

## LEEDS SCHOOL FORUM

---

Meeting to be held on  
Thursday, 17th November, 2022 at 4.30 pm

---

### MEMBERSHIP

Rebecca White, B. Primary Heads, Sharp Lane Primary  
Victoria McWalker, A. Primary Governors, St Margaret's Horsforth C of E  
Stratis Koutsoukos, B. Primary Governors, St Nicholas Catholic Primary  
Nick Tones, J. Non Schools, Schools JCC  
Christopher Thornton, J. Non Schools 16-19 Providers  
Simon Prinsep, E. Academy Reps, Abbey Grange CofE  
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 Gratton, J. Non School PVI - Nursery Provider  
Angela Hynes, J. Non School PVI - Nursery Provider  
Cllr Dan Cohen (Leeds School Forum), J. Jewish Faith Schools  
Kate Burton, E. Academy Reps. Alder Tree Primary

## A G E N D A

<b>Item No</b>	<b>Title</b>	<b>Lead</b>	<b>Time</b>	<b>Purpose</b>
1.	<b>WELCOME AND APOLOGIES</b>	Chair	16:30	For information
2.	<b>SCHOOLS FORUM MEMBERSHIP</b>	Chair	16:35	For information
3.	<b>MINUTES OF PREVIOUS MEETING</b> <i>3 - 10</i>	Chair	16:40	For decision
4.	<b>MATTERS ARISING</b>	Chair	16:50	For information
5.	<b>SCHOOL FUNDING PROPOSALS</b> <b>2023-2024</b> <i>11 - 40</i>	Liz Jackson	16:55	For decision
6.	<b>ANY OTHER BUSINESS</b>	Chair	17:45	For information
7.	<b>MEETING DATES FOR 2022-23</b> <b>AND FORWARD PLAN</b> <i>41 - 42</i>	Chair	17:55	For information
8.	<b>CLOSE</b>		18:30	

## Leeds Schools Forum

Microsoft Teams Meeting  
Thursday 6 October 2022 at 16:30

<b>Membership (Apologies in Italics)</b>			
<b>GOVERNORS</b>		<b>HEADTEACHERS</b>	
<b>Primary (6 seats)</b>		<b>Primary (6 seats)</b>	
David Kagai	St Nicholas	<i>John Hutchinson</i>	<i>St Theresa's Catholic Primary</i>
John Garvani	Broadgate	Peter Harris	Farsley Farfield Primary
Jatinder Ubhi	Swarcliffe Primary	Julie Harkness	Carr Manor Community School
<i>Andrew Neal</i>	<i>Adel St John's Primary</i>	<i>Emma Wraight</i>	<i>Fieldhead Carr Primary</i>
<i>Victoria McWalker</i>	<i>St Margaret's Horsforth C of E</i>	Rebecca White	Sharp Lane Primary
		<i>One vacancy</i>	
<b>Secondary (1 seat)</b>		<b>Secondary (1 seat)</b>	
David Webster	Pudsey Grammar	Delia Martin	Benton Park
<b>Special (1 seat)</b>		<b>Special (1 seat)</b>	
Russell Trigg	East SILC, John Jamieson	Diane Reynard	East SILC
<b>Non School</b>		<b>Academies – Mainstream (11 seats)</b>	
<i>Angela Hynes</i>	<i>PVI Providers</i>	David Gurney	Cockburn School
<i>Helen Gration</i>	<i>PVI Providers</i>	<i>Neil Miley</i>	<i>Dixons Academy</i>
Nick Tones	Schools JCC	John Thorne	St Mary's Academy Menston
<i>Christopher Thornton</i>	<i>16-19 Providers</i>	Joe Barton	Woodkirk Academy
<i>Dan Cohen</i>	<i>Jewish Faith Schools</i>	Rob Dixon	Cockburn School
Peter McQuillen-Strong	Catholic Diocese	Gavin Hosford	Green Meadow
		<i>Rachel Colbourn</i>	<i>Bramhope Primary</i>
		Sarah Talbot	East Ardsley
		<i>Maria Williams</i>	<i>Brigshaw High</i>
		Kate Burton	Alder Tree Primary
		Simon Princep	Abbey Grange CofE
<b>Officers</b>			
Tim Pouncey, Chief Officer Strategy & Resources		<b>Academy – Special School (1 seat)</b>	
Louise Hornsey, Head of Service, Finance		Mary Ruggles	Springwell Leeds North
<i>Shaheen Myers, Deputy Director Learning</i>			
Lucie McAulay, Head of Service, Finance		<b>Academy – Alternative Provision (1 seat)</b>	
Val Waite, Head of Learning Inclusion		<i>Vacancy</i>	
Owen Callum			
Elizabeth Jackson, Finance			
Rebecca McCormack, Lead for Admissions & Family Information			
Richard des Forges			

Item	Title	Actions
1.0	<b>Welcome and Apologies</b>	
1.1	The Chair welcomed everyone to the meeting. Apologies were noted and introductions made.	
2.0	<b>Schools Forum Membership</b>	
2.1	<p>Following recent elections, the successful candidates are listed below:</p> <p>Dan Cohen re-elected for the Jewish Schools  Nick Tones newly elected and representing the Schools JCCs  Christopher Thornton (Director of Inclusive Provision and SEND, Leeds City College) newly elected representing 16-19 Providers</p> <p><b>Primary Heads x four vacancies</b>  Peter Harris and John Hutchinson re-elected  Rebecca White, Sharp Lane Primary newly elected  One vacancy remains</p> <p><b>Primary Governors x four vacancies</b>  John Garvani and Dave Kagai re-elected  Victoria Walker, St Margaret’s Horsforth C of E and Stratis Koutsoukos, St Nicholas Catholic primary, both newly elected.</p> <p><b>Academies x two vacancies</b>  Dave Gurney re-elected  Simon Prinsep, Abbey Grange Church of England academy newly elected</p> <p><b>Secondary Governors x one vacancy</b>  Dave Webster re-elected</p> <p><b>Alternative Academy x one vacancy</b>  This has been vacant since 2020. Numerous attempts have been made to fill the post but sadly failed.</p> <p><b>Election of Chair</b>  Peter Harris agreed to Chair the meeting for a further year.</p>	
3.0	<b>Minutes of Previous Meeting</b>	
3.1	June meeting: The minutes were agreed subject to the amendment at item 2.8. See Matters Arising.	
3.2	July’s meeting: The minutes were agreed.	
4.0	<b>Matters Arising</b>	
4.1	<u>June’s meeting</u>	
4.1.1	<i>Page Two, Item 2.2:</i> to be amended to read that the new Director of Education for the Diocese is Kieron Flood.	
4.1.2	<i>Page 5, Item 6.2 – base rate funding for Early Years:</i> The change in rate was communicated to providers earlier in the year.	

	<p><i>Additional £6k funding blocks:</i> This is a national requirement and currently a local decision. However it could be overtaken by the new national standard funding formula.</p> <p><b>Action: details of how the formula works to be circulated to Forum members.</b></p>	LH
4.2	July's meeting:	
4.2.1	<p><i>Page Two, item 2.8 High Needs Supplementary Grant:</i> The paper referred to came from Claire Swift and was called Budget Essentials 22/23 Assumptions. There has been no indication that the funding for the levy and wider costs will be withdrawn or claimed back. The supplementary grant will be embedded in the main budget next year.</p>	
4.2.2	<p><i>Page Two, item 2.9:</i> It was reiterated that there was a clear disappointment in the way the paper had been put together and as a result an offer was made that officers would reflect on the comments made and possibly look at making amendments. The follow up meeting which has not happened will be rescheduled and apologies were given for the delay in organising this.</p>	
4.2.3	<p>Due to the complexity of the Council's decision making and vagaries of the legalistic and democratic process takes some time in understanding and taking a decision of this nature. It was acknowledged at the meeting that this was a Council decision to make. The link to the supplementary funding decision on the Council website can be found here <a href="https://www.leeds.gov.uk/council-and-democracy">Council and democracy (leeds.gov.uk)</a> It provides the report and some of the key dates in the decision making process. The first date at which the decision can be implemented is 20 October. It would be useful for the Forum to receive a further report at a future meeting.</p> <p><b>Action:</b> To pick up and schedule at either the November or January meeting.</p>	TP
4.2.4	<p>There was a proposal to move from FFI funding to a set amount (£10k+). An email received by SILC Principals advises that this will not now be the case. This does create a significant financial change in budgets. Part of the mitigations around that is the decision to backdate the increase in FFI rate to 1 April 2022. The reason for moving away from the £10k rate is a government proposal to change the system again and, in an attempt, to provide some certainty it was thought prudent not to make a change only to have to make a second change so soon afterwards.</p>	
4.2.5	<p>Officers have met with the DfE and relayed all the concerns Leeds has as a city. The information received was that before the end of 2022 there will be more information around SEND Green Paper and the implementation plan. The DfE did say that not all the recommendations in the Green Paper would go through but at this point they were unable to provide more details.</p>	
<b>5.0</b>	<b>DSG Medium Term Financial Plan 2023-24</b>	
5.1	<p>The paper outlines the projection of the DSG for the next five years. Along with other local authorities Leeds continues to be capped. Since 2018-19 Leeds has been capped by £32.3m of which £22m is against the High Needs block. A further cap of £1.86m will apply to the High Needs block in 2023-24. Within this both the Schools block and Early Years block are expected to balance over this period. There is a small pressure against the Central Schools Services block (CSSB) due to the reduction of historic council expenditure.</p>	
5.2	<p>National trends indicate a projected overspend in the High Needs block between £700k and £17.7m each year. Table two in the report shows that this will lead to a projected deficit of £48.4m by 2027-28. If Schools Forum continue to support a transfer of 0.5% from the Schools block to the High Needs block the deficit could reduce to £31.1m.</p>	

5.3	<u>Key Risks</u>	
5.3.1	The National Send review introduced in March 2022 identified key challenges facing SEND and alternative provision systems. The public consultation on the review ended in July and results of the White Paper are being waited for. This may have significant impact on projections within High Needs.	
5.3.2	As well as the review there is a new area of SEND inspection to come into operation from early next year. Consultation has taken place on the framework and a response is still to be produced. This again could have an impact.	
5.3.3	Funding increases: indicative funding announcements have been made for 2023-24 but there are no allocations beyond that. Earlier this year there was an indication that it would be 3% year on year and this was used on projected figures. It is worth noting that every 1% increase equates to £1m in the High Needs block.	
5.3.4	Cap on gains continues for 2023-24 of £1.8m. Leeds is one of 30 local authorities who remain to be capped.	
5.3.5	High Needs demands and complexities again in line with the national trend there is an increase in demand. The current projections are based on current population data and trends.	
5.3.6	Funding to High Needs settings: The FFI rate will increase to £672 for mainstream settings and £708 for special schools. The High Needs operational guide has set the minimum funding guarantee for special schools at 3%.	
5.3.7	Since 2017-18 £15.8m has been transferred from DSG blocks to the High Needs block. It is not known whether this will be allowed to continue beyond 2023-24. The DfE have indicated that this will be more limited going forward.	
5.3.8	A request was made that all special schools be considered within the 3% minimum funding guarantee.	
5.4	<u>DSG Savings Plan</u> In 2020 the Government introduced a statutory override separating the local authority finances from the DSG deficit. The override is due to end at the end of 2022-23 however there has been consultation to extend this. Local authorities must continue to work the DfE to manage any deficits.	
5.5	Schools forum noted the comments made in the report.	
<b>6.0</b>	<b>DSB Budget Monitoring 2022-23</b>	
6.1	The latest position in 2022-23 for the DSG as at the end of August 2022 highlights an in year underspend of £1.59m .	
6.2	<u>Schools Block</u> Mainly allocated to Primary and Secndary schools and is projecting an overall underspend of £297k. The majority of this is against the growth fund with the de-delegated budget projecting an underspend of £14k.	
6.3	<u>Early Years Block</u>	

6.4	<p>A small projected overspend of £14k. It should be noted that at this time of year it is difficult to provide an accurate figure for the full year. Presently showing an overspend on SEN inclusion fund and overspend on disability access fund which reflects previous years. For 2022-23 the full increase was passported to providers: 8p per hour for two-year olds and the base rate for three to four year olds was increased to £4.78 per hour. Budget realignment will be looked at if these trends continue in future years.</p>	
6.4.1	<p><u>High Needs Block</u></p>	
6.4.2	<p>An in-year projected underspend of £1.3m is forecast. There is an assumption of the use of the supplementary funding and the £3.1m transfer from the Schools block. Key variances to note are the out of hour and external residential placements currently projecting an overspend of £801k. This figure may change.</p>	
6.4.3	<p>SEN top ups to institutions sees an overspend of £772k, mainly due to top ups to mainstream schools. A further impact is an overspend for additional £6k blocks of £403k.</p>	
6.3.5	<p>Across all the services provided by Children and Families there is a projected underspend of £821k. This is due to vacant posts and delays in recruitment. The budget assumed an increase in special needs places. The majority of these have remained in mainstream.</p>	
6.3.6	<p>The budget assumes that the projected £947k high needs supplementary funding will not be spent this year. It was commented that it is very difficult to make a case for not having enough funding if the funds already available have not been spent. Schools are struggling and if it is widely known about this surplus it will raise concerns with Heads.</p>	
6.3.7	<p>There have been some hiccups with recruitment but not necessarily because the right people have not been recruited. It was more about going through the process. It can be long and drawn out going through the complete recruitment process. The unions requested that recruitment did not progress until after the summer break as there were many colleagues on leave. A meeting tomorrow will hopefully result in being able to move forward.</p>	
6.3.8	<p>Invest to Save and High Needs Block transfer: An acknowledgement of the work the team has done to try and come up with projections for the High Needs Block spend. Come through a period of many years where the High Needs block has projected a deficit and it would be useful to give this time to settle and see what actual happens to the £3.1m projection. There is some nervousness about projecting a surplus on the High Needs block due to experience in previous years. It is acknowledged that schools may not be disposed to look favourably on a similar request next year. This is a very complicating and rapidly changing picture.</p>	
6.3.9	<p>In terms of some of figures and projections it is known that EHCPs are rising significantly with a 118% rise in Leeds. One effect on the figures is the difficult in terms of admin support in SENSAP. This has resulted in many new requests not being processed as quickly as they should be. These have not been considered in the projection. In August there were 5031 requests against a figure of 270+ in 2016. Of the new requests currently not being processed 50% will turn into EHCPs.</p>	
6.3.	<p>Leeds is still below the over-arching figures across the country by about 1%. Of those 50% are going to specialist schools and 50% to mainstream.</p>	

6.4	In terms of the £1.3m comments made are absolutely right and this is a huge figure but in terms of high needs projections that is just 1% to take into account the revised projections and does need sensitivity analysis and a period to settle down. By the same token it is noted that £10k provided to schools can do a lot.	
6.5	<u>Central Schools Services Block</u> There is a minor underspend of 3k against admin services.	
6.5.1	<u>2020-21 Reserves</u>	
6.5.2	The projected DSG reserves underspend shows a general surplus of £618k and a delegated surplus of £1.1m.	
6.5.3	The January 2022 report with details about services funded through the central school services block is here <a href="https://www.leeds.gov.uk/reports/central-school-services-block-report">Report of (leeds.gov.uk)</a> .  School Forum noted the contents of the report.	
<b>7.0</b>	<b>School Funding Update 2023-24</b>	
7.1	The update outlines the indicative funding for 2023-24 and considers changes to the funding formula and the increment in schools funding consultation. The ESFA have recently published the illustrative funding allocation for next year which is based on the October 2021 pupil census data. The final allocations will be confirmed in December and will consider the October 2022 pupil data. For 2023-24 the basic structure of the funding formula is not changing.	
7.2	The ESFA has confirmed that it will continue to move towards implementing a direct national funding formula.	
7.3	<u>Schools Block</u>	
7.3.1	In December last year the supplementary schools grant was £18m+ for Leeds. The indicative allocation for 2023-24 is £652m, an increase of £12.97m.	
7.3.2	Key changes include the schools business rates and the intention by the ESFA to pay these directly to billing local authorities. Due to technical issues this was unable to happen this year so it is proposed that for 2023-24 schools will continue to be billed directly.	
7.3.3	The transfer of 0.5% (£3.26m) from the Schools block can continue. Consultation to transfer 0.5% will take place.	
7.3.4	The minimum funding guarantee will continue at a rate of 0-0.5%. The minimum per pupil funding will increase to £5,715 for secondary and £4,405 for primary schools. It is proposed to continue to move closer to the national funding formula	
7.3.5	Formula Factors: the main factors will be increased by 2.4% and deprivation factors will see an increase of 4.3%.	
7.3.6	Growth Fund: allocation will not be confirmed until December 2022. <b>Actions:</b> consultation report to be brought back to next month's Forum meeting. Provide historic information from the last couple of years in terms of numbers of places on national offer day.	<b>LMc TP</b>
7.4	<u>High Needs Block</u>	



7.4.1	The indicative allocation for 2023-24 is £121.8m. This represents an increase of £7.9m from 2022-23. Leeds continues to be capped at £1.86m for 23-24 and the High Needs Operational Guide has been published. It sets a minimum funding guarantee of 3%.	
7.5	<u>Central Schools Services Block</u> The indicative allocation is £5m with a decrease of £96k compared to 2022-23. This reflects the continued reduction in historic commitments.	
7.6	<u>Early Years Block</u> The figure has not been released yet.	
7.7	<u>De-delegation of Services</u> Schools Forum can agree funding for some essential services for maintained schools and schools will be consulted on this in the Autumn term. The outcome of the consultation will be brought to the November Schools Forum.	
7.8	Schools Forum noted the contents of the report.	
<b>8.0</b>	<b>The Vine Disapplication request</b>	
8.1	The Executive Board has approved a business case to rebuild the Vine education centre and support is sought from the Forum to ask the ESFA for a disapplication request. The Council has borrowed money on behalf of the DSG on the basis that it will cost more for external placements if the rebuild does not happen.	
8.2	The business case can be found <a href="#">here</a> . As part of the Council's governance process the business case has been through several layers of challenges eg the Executive Board and finance.	
8.3	Members of the Forum were given an opportunity to speak against the proposal on two occasions.	
8.4	Schools Forum unanimously supported the disapplication request.	
<b>9.0</b>	<b>Any Other Business</b>	
9.1	<u>Schools in financial difficulty panel</u> Details will be fed back following the DSG Board meeting.	
<b>10.0</b>	<b>Meeting Dates for 22-23 and Forward Plan</b>	
	The next meeting will take place via MS Teams on Thursday 17 November 1630-1830	

This page is intentionally left blank



---

## Report of the Director of Children and Families

### Report to the Leeds Schools Forum

Date: 17 November 2022

### Subject: 2023/24 School Funding Proposals

Report Author: Liz Jackson / 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. 2023/24 is the sixth year of the national funding formula for schools, high needs and central school 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 continue to have some flexibility in how this funding is allocated to schools, within the constraints set out by the ESFA.
2. 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.
3. This report presents the outcome of a recent consultation with mainstream schools on funding arrangements for 2023/24. 79% of respondents supported the council's proposal to transfer 0.5% schools block funding to the high needs block from the schools block (approx £3.26m). 90% of maintained schools responding to the consultation also supported a contribution by maintained schools towards severance costs (to be applied at a rate of £2.50 per pupil, approx. £150k in total). In relation to the school funding formula, option two was preferred by the majority that expressed a preference (65%).

### Recommendations

4. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (approx. £3.26m) from the schools block to the high needs block in 2023/24.
  - All Schools Forum members may vote on this proposal.

- It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree, the DfE are able to adjudicate if the local authority requests this.
5. Maintained school members of Schools Forum are asked to consider and vote on a proposal for a contribution in 2023/24 by maintained schools towards the severance costs of maintained school staff, to be applied as a per-pupil amount of £2.50.
- Voting on this proposal is limited to maintained primary and secondary school members.
  - It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree, the DfE are able to adjudicate if the local authority requests this.
6. Schools Forum is asked to consider and provide their views on the schools funding formula for 2023/24.
- The local authority is required to consult with Schools Forum on the funding formula, however the local authority retains the final decision on the formula to be used.

## **1 Purpose of this report**

- 1.1 This report updates Schools Forum on the outcome of the consultation with maintained schools and academies on school funding arrangements for 2023/24, and requests decisions and views on a number of matters from Schools Forum members. This is in those members' capacity as representatives of the group that has elected them, whilst taking a strategic view across the whole education estate.
- 1.2 A further report will be brought to Schools Forum in January 2023 to confirm the final school funding allocations for 2023/24.

## **2 Background information**

- 2.1 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 continue to have some flexibility in how this funding is allocated to schools, within the constraints set out by the ESFA.
- 2.2 The ESFA has not confirmed the date that the NFF will be fully implemented so it is possible there could be further transitional years beyond 2023/24. However, the government has reaffirmed their intention to move as soon as possible to a hard NFF where school budgets are set on the basis of a single national formula and local authorities are no longer involved in this decision.
- 2.3 The council recently held a consultation on school funding arrangements for 2023/24, between 14<sup>th</sup> and 31<sup>st</sup> October 2022. During the consultation period schools were provided with background information and figures to demonstrate the impact of the proposals, a briefing session was held, and any queries received from individual schools were responded to. A copy of the consultation documents issued to schools is attached as an appendix to this report.
- 2.4 It should be noted that the options and figures within the consultation and this report have been calculated based on October 2021 pupil data, which was the basis for the indicative funding published by the ESFA for consultation purposes. The final local authority allocations will be confirmed in December 2022 and will take into account October 2022 pupil data.
- 2.5 The proposals in this report are therefore subject to change prior to the deadline for confirming final funding allocations to the ESFA on 20th January 2023. A Schools Forum meeting has been arranged on 17th January ahead of this deadline, where the full final proposals will be confirmed.

## **3 Main issues**

### **3.1 Summary of consultation**

- 3.1.1 Of the 267 schools consulted with, 63 responses were received (compared to 63 the previous year). Comments and key themes from the responses have been summarised in the relevant sections below. The question regarding severance was applicable to maintained schools only.

3.1.2 The council consulted on the following proposals:

- a) A 0.5% transfer between from the schools block to the high needs block in 2023/24 estimated to be £3.26m.
- b) Two options for funding formula for 2023/24, taking into account the proposed transfer out of the schools block of approx. £3.26m.
  - Option 1: A cap on gains of 2.18%. All other factors are in line with the national funding formula, including the minimum funding guarantee of 0.5%.
  - Option 2: A reduced minimum funding guarantee of 0% and an increased cap on gains of 2.22%. All other factors are in line with the national funding formula.
- c) A contribution in 2023/24 by maintained schools to be applied as a per pupil amount of £2.50 estimated to be a total of £150k.

3.1.3 79% of respondents supported the transfer from the schools block to the high needs block. 90% supported the contribution by maintained schools towards severance costs in 2023/24. In relation to the funding formula, the majority (65%) voted for option two.

3.1.4 Further detail on each of the proposals and consultation responses are provided below.

## **3.2 Transfer from the schools block to the high needs block**

### Background

3.2.1 The council consulted on a 0.5% (approx £3.26m) transfer from the schools block to the high needs block. Detailed information was provided to schools on the background to our proposals as part of the consultation document and the briefing session. The full consultation document is attached as an appendix to this report, but in summary the key points were:

- The ESFA expects most movements from schools block will be due to pressures on high needs budgets.
- The high needs block in Leeds, in common with many around the country, is under considerable pressure due to increasing demographic growth and complexity of children's needs.
- The most recent projection for the high needs block is an underspend of £1.3m in 2022/23; this represents 1.8% of the total high needs budget. It's important to note that if the transfer from the schools block had not been done in 2022/23, the projection would be an overspend of £1.82m.
- Spending on the high needs block is currently forecast to be £0.7m more than the funding available for 2023/24, increasing to a £5.4m deficit projected by 31st March 2025.
- Although the provisional 2023/24 high needs block allocation for Leeds shows an increase in funding of £7.9m compared to 2022/23, there is still a cap on gains in

place. If the cap on gains was not in place the council would gain an additional £1.86m.

- The local authority can transfer up to 0.5% (approximately £3.26m) from the schools block with Schools Forum approval, with the option to transfer more with approval from the DfE.
- The increase in the provisional 2023/24 schools block allocation for Leeds is expected to be approximately £12.97m (2%) compared to 2022/23 (before any pupil growth which will be confirmed in December). The transfer of 0.5% out of the schools block in 2023/24 will leave an increase in the schools formula of £9.7m.
- The transfer to the high needs block will not be used to fund other council services and will only be used to fund high needs costs.

### Consultation responses

3.2.2 63 responses were received to this proposal. 50 (79%) supported the proposal and 13 (21%) did not. Some respondents provided comments; in general, these acknowledged the continued pressure on the High Needs Block and the need to support this as essential. Some comments referred to the increasing volume of children being retained in schools due to the lack of specialist places. Concerns were expressed regarding the ongoing impact of the cap on funding for Leeds and the fact this makes the transfer necessary. Every opportunity is taken to lobby the DfE on this matter and is again reiterated in the DSG Management Plan. The respondents who did not support the transfer felt that the pressure on main school budgets was too great and that the High Needs Block position had improved in this year compared to previous years.

### 3.2.3 Proposal

3.2.4 The majority of respondents supported our original proposal, and therefore the local authority is still proposing to transfer 0.5% (approximately £3.26m) from the schools block to the high needs block.

3.2.5 The movement of up to 0.5% from the schools block is a Schools Forum decision. In the event that Schools Forum does not agree with our proposals, the DfE can adjudicate if the local authority wanted to request this.

3.2.6 The proposed transfer from the schools block to the high needs block only relates to proposals for 2023/24. In 2024/25 it is possible that a further request could also be made to transfer funds from the schools block to the high needs block, providing this is still allowed by the DfE. This would depend on the savings that can be made through other means or if additional funding was forthcoming. If a further transfer was required, it would form part of a separate consultation during the next financial year.

3.2.7 The council is required by the DfE to present a range of evidence to support our proposal to transfer funding from the schools block to the high needs block.

## 3.3 **Schools funding formula**

### Background to the proposal

- 3.3.1 The council is required to apply a funding formula in order to allocate schools block funding to schools. The ESFA sets a range of factors we are able to use in the formula. Within each of these factors there are also certain restrictions that can apply, for example the weightings that can be used for each factor, minimum funding levels and a cap on gains.
- 3.3.2 If the council implements the 0.5% transfer from the schools block, we cannot fully move to the national funding formula as not enough funding will remain. However as previously noted due to the increases in the council's provisional schools block allocation there would still be £9.7m additional funding available for schools in 2023/24 compared to 2022/23.
- 3.3.3 Given the complexity of the possible formula factors there are a significant number of formula options that it would have been possible to model and the council looked at a number of alternative options. Using the principles established in previous years for the formula we have modelled two options for 2023/24 which vary the minimum funding guarantee and cap on gains. These are:
- Option 1: A cap on gains of 2.18%. All other factors are in line with the National Funding Formula (see table below), including the minimum funding guarantee of 0.5%.
  - Option 2: A reduced minimum funding guarantee of 0% and an increased cap on gains of 2.22%. All other factors are in line with the National Funding Formula (see table below).
- 3.3.4 The options are summarised in the table below, with school level information provided in the appendix.



Funding formula factor	2022/23 (for comparison)		2023/24		
	National Funding Formula	Leeds funding formula	National Funding Formula	Leeds option 1	Leeds option 2
Minimum funding guarantee <sup>1</sup>	2% per pupil	2% per pupil	0.5% per pupil	0.5% per pupil	0% per pupil
Cap on gains <sup>1,2</sup>	No cap	4.98% per pupil	No cap	2.18%	2.22%
Minimum per pupil funding level <sup>1,2</sup>	Secondary £5,525 Primary £4,265	Secondary £5,525 Primary £4,265	Secondary £5,715 Primary £4,405	Secondary £5,715 Primary £4,405	Secondary £5,715 Primary £4,405

<sup>1</sup> Excluding premises-based funding

<sup>2</sup> The minimum per pupil funding level cannot be subject to the cap on gains

3.3.5 Our final funding allocation for 2023/24 will be confirmed by the ESFA in mid to late December 2022. The funding increases built into our current proposal are based on the ESFA's indicative local authority allocations which use October 2021 pupil data. As a result, the affordability of our proposal could change once the final allocation is confirmed, if there is a significant change in pupil demographics.

#### Consultation responses

3.3.6 63 responses were received on the funding formula:

- 22 (35%) preferred option one
- 41 (65%) preferred option two

3.3.7 The schools benefiting most from each of the options are as follow:

- Option one is significantly better for 28 schools (10%)
- Option two is marginally best for 167 schools (63%)
- There is no difference between the options for 72 schools (27%)

3.3.8 Comments from schools generally either supported option one on the basis that this delivered a 0.5% minimum funding guarantee in line with the national funding formula and that this appeared to benefit those schools most in need, or option two on the basis that this benefitted most schools.

#### Proposal

3.3.9 The local authority is responsible for proposing the schools funding formula and for consulting on this with Schools Forum. This proposal is only for 2023/24, and the council will be required to consult again next year on the 2024/25 funding formula if the National Funding Formula will not be fully implemented at that time.

- 3.3.10 Schools Forum has previously expressed a preference to move as close as possible to the National Funding Formula, which is best represented by the first option (0.5% minimum funding guarantee and 2.18% cap on gains), though this did not receive the majority of support in the consultation (35%).
- 3.3.11 The final funding formula for 2023/24 will be approved in line with the council's decision-making framework and we will submit details of the funding allocations for schools to the ESFA by their deadline of 20th January 2023.
- 3.3.12 In addition to providing funding based on the October 2022 census, the ESFA also provides an allocation for growth in the formula based on changes between the October 2021 and October 2022 census. This growth allocation is used to create a Growth Fund which provides support for costs incurred by schools that are being established or extended to meet basic need and where admission numbers are increased. The allocation is also used to fund estimated pupil numbers in the formula for new schools that have opened in the last seven years and are still adding year groups. The council's growth allocation for 2023/24 will not be confirmed until December. This is an area of risk as if the amount of growth funding allocated to Leeds is insufficient compared to projected demand then this may reduce funding available to be delivered to schools through the formula. If this was the case, then we will report details to Schools Forum at the meeting on 17<sup>th</sup> January 2023.
- 3.3.13 In relation to PFI schools, the DfE provides additional PFI funding in the council's allocation to recognise the additional costs associated with these contracts, which the council then distributes to PFI schools through the funding formula. For 2023/24 we will again be requesting permission from the DfE to exclude any PFI funding delivered through the formula from the calculation of the minimum funding guarantee. This will ensure that the per-pupil funding for PFI schools is calculated on the same basis as non-PFI schools and that they receive the correct amount of PFI funding to support their contributions to contract costs.

### **3.4 Contribution towards severance costs for maintained schools**

#### Background to the proposal

- 3.4.1 The council consulted on a proposal for maintained schools to contribute £2.50 per maintained school pupil which is an estimated total of £150k towards the severance costs of maintained school staff, which are charged to the council.
- 3.4.2 This is in line with 2022/23 when Schools Forum agreed that maintained schools would contribute £2.50 per maintained school pupil to severance costs, following support for this proposal by the majority of maintained schools that responded to the consultation.
- 3.4.3 Current legislation states that premature retirement costs are chargeable to the school's delegated budget while redundancy costs are charged to the local authority's budget.
- 3.4.4 For 2023/24 we are proposing that maintained schools contribute towards severance costs as they are driven by school decisions, although we appreciate that this may be as a result of financial pressures. However, this approach is equitable with the

treatment of academies, who no longer receive funding for severance costs and are responsible for meeting this cost themselves.

#### Consultation responses

- 3.4.5 38 responses were received from maintained schools to this proposal; 34 (90%) supported the proposal and 4 (10%) did not.

#### Proposal

- 3.4.6 As the majority of maintained schools responding to the consultation supported our proposal, the council is requesting that maintained schools contribute £2.50 per pupil (approx £150k) towards severance costs for maintained schools.
- 3.4.7 Maintained school members of Schools Forum are able to decide on whether to accept this proposal. In the event that Schools Forum does not agree with our proposal, the DfE are able to adjudicate if the council wanted to request this.

### **4 Recommendations**

- 4.1 Schools Forum is asked to consider and vote on a proposal to transfer 0.5% from the schools block to the high needs block in 2023/24.
- All Schools Forum members may vote on this proposal.
  - It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree, the DfE are able to adjudicate if the local authority requests this.
- 4.2 Maintained school members of Schools Forum are asked to consider and vote on a proposal for a contribution in 2023/24 by maintained schools towards the severance costs of maintained school staff, to be applied as a per-pupil amount of £2.50.
- Voting on this proposal is limited to maintained primary and secondary school members.
  - It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree, the DfE are able to adjudicate if the local authority requests this.
- 4.3 Schools Forum is asked to consider and provide their views on the schools funding formula for 2023/24.
- The local authority is required to consult with Schools Forum on the funding formula, however the local authority retains the final decision on the formula to be used.

This page is intentionally left blank

## School funding arrangements 2023/24

### CONSULTATION

#### 1. Summary of key points

1.1. This consultation is on school funding arrangements for 2023/24.

The consultation covers:

- a) Transfer of up to 0.5% of funding from the schools block to the high needs block of the Dedicated Schools Grant (DSG), in order to provide funding to schools in relation to high needs pupils.
- b) The formula for allocating schools block funding to mainstream schools. The Education and Skills Funding Agency (ESFA) requires that the effect of the proposal above is modelled for schools to consider. Two options are provided for comment; one of these options would provide the 0.5% minimum funding increase per pupil included in the National Funding Formula.

For maintained mainstream schools only the following is included in the consultation:

- c) A contribution towards the severance costs of maintained school staff.

1.2. The consultation is open until the end of Monday 31st October 2022. Unfortunately, due to the need to meet ESFA deadlines we are unable to offer a longer period for comment.

1.3. Detailed school level figures for the formula options are attached as an appendix. These use the council's indicative funding allocation provided by the Education and Skills Funding Agency which is based on October 2021 data. Please note that these figures may differ from the provisional school level allocations published by the ESFA (see 2.6 for further details). The final funding for 2023/24 will be updated for October 2022 pupil data and confirmed by the ESFA in December 2022.

1.4. An online briefing session via MS Teams has been arranged for schools and governors on Tuesday 18<sup>th</sup> October 2022 between 10am and 11am. In this session we will talk through the proposals being made and there will be an opportunity to ask questions. The joining details for the session can be found in the email that accompanied this document. If you have any queries regarding the online briefing, please email [training.schools@leeds.gov.uk](mailto:training.schools@leeds.gov.uk).

1.5. If you have any queries during the consultation period, please email [training.schools@leeds.gov.uk](mailto:training.schools@leeds.gov.uk), or contact us by telephone on 0113 3788245.

1.6. Responses to the consultation should be made online via this link: <https://surveys.leeds.gov.uk/s/BIHGFU/>

1.7. We will report to Schools Forum on 17<sup>th</sup> November 2022 on the outcome of the consultation.

## 2. Background

2.1. 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) continues to use 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 and to transfer funding between blocks, within the constraints set out by the ESFA.

2.2. Local authorities are required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2022/23, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF. Leeds is mirroring the NFF due to the strategy adopted from 2018/19 onwards to move as close as possible to the NFF.

2.3. In December 2021, supplementary schools block funding was announced for 2022/23 which totalled £18.13m. This has been added to the base allocation for 2022/23 to give a total of £639.05m (excluding the growth allocation).

2.4. The indicative schools block allocation for Leeds in 2023/24 is £652.02m (excluding growth funding, which is not confirmed until December). This represents a total increase of £12.97m, compared to the equivalent allocation received for 2022/23.

2.5. The indicative high needs block allocation for Leeds in 2023/24 is £121.82m and has increased by £7.9m. This block provides funding in relation to special educational needs and although funding has increased compared to 2022/23, it is still £1.9m less than would be due under the NFF as funding increases are currently capped. If the cap on gains had not been in place, Leeds would also have been allocated an additional £22.75m of high needs block funding between 2018/19 and 2022/23. Although the national cap on schools block funding was removed in 2020/21, in 2018/19 and 2019/20 Leeds was also subject to a cap on gains of £9.5m for this element of schools funding.

2.6. This consultation has been prepared using the ESFA's indicative allocation for Leeds, which uses the **October 2021** census. Please be aware that the school level figures that have been

circulated recently by the ESFA are not necessarily what schools will receive in 2023/24, as they have been prepared by the ESFA on a different basis to the local authority level allocations and local authorities still have the ability to set a different formula in response to local need.

- 2.7. The actual schools block allocation for 2023/24 will not be provided to local authorities by the ESFA until December 2022. This will reflect any changes in pupil data from the October 2022 census for mainstream schools and academies.
- 2.8. We will report to Schools Forum on 17<sup>th</sup> November 2022 with the outcome of this consultation and draft proposals for funding arrangements in 2023/24. The final proposals for the funding arrangements will be taken to Schools Forum in January 2023, following the receipt of updated funding information from the ESFA in December 2022. Mainstream maintained schools will be advised of their final funding allocation by the council end of February 2023. Mainstream academies will be notified of their funding allocations directly by the ESFA.

### **3. Consultation**

#### **3.1. Transfers to the high needs block**

- 3.1.1. We are consulting on a 0.5% transfer from the schools block to the high needs block.

##### Background

- 3.1.2. The schools block is mainly ring-fenced, but local authorities are able to transfer up to 0.5% of it with the agreement of their Schools Forum, and after consultation with schools. There is also the ability to submit a request to the ESFA to transfer more than 0.5%. The final value of the 0.5% is dependent on the final grant allocation which will not be received until December 2022. For Leeds, it is estimated that 0.5% equates to approximately £3.26m.
- 3.1.3. The ESFA expects that most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets. The high needs block in Leeds, in common with many around the country, is under considerable pressure due to increasing demographic growth and complexity of children's needs.
- 3.1.4. The most recent projection for the high needs block is an underspend of £1.3m in 2022/23; this represents 1.8% of the total high needs budget. It's important to note that if the transfer from the schools block had not been done in 2022/23, the projection would be an overspend of £1.82m. There are risks and uncertainties in this current projection, and it is very difficult at this stage to predict with any certainty how demand will move throughout the remainder of this financial year especially taking into consideration the current backlog within SENSAP. It would not be unprecedented for the projected underspend to be revised downwards significantly as the year progresses.
- 3.1.5. The medium-term forecasting indicates continued pressure on the high needs block going forward, reflecting increasing demand. Spending on the high needs block is currently

forecast to be £0.7m more than the funding available for 2023/24, increasing to a £5.4m deficit in 2024/25. More detail and context regarding the current and future demands on the high needs block, and therefore the need for the transfer, is contained in Appendix A.

- 3.1.6. Although funding on the high needs block has provisionally increased by £7.9m for Leeds in 2023/24, this is still subject to a cap on gains which equates to £1.86m. If the cap on gains had not been in place, Leeds would also have been allocated an additional £22.75m of high needs block funding between 2018/19 and 2022/23.

#### Proposal

- 3.1.7. As set out above we are proposing a transfer to the high needs block of 0.5% from the schools block. The ESFA allows us to transfer up to 0.5% (estimated to be approximately £3.26m) from the schools block with the agreement of Schools Forum.
- 3.1.8. As the increase in the provisional 2023/24 schools block allocation for Leeds is expected to be approximately £12.97m compared to 2022/23 (before any pupil growth which will be confirmed in December), the transfer of £3.26m out of the schools block in 2023/24 will still leave an increase in the schools formula. In addition, funding transferred to the high needs block is effectively redistributed to schools through the funding mechanisms associated with that block. For example, the Funding for Inclusion (FFI) payments made to all schools are funded from the high needs block.
- 3.1.9. The impact on individual schools in the funding formula of the proposed £3.26m transfer will vary, depending on the formula adopted. Further details of the formula options under consultation are provided in section 3.2 below, and the impact on each school is shown in Appendix B.
- 3.1.10. Following the consultation, we will take our proposal to Schools Forum on 17<sup>th</sup> November 2022 on any transfer from the schools block to the high needs block. Schools Forum will decide on whether to accept the council's proposal on the transfer from the schools block. In the event that Schools Forum does not agree, the DfE will adjudicate.
- 3.1.11. In future years a further request could also be made to transfer funds from the schools block to the high needs block. This would depend on the projections for the high needs block budget at the time. If a further transfer was required, it would form part of a separate consultation during the next financial year.

### **3.2. Mainstream Schools funding formula**

#### Background

- 3.2.1. The local authority is responsible for proposing the schools funding formula and for consulting on this with Schools Forum. The local authority retains the final decision on the formula to be used which will apply to all mainstream maintained schools and academies.



- 3.2.2. The council is proposing to continue to move as close as possible to the national funding formula for 2023/24 as has been the approach taken since 2018/19, which was then supported by the majority of schools that responded to the consultation and also Schools Forum.
- 3.3. The national funding formula for schools comprises various factors that provide basic per-pupil funding, additional needs funding (such as deprivation funding) and school-led funding (such as a lump sum payment). A summary is provided below.

**Figure 1: Factors in the schools national funding formula**

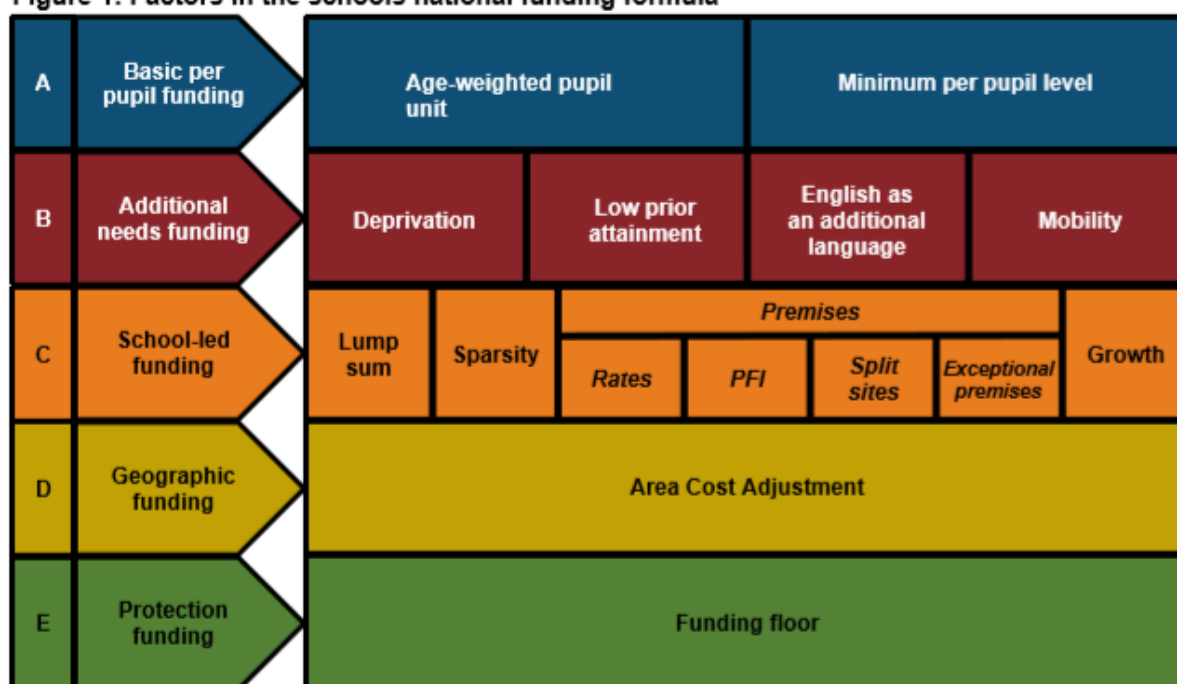


Figure 1: This illustrates the factors that will be taken into account when calculating schools block DSG funding allocations through the national funding formula. It is not to scale. Funding for factors in italics will be allocated to local authorities on the basis of historic spend.

- 3.4. A number of changes have been announced which provide increases in funding for local authorities in 2023/24. It should be noted that these form the basis on which the council is allocated the schools block funding for all Leeds mainstream schools and academies, however the council has the ability to set a different funding formula in response to local need.
- 3.4.1. If funding is transferred from the schools block to the high needs block, it will not be possible to fully move to the national funding formula as not enough funding will remain. However, there would still be £9.8m additional funding available for schools in 2023/24 compared to 2022/23, due to increases in the council’s provisional schools block allocation.
- 3.4.2. Formula factor increases
- a) Funding allocated to the council: The following factors in the funding formula will be increased by 2.4% - basic entitlement funding, low prior attainment, free school meals, English as an additional language (EAL), mobility, sparsity and the school lump sum.

- b) Two specific factors in the formula will be increased by 4.3% - free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI).
- c) The minimum per pupil levels and the NFF funding floor are increasing by 0.5%.
- d) There will be 0% on all premises-based factor funding, except for Private Finance Initiative (PFI) which has increased by RPIX (11.2%) for the PFI factor only.
- e) Schools funding formula: The council can decide to allocate these increases out differently to schools if needed, subject to any ESFA restrictions or requirements for minimum funding increases.

#### 3.4.3. Minimum funding guarantee

- a) Funding allocated to the council: A minimum increase of 0.5% will be guaranteed per pupil compared to allocations under the 2022/23 NFF.
- b) Schools funding formula: As there is still some local discretion in the formula, local authorities will be able to set a minimum funding guarantee for schools between 0% and +0.5%. In 2022/23 Leeds set a minimum funding guarantee of +2%.

#### 3.4.4. Cap on gains

- a) Funding allocated to the council: The schools NFF will not include a gains cap under the 2022/23 formula.
- b) Funding allocated to schools: There is still local discretion to set a cap in the formula if needed. The cap on gains for Leeds schools was set by the council at 4.98% in 2022/23 to account for funding transferred from the Schools Block to the High Needs Block. To allow for the transfer to the High Needs Block a cap on gains would be necessary again in 2023/24. Any capping must not take schools below the minimum funding levels.

#### 3.4.5. Minimum Funding Level increases

- a) Funding allocated to the council: Increases have been announced in the minimum funding levels for 2023/24 to £5,715 per pupil for secondary schools and £4,405 per pupil for primary schools. Schools that benefit from the minimum funding level are those that receive less targeted funding through the other formula factors. This generally means that schools that have lower funding provided through the additional need factors are more likely to be below the minimum funding level and therefore receive an uplift to this amount.
- b) Funding allocated to schools: The government expects that the minimum funding levels will be provided to schools in 2023/24 and this a mandatory requirement.

#### Funding formula options

- 3.4.6. Although local authorities have some discretion to adjust the funding formula there are also many restrictions on what can be adjusted which limits the council's options for adjusting the formula.
- 3.4.7. We have provided details of two different funding formula options for consideration. As these proposals are based on the indicative funding allocations which use October 2021 pupil data, the affordability of these options may change once the October 2022 census details are available in December. These proposals are also only for 2023/24 only and we will consult again next year on the 2024/25 funding formula if this does not move to the NFF.
- 3.4.8. Using the principles established in previous years for the formula, we have modelled two options for 2023/24 which vary the minimum funding guarantee and cap on gains.
- 3.4.9. **Option 1:** A cap on gains of 2.18%. All other factors are in line with the national funding formula (see table below), including the minimum funding guarantee of 0.5%.
- 3.4.10. **Option 2:** A reduced minimum funding guarantee of 0% and a cap on gains of 2.22%. All other factors are in line with the national funding formula (see table below).

	2022/23 (for comparison)		2023/24		
Funding formula factor	National Funding Formula	Leeds Funding Formula	National Funding Formula	Leeds Option 1	Leeds Option 2
Minimum funding guarantee <sup>1</sup>	2% per pupil	2% per pupil	0.5% per pupil	0.5% per pupil	0% per pupil
Cap on gains <sup>1, 2</sup>	No cap	4.98% per pupil	No cap	2.18%	2.22%
Minimum per pupil funding level <sup>1, 2</sup>	Secondary £5,525	Secondary £5,525	Secondary £5,715	Secondary £5,715	Secondary £5,715
	Primary £4,265	Primary £4,265	Primary £4,405	Primary £4,405	Primary £4,405

<sup>1</sup> Excluding premises-based funding

<sup>2</sup> The minimum per pupil funding level cannot be subject to the cap on gains

3.4.11. We have provided an appendix listing the details for schools by phase and in alphabetical order. When comparing the figures on the appendix please note that:

- a) The ESFA's final funding allocations in December 2022 may result in changes to the final school formula. Specifically, we have not yet been advised how much funding to expect

for growth in the formula. If the amount allocated for growth is insufficient this will affect the affordability of the options proposed in this consultation.

- b) Changes in premises-led funding may affect the comparison between 2022/23 and 2023/24 total funding. Specifically:
- We have reflected any changes in business rates costs in the 2023/24 funding figures.
  - For PFI schools, the required amount of PFI affordability gap funding will be distributed through the formula in 2023/24. PFI schools should not expect to receive any additional PFI funding outside of the formula in 2023/24.
- c) All figures are based on financial years and the 2022/23 funding figures are those submitted by the council to the ESFA. However, for free schools and academies, the ESFA provides funding based on academic years. The 2022/23 formula allocation may therefore not agree to academy and free school General Annual Grant statements. However, the increases between the 2022/23 and 2023/24 figures are a correct reflection of the indicative gains resulting from the funding formula options.
- d) The figures are before contributions for de-delegation or severance cost contributions (which would only apply to maintained schools).

### **3.5. Contribution towards severance costs - maintained mainstream schools only**

- 3.5.1. We are also consulting on a proposal for maintained schools to make contribution of £2.50 per maintained school pupil, based on forecast pupil numbers towards the severance costs of maintained school staff, which are charged to the council. This would equate to an estimated total of £150k.
- 3.5.2. This is in line with 2022/23 when Schools Forum agreed that maintained schools would contribute £2.50 per maintained school pupil based on forecast numbers at the time.
- 3.5.3. The £2.50 per pupil contribution is being proposed for 2023/24 as the council continues to face a significant budget pressure from the reduction in the Education Services Grant (ESG) over a number of years. ESG has been used to fund a wide range of services for schools such as school improvement, asset management, education welfare services and other statutory and regulatory services as well as the severance costs of maintained school staff. As the grant has been reduced the council has sought to protect these services.
- 3.5.4. Current legislation states that premature retirement costs are chargeable to the school's delegated budget while redundancy costs are charged to the local authority's budget.
- 3.5.5. For 2023/24 we are proposing that maintained schools make a contribution towards severance costs as they are driven by school decisions, although we appreciate that this may be as a result of financial pressures. However, this approach is equitable with the treatment of academies, who no longer receive funding for severance costs and are responsible for meeting this cost themselves.

- 3.5.6. Following the consultation, we will take a proposal to Schools Forum on 17<sup>th</sup> November 2022 in relation to a contribution from maintained schools for severance costs for maintained schools staff. Maintained school members of Schools Forum will decide on whether to accept this proposal. In the event that the local authority proposes a contribution, but Schools Forum does not agree, the DfE is able to adjudicate if the local authority still wishes to seek a contribution.

#### **4. Consultation responses**

- 4.1. Responses to the consultation should be made via the online survey <https://surveys.leeds.gov.uk/s/BIHGFU/> by the end of Monday 31st October 2022.
- 4.2. We will report to Schools Forum on 17<sup>th</sup> November 2022 with the outcome of the consultation.
- 4.3. The final proposals for the funding formula will be taken to Schools Forum in January 2023, following receipt of updated funding information from the ESFA in December 2022. Mainstream maintained schools can expect to be advised of their final funding allocation by the council end of February 2023. Mainstream academies will be notified of their funding allocations directly by the ESFA.

This page is intentionally left blank

## **Appendix A - Additional Information – High Needs Block Transfer 2023/24**

This document is intended to provide further background information for context in regard to the request to transfer funding from the Schools Block into the High Needs Block in 2023/24.

The key issues to note are:

- National SEND review: Recommendations of this review could have significant implications for the high needs budget position
- Funding: The latest advice to local authorities indicates a 3% year on year increase in high needs funding for 2023/24 onwards. This would result in an in year funding shortfall of between £0.7m and £17.4 between 2023/24 and 2027/28.
- Cap on funding: Leeds will continue to see a cap applied against the high needs funding which equates to £1.86m for 2023/34. Since 2018/19 Leeds has lost £22.8m of high needs funding due to the cap.
- Demand and Complexity: In line with the national picture, Leeds continues to experience an increase in high needs demand and complexity. The number of EHC plans in Leeds has increased by 118% since 2016 and Leeds now has 50031 EHC plans this is expected to rise to 7,000 EHC plans by 2025.

### **National SEND review**

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.

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.

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**

In 2019/20, the Government 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.

In January 2022, advice was received that local authorities should assume a 3% year on year increase in high needs funding in future years.

In the past Leeds was significantly underfunded 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 considering all maintained and special school pupils and ranks 133rd out of 150 local authorities for per pupil funding on this basis.

The figures presented in the table below 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. 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.



<b>Medium Term High Needs Projections</b>	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
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
<b>Projected funding shortfall</b>	<b>0.7</b>	<b>5.4</b>	<b>10.0</b>	<b>14.5</b>	<b>17.4</b>

## Cap on gains

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, though it is expected to continue.

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

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.

There continues to be a pressure on the statutory assessment process (new requests for an EHC needs assessment) and increases in the number of EHC plans maintained by Leeds (EHC plans in Leeds increased from 2287 in 2016 to 5,005 in 2022 a 118% increase). The actual number of plans in August 2022 was 5,031. The increase in Leeds is much greater than the national increase during this period (81-92%) The overall impact of COVID on EHC plans has not yet been realised and it is anticipated that there will continue to be pressure in this area. 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 have returned with even greater difficulties and gaps in learning or presenting with significant social, emotional and mental health needs requiring support. It is still too early to give clear projections of the impact of COVID on the rise in requests for new assessments; however, it looks likely that Leeds will maintain nearly 7,000 EHC plans by 2025.

This increase in plans also has the significant effect of increasing the number of specialist places needed within the city causing even greater demands on the high needs block. The past year alone saw a rise in 160 additional specialist places. Further pressures within the high needs block come from the significant rise in identified needs within the early years and in the additional funding (agreed by Leeds LA) passported to schools in respect of arrangements around additional 6k blocks.

### **Funding paid to high needs settings**

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.

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.

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.

The vast majority of the high needs block is passported to institutions. A review in 2017/18 showed that £49.3m or 86.87% of the block was passported. However, the current projections for 2022/23 shows £94.7m or 92.26% is expected to be passported.

One of the largest increases in recent years relates to funding paid to mainstream settings. The current projections for 2022/23 show a 22.74% increase in top ups and a 102.68% increase in additional £6k blocks paid to mainstream settings compared to actual costs in 2021/22. In total, funding paid to mainstream settings is projected to be £6.1m higher in 2022/23 than in 2021/22.

If a transfer to the high needs block is not agreed, we will need to look at other options to ensure the high needs block remains in balance, which may include reviewing eligibility criteria. This would likely result in a reduction in the amount of funding available to schools and academies.

### **Funding transfers between DSG blocks**

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). For 2022/23, a transfer of £3.127m was agreed. Although the high needs block is currently projected to be underspent, if the transfer had not been agreed, the block would have been projecting an overspend of £1.82m.

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.

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.

This page is intentionally left blank











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	

This page is intentionally left blank