guarantee (MFG) for special schools of 3% compared to 2021/22 baseline funding. The increase applied in 2022/23 goes some way towards that requirement, but it is expected that there will be a similar increase in the FFI unit rate for special schools in April 2023.
- 1.3.16 Places will need to be created to meet future high needs demand, and the rates payable will vary according to the type of need and setting. As some future provision is still to be developed, the projections assume that funding rates for the increased demand will be in the middle cost band for existing settings. The modelling will continue to be updated as work continues to develop capacity for future demand.

Funding transfers between DSG blocks

- 1.3.17 Since 2017/18 a total of £15.81m has been transferred to the high needs block from other funding blocks of the DSG, in order to redirect funding to settings to support special educational needs pressures (£14.16m from the schools block and £1.65m from the central school services block).
- 1.3.18 Beyond 2023/24 it is not known whether funding can continue to be moved between DSG blocks in this way, as the DfE has indicated the ability for local authorities to do this in future will become more limited.
- 1.3.19 If funding transfers are still allowed in future, any transfers from the schools block to the high needs block would require annual consultation with schools and approval by the Leeds Schools Forum.
- 1.3.20 Table 2 shows the estimated funding available if a transfer of 0.5% of schools block funding to the high needs block continued. The 0.5% transfer is in line with the current limit that Schools Forums can agree without further approval from the Secretary of State.

2 DSG savings plan

- 2.1.1 In 2020, the Department for Levelling Up, Housing and Communities (DLUHC, then MHCLG) introduced a statutory override that separated local authorities' Dedicated Schools Grant (DSG) deficits from their wider finances. The effect of the override is that local authorities do not need to make provision from their general reserves to cover their DSG deficits. This statutory override is due to end at the end of the 2022/23. A consultation with local authorities has recently closed on extending this statutory override. If they are extended, these regulations reinforce that councils should not fund a DSG deficit from the general fund.
- 2.1.2 However any local authority with an overall deficit on its DSG account, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education (DfE) in managing that situation. This includes providing information on plans for managing the DSG account and meeting with officials from the DfE as and when requested. The Secretary of State may also impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation.
- 2.1.3 A previous review by Children and Families of the high needs block in 2017 identified a range of options to reduce costs, which were consulted on with stakeholders and implemented as appropriate at the time. The Children and Families directorate are carrying out further work to identify a medium-term plan which looks to bring the high needs block back into balance and addresses the projected DSG deficit, to the extent that this is possible given any limitations in funding and increases in demand. Additional high needs provision is already being created in the city and further opportunities to develop this will be explored, with the intention of improving outcomes while also reducing costs.

3 Recommendations

- 3.1 Schools Forum is asked to note the medium term projections for the Dedicated Schools Grant and the work ongoing to identify and implement actions in order to achieve a balanced financial position.

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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.



Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 6th October 2022

Subject: School funding update 2023/24

Report Author: Lucie McAulay

Contact telephone number: 0113 3788766

Summary of main issues

1. The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services. The Education and Skills Funding Agency (ESFA) uses the national funding formula to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the constraints set out by the ESFA.
2. The ESFA has published some of the indicative DSG funding allocations for 2023/24. These show an increase for Leeds of £12.9m for the Schools Block and £7.9m for the High Needs Block. The final allocations for 2023/24 will be confirmed later in the year using the latest pupil data. There has also been a decrease of £96k to the Central Schools Services Block. Funding for the Early Years Block has not yet been confirmed.
3. Local authorities are required to consult with schools on proposals for funding arrangements and report back to their Schools Forum. Schools Forums are then responsible for either making decisions or providing views on the various proposals, in line with the powers set out by the DfE.
4. Financial modelling will be carried out for 2023/24 to establish options for consultation with schools. The consultation with schools on the 2023/24 funding arrangements will provisionally commence on the 10th October 2022 and end on the 28th October 2022. Online briefing sessions will be provided for schools during this period.

Recommendations

5. Schools Forum is asked to note the latest position on the 2023/24 school funding arrangements and the work planned to develop and consult on the allocation of this funding.

1 Background information

- 1.1 The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services. The ESFA uses the national funding formula (NFF) to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the constraints set out by the ESFA.
- 1.2 The ESFA has published illustrative local authority level allocations for 2023/24 for schools, central school services, and high needs blocks, based on October 2021 pupil data. Details are provided in the relevant sections below and these figures will be used for consultation with schools in October 2022. The final local authority allocations will be confirmed in December 2022 and will take into account October 2022 pupil data.
- 1.3 For 2023/24 the basic structure of the schools NFF is not changing however the ESFA is changing some existing features of the formula, key details of which are included within the relevant sections of the report below.

2 Main issues

2.1 Dedicated Schools Grant balance

- 2.1.1 The ESFA require that any authority with a DSG deficit of any size, or that is likely to fall into a DSG deficit in the near future should have a plan for managing its DSG account going forward and must keep its schools forum regularly updated about its plan including high needs pressures and potential savings. It must also respond to enquiries from the DFE about the plan.
- 2.2 In 2023 to 2024, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. Following on from the 2021 consultation on completing the reforms to the national funding formula the ESFA has confirmed that it will move forward with its plan to implement a direct national funding formula (NFF), whereby funding will be directly allocated to schools based on a single national formula

2.3 Schools Block

Funding allocation

- 2.3.1 In 2023/24, the national funding formula will continue to set notional allocations for each school, which will be aggregated and used to calculate the total Schools Block funding received by each local authority.
- 2.3.2 In December 2021, supplementary schools block funding was announced for 2022/23 which totalled £18,131k. This has been added to the base allocation for 2022/23 to give a total of £639,050k (excluding the growth allocation).
- 2.3.3 The Schools Block indicative allocation (excluding growth) for Leeds in 2023/24 is £652,023k which is an increase of £12,973k compared to 2022/23 (based on October 2021 pupil data). The final Schools Block allocation for 2023/24 will be received in

December 2022 and will reflect the October 2022 pupil numbers in mainstream schools and academies.

2.3.4 Key changes to the Schools NFF for 2023-24 include:

- Funding for disadvantaged pupils will see greater increases – with funding for two deprivation factors in the NFF increasing by a greater amount than other factors. These two factors (the FSM6 factor and the IDACI factor) will increase by 4.3% compared with their 2022 to 2023 values.
- The 2022/23 Supplementary grant has been rolled into the NFF
- In 2023 to 2024 local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except the locally determined premises factors.
- Local authorities will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2022 to 2023, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF.

School Business Rates

2.3.5 It was intended from 2022 to 2023 onwards, NNDR would be paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies. However, primary legislation was not changed to allow this and due to a technical complication, this did not take place in 2022/23. At this stage for 2023/24 it is anticipated that maintained schools and academies will continue to be directly billed for NNDR, but this will be confirmed in due course.

Transfers out of the schools block

2.3.6 Local authorities will continue to be able to transfer up to 0.5% of their Schools Block to other blocks of the DSG, with Schools Forum approval. Based on the indicative 2023/24 funding this would be approximately £3,260m for Leeds.

2.3.7 If the council wishes to transfer more than 0.5%, or transfer any amount without Schools Forum approval, a request would need to be made to the DFE to disapply the regulations in this area.

2.3.8 As High Needs Block funding in future years may not be sufficient to cover costs in this area, we will be consulting with schools in October 2022 on an option to transfer funding in 2023/24 from the Schools Block to the High Needs Block. The amount to be consulted on will be decided following further consideration of the pressures on the High Needs Block.

Schools block funding formula

2.3.9 The minimum funding guarantee (MFG) for schools will continue, and local authorities continue to have the flexibility to set a local MFG between 0.0% and plus 0.5% per

pupil. The MFG we seek to set will be determined by the modelling of the formula options, so that all schools will see an increase in per pupil funding.

- 2.3.10 The indicative allocations for Leeds have increased in 2023/24 due to changes to the key areas of the national funding formula as detailed below.
- The minimum per pupil funding levels will increase to £5,715 for secondary schools (compared to £5,525 in 2022/23) and £4,405 for primary schools (compared to £4,265 in 2022/23).
 - The supplementary funding announced for 2022/23 has been added to the schools block baseline.
- 2.3.11 As in previous years, we will be consulting with schools on the local funding formula to be used for 2023/24. We will be proposing to continue to move as close as possible to the national funding formula, as this was the approach taken for 2022/23. As we may propose to transfer some funding out of the Schools Block it will not be possible to move fully to the national funding formula and we are currently modelling options for adjusting the national funding formula to take account of this. Details of the proposed formula allocations will be provided to schools during the consultation in October 2022.

Formula factor increases

- 2.3.12 The majority of funding provided through the formula factors is related to pupil numbers and characteristics, plus some additional premises-based funding. The premises funding consists mainly of a flat rate lump sum for all schools plus additional funding for PFI schools to recognize increased costs. Pupil-led funding comprises basic entitlement rates for all pupils, plus targeted funding across areas such as deprivation (measured based on Free School Meal entitlement and a deprivation index), prior attainment and English as an additional language.
- 2.3.13 Factors in the NFF allocations to local authorities will be increased by 2.4% apart from the deprivation factors (the FSM6 factor and the IDACI factor) which will be increased by 4.3% compared to the 2022/23 values.

Minimum funding increases

- 2.3.14 A minimum increase of 0.5%, broadly in line with current inflation forecasts, will be guaranteed per pupil in local authority allocations compared to the 2022/23 NFF. As there is still some local discretion in the formula, local authorities will be able to set a minimum funding guarantee for schools of between 0.0% and +0.5% per pupil.

Growth fund

- 2.3.15 Growth funding will be allocated to local authorities as part of the Schools Block, based on growth in pupil numbers between the October 2021 and October 2022 censuses. Growth funding allocations for 2023/24 will not be confirmed by the ESFA until December 2022.

2.3.16 As in previous years, Schools Forum are responsible for agreeing the amount of growth funding to be top-sliced from the Schools Block (which does not have to be the same as the amount of growth funding allocated by the ESFA). Details will be brought to a future Schools Forum of the proposed amount and criteria for allocation to schools of the 2022/23 growth fund.

2.4 **High Needs Block**

2.4.1 The High Needs Block (HNB) indicative allocation for 2023/2024 is £121,822k. This is an increase of £7,944k compared to 2022/23 after taking into account the supplementary high needs funding received in 2022/23.

2.4.2 The high needs national funding formula ensures that every local authority receives an increase of at least 5% per head of population, with some authorities receiving up to 7% more than this year. For Leeds the increase is the maximum 7%, with a cap on gains of £1,860k. Without this cap, the indicative allocation would have been £123,682k.

2.4.3 The High Needs Operational Guide has recently been published. The largest change from previous years is that for special schools the guide has set a minimum funding guarantee (MFG) for special schools of 3% compared to 2021/22 baseline funding.

2.5 **Central School Services Block**

2.5.1 The indicative allocation for the Central School Services Block (CSSB) in 2023/24 is £5,042k which is a decrease of £96k compared to 2022/23.

2.5.2 Funding for this block is split between historic commitments and ongoing services. Local authorities will continue to be protected so that the maximum per-pupil year on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.86%. This element of the CSSB is calculated using a simple per pupil formula which remains unchanged.

2.5.3 In line with reforms to move to a fairer funding system and avoid maintaining significant differences in funding between local authorities which reflect historic decision, the historic element of the CSSB funding began to be reduced from 2020/21. In 2023/24 the historic commitments funding will continue to reduce by 20% (£174k) of 2022/23 allocations.

2.5.4 The ESFA will provide further details in due course as to how they will continue to reduce this funding in future years however in 2023/24 they are not changing the requirement in regulations that authorities spend no more on these commitments than they did in the previous year.

2.6 **Early Years Block**

2.6.1 As in previous years, the Early Years Block allocation is based on pupil numbers in the January census and therefore allocations for 2023/24 have not yet been released.

2.7 **De-delegation of services**

2.7.1 Schools Forum can agree that some funding for maintained primary and secondary schools is retained centrally each year, so that the council can provide certain services to schools that they would otherwise have to pay directly from their budget (such as reimbursing schools for the cost of staff on maternity leave). This arrangement is known as de-delegation and we will be consulting with maintained mainstream schools later in the autumn on the proposals for their de-delegated contributions in 2023/24.

2.8 **Consultation with schools**

2.8.1 The 2023/24 consultation with schools will provisionally run from 10th October to 28th October 2022 and will cover:

- The local schools funding formula
- Any proposals to transfer funding between the blocks of the Dedicated Schools Grant
- Maintained school contributions to severance costs

2.8.2 At the start of the consultation period, we will send out detailed information including indicative school level figures, in addition to providing specific briefing sessions for schools.

2.8.3 We will report the outcome of the consultation to Schools Forum on 17th November 2022. A further update will also be provided at the meeting on 17th January 2023 once the final funding allocations have been confirmed by the ESFA.

3 **Recommendations**

3.1 Schools Forum is asked to note the latest position on the 2023/24 school funding arrangements and the ongoing work to develop and consult on the allocation of this funding.



Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 6th October 2022

Subject: The Vine rebuild

Report Author: Louise Hornsey

Contact telephone number: 0113 3788689

Summary of main issues

1. A business case to rebuild the Vine educational centre was approved by the council's Executive Board in December 2020.
2. The council has borrowed money to fund the Vine rebuild on behalf of the Dedicated Schools Grant (DSG), on the basis it would cost the High Needs Block more in external placements if the rebuild did not go ahead.
3. The cost of the borrowing repayments should be shown in the High Needs Block and this has been assumed in the budget. However we need to ask for approval from the Education, Skills and Funding Agency (ESFA) to charge the costs directly from the council's budget to the High Needs Block. This will avoid a more complicated and potentially more costly charging mechanism.
4. This report seeks Schools Forum's support for the request to the ESFA.

Recommendations

5. Schools Forum is asked to support charging the Vine borrowing costs directly from the council's budget to the High Needs Block.

1 Background information

- 1.1 A [business case](#) to rebuild the Vine educational centre was approved by the council's Executive Board in December 2020. The new centre is expected to be ready in late 2022.
- 1.2 The Vine is a commissioned service funded from the High Needs Block, providing adult education for young people aged 19-25 with complex special educational needs who have an Education Health and Care Plan.
- 1.3 The Vine rebuild was an 'invest to save' business case to avoid the use of more costly external provision, by ensuring the building is fit for purpose and can meet demand for places. Although the rebuild required borrowing of £10.8m, costing £374k per year over 60 years, it was expected to cost the High Needs Block more without the rebuild due to the need for additional external placements.
- 1.4 To enable the rebuild to happen the council borrowed money on behalf of the DSG. The annual cost of repaying this borrowing should be charged to the High Needs Block. This has already been assumed in the post-16 High Needs budget for 2022/23 as well as the DSG medium term financial strategy.

2 Main issues

- 2.1 The decision to rebuild Vine has already been taken and repayment of the borrowing costs is budgeted for within the High Needs Block. In this report we are asking Schools Forum to support the mechanism we plan to use for charging costs to the High Needs Block.
- 2.2 In order to charge the council's borrowing costs directly from the council's budget to the High Needs Block, we need to ask the ESFA to approve a 'disapplication request'. As part of our submission we will be asked to show support from Schools Forum.
- 2.3 If a disapplication request is not approved, the alternative would be to give the provider more funding from the High Needs Block, then the council would invoice them for the same amount to repay the borrowing costs. This would have the same effect of showing costs against the High Needs Block but would be a more complicated and less efficient transaction due to the extra steps. There would also be a risk of additional costs for the High Needs Block or council due to potential VAT implications.
- 2.4 We are therefore asking Schools Forum to support a disapplication request to the ESFA, so we can use the simplest mechanism for charging the Vine borrowing costs directly from the council's budget to the High Needs Block. Schools Forum has previously supported a similar request relating to borrowing for the Social, Emotional and Mental Health (SEMH) provision.

3 Recommendations

- 3.1 Schools Forum is asked to support charging the Vine borrowing costs directly from the council's budget to the High Needs Block.

Schools Forum forward plan 2022/23

Schools Forum date	Driver for date	Agenda items	Purpose	Responsible officer	Comments
Thursday 23/06/2022	No external requirements	School balances 2021/22 outturn	Information	Lucie McAulay/Liz Jackson	
		DSG 2021/22 outturn	Information	Lucie McAulay/Shirley Maidens	
Thursday 06/10/2022	Get views from SF before consultation	DSG budget monitoring 2022/23	Information	Lucie McAulay/Shirley Maidens	
		School funding update 2023/24, including consultation plans	Information	Lucie McAulay	
		DSG Medium Term Financial Strategy 2023/24 - 2027/28	Information	Lucie McAulay	
Thursday 17/11/2022	Assume consultation the week before and after half term then need time to clear reports before SF. Disapplication deadline usually 20th November, SF	School funding formula arrangements 2023/24, including any transfers of funding between the DSG blocks	Decision and consultation	Liz Jackson	
Tuesday 17/01/2023	APT deadline usually 21st Jan, SF needs to be before this. Final funding figures received from ESFA at end of Dec. Need as much time as possible at start of Jan to do modelling before SF meeting.	Final school funding arrangements 2023/24	Information	Lucie McAulay	
		De-delegation 2023/24 decision	Decision	Lucie McAulay	
Thursday 23/02/2023	Approval of EY funding by SF before end of Feb. Can't hold SF meeting during half term.	Free Early Education Entitlement rates and centrally retained funding 2023/24	Decision and consultation	Rebecca McCormack	
		DSG Management Plan - Termly Update	Information	Val Waite	
		DSG budget monitoring 2022/23	Information	Lucie McAulay/Shirley Maidens	

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