

LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

Directorate: Children and Families

1. Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget for the 2021/22 financial year.
- 1.2 The 2021/22 Revenue Budget provides £24,600k within the Council's Strategic Budget for the ongoing impact of COVID-19 pandemic. As such no directorate COVID impacts are detailed below.

2 Service Context

- 2.1 It is important for the 2021/22 budget proposals to be seen in the context of the wider strategy that has been taken forward by the Directorate since it was established in 2010. The strategy developed by Children and Families with partners was implemented through the Children and Young Plan. Critical to the plan was a focus on practice underpinned by a relational approach that focused on working with families to address problems. To improve social work practice a workforce development strategy was established and caseloads reduced. Leeds, despite its size and complexity, is still in the top ten for recruitment and retention of social workers in the country.
- 2.2 A key result of the focus on practice since 2010 has been the success in reducing both the number of looked after children and the number placed in external placements; both residential and foster care. The number of looked after children in Leeds has reduced from 1,475 in 2011/12 to 1,307 as at January 2020. This has led to a reduction in the rate per ten thousand from 94 to 79. Regional and statistical neighbours, core cities and the national trend have all seen increases in the rate of children looked after with an average increase across England of 9 per ten thousand. These reductions in Leeds have been achieved at a time when the number of children in the city rose by six per cent, compared to a 4 per cent rise across England.
- 2.3 The improvements in practice and resulting improvements for outcomes for children and young people in the City resulted in Children's Services in Leeds receiving a judgement of 'Good' from Ofsted in 2015 and 'Outstanding' in 2018. The positive outcome of these inspections was important, not simply as an external verification of the success of the strategy adopted by Children and Families, but because it also enabled the Directorate to bid successfully for additional external funding. Leeds has a strong national reputation and this has led to Leeds being one of a small number of authorities to be given Partner in Practice status and funding by the Department for Education. Leeds was given funding £9.6m through the 2016 Department for Education Innovation Scheme, to pilot the extensive use of restorative practice through the Family Valued programme which in turn had been developed with the first tranche of innovation funding. Additional external funding secured over recent and future years (2013/14 to 2023/24) amounts to in excess of £75m.
- 2.4 These budget proposals build on the strategy outlined above by maintaining the investment in frontline services, social care and practice, early help and innovation in order to continue to improve outcomes for children and young people and minimise the use of external

placements. The 2021/22 budget also recognises the ongoing demand-led pressures in the Directorate and provides for increases in the CLA and transport budgets.

- 2.5 Throughout the COVID-19 pandemic, the Directorate has worked proactively with partners across the city to provide children and young people with essential support. Although provision has been made in the Council's Strategic budget for the ongoing financial impact of COVID, the wider implications for both short and long term need within the city mean that the Directorate will continue to work collaboratively with partners to identify priorities for service delivery moving forwards.

3 Budget Proposals

- 3.1 This 2021/22 budget has been set at £117,024k representing a net decrease of £7,120k (5.7%) when compared to the adjusted budget for 2020/21. This net decrease comprises a number of changes in grant funding and use of reserves totalling an increase of £700k and pressures totalling £4,541k, which are offset by savings of £10,961k. These are explained in more detail below.

3.2 Budget Adjustments and Transfers

- 3.2.1 There have been a number of organisational changes, service transfers and other budget adjustments totalling £1,772k which are reflected in the 2021/22 budget. These include the transfer of Performance and Intelligence staff to Children and Families during 2020/21 and an adjustment to the budget to reflect an ongoing contribution by Adults and Health for Children's Centres.

3.3 Changes in Specific Grant Funding – increase of £1,950k

- 3.3.1 The budget includes an expected increase in grant funding from the Department for Education of £1,580k, based on trends in funding received in previous years and linked to the Council's ability to attract additional funding due to its outstanding rating for Children's Services.
- 3.3.2 The budget also reflects an additional £370k contribution from the Dedicated Schools Grant (DSG). £220k of this relates to an increased contribution towards eligible costs of providing central education services. A further £150k has also been assumed for an increase in the recovery of the education costs of eligible external residential placements. The Council has been under recovering these costs in previous years and the budget strategy in Children and Families has been to gradually move to a full cost recovery basis as funding has increased through the new national funding formula.

3.4 Changes in Use of Reserves and Balances – reduction of £1,250k

- 3.4.1 The 2021/22 budget includes changes in the use of reserves totalling £1,250k. This reflects the fallout of a temporary £1,000k contribution from reserves, which was provided previously to support the Children and Families budget while work was carried out to identify savings. In addition there is a fallout of £250k in the use of PFI reserves to fund school PFI payments. In previous years, the school PFI reserves had contributed towards a shortfall in funding on the PFI accounts. However this contribution is not currently required, due to work carried out to re-baseline the funding received through the Dedicated Schools Grant (DSG) towards PFI costs, making this budget more sustainable in future.

3.5 Changes in prices – pressure of £919k

- 3.5.1 The budget reflects the announcement of a public sector pay freeze by Government at Spending Review 2020. As such the budget provides £915k for two elements of pay: the 0.75% in year pay increase in 2020/21 which had not been provided for in the 2020/21 base budget and a minimum pay increase of £250 in 2021/22 for all staff earning less than £24,000 as announced at the Spending Review 2020. The provision reflects the Council's continuing commitment to be a Real Living Wage employer. Consequently, the minimum hourly rate paid to current Leeds City Council employees will rise to £9.56 per hour which is 6p above the Real Living Wage rate. Apprentices and new starters on the A1 spinal point will be paid £9.50 per hour for the first year only.
- 3.5.2 No provision has been made for inflation on running cost budgets other than demand based budgets and where there are specific contractual commitments. No provision has been made for inflation on utilities budgets, reflecting the increased use of energy efficiency schemes, a reduction in the usage of many of the Council's buildings and planned rationalisation of the Council's estate. There has been a small increase of £4k in relation to NNDR costs.

3.6 Actuarial Review

- 3.7 The 2021/22 budget does not provide for an increased contribution to the West Yorkshire Pension fund. Whilst this reflects the most recent Actuarial Review, which showed the West Yorkshire Pension Fund to be in a surplus position, the Council will continue to monitor this position.

3.8 Capitalised Pension Costs – increase of £416k

- 3.8.1 The fall out of capitalised pension costs associated with staff who have left the Council under the Early Leaver's Initiative (ELI) to date will save an estimated £258k.
- 3.8.2 In 2020/21 the Council relaunched its ELI scheme and a range of other voluntary options to reduce the wage bill in July 2020. Provision of £674k has been made in the budget to meet the capitalised pension costs associated with those staff leaving on an early retirement basis. The associated salary savings are captured in the savings proposals below.

3.9 National Living Wage/Ethical Care Charter Commissioned Services – pressure of £650k

- 3.9.1 Provision of £650k has been included for the estimated cost of the increase in the national living wage for external placement costs.

3.10 Demand and Demography – pressure of £1,790k

- 3.10.1 In recognition of the ongoing pressures on the Children and Families budget from increases in the child population and the resulting increase in children requiring support and children eligible for transport arrangements the CLA and financially supported Non-CLA budgets have been increased by £1,190k and the transport budget by £600k.

3.11 Other budget pressures – £766k

- 3.11.1 Additional provision of £679k has been included for insurance costs, which reflects changes in the number and value of insurance claims.

3.11.2 A further £75k has also been included for increases in direct payments reflecting increased demand. An additional £12k has also been included to reflect increased apprentice levy payments.

3.12 Savings

3.13 Business As Usual – £10,049k

- 3.13.1 In relation to pay, savings of £2,574k have been included across the Children and Families budget, reflecting the deletion of vacant posts and take up of the corporate Early Leaver's Initiative scheme.
- 3.13.2 Transport related savings total £1,721k. This includes efficiency savings of £1,406k which have been included in the transport budget to reflect the ongoing work by the transport team in Civic Enterprise Leeds and staff in Children and Families to reduce transport costs. Initiatives include route rationalisation reviews, insourcing private hire routes, continued roll out of Personal Transport Allowances, private hire contract savings and greater emphasis on independent travel training. As outlined previously it is proposed to increase the transport budget by £600k for demand pressures, and after allowing for these efficiency savings the actual transport budget will reduce by a net £806k. Further transport savings of £195k relate to the CLA taxis budget, which will be achieved through increasing the use of transport allowances for foster carers and to review the authorisation required for staff to book taxis for Children Looked After, in order to encourage alternative travel arrangements. There is also a further £20k of savings relating to the corporate taxis contract. The remaining £100k of savings relate to independent travel training.
- 3.13.3 Commissioning savings of £500k have also been included in the budget as a result of ongoing work with providers to negotiate efficiencies in existing contracts.
- 3.13.4 Contributions to the One Adoption West Yorkshire partnership have been reviewed based on activity levels across the member authorities, and the budget reflects a £990k reduction in the Council's contribution to ensure this is proportionate compared to other authorities.
- 3.13.5 Other expenditure savings total £961k and include savings from the previous contribution of £106k towards two West Yorkshire Police posts which will end in 2021/22. In addition to this, operational running cost savings of £305k have been included in the budget, along with £450k savings in schools and further education premature retirement costs. The budget also includes a £100k reduction in the Children and Families contribution to DSG for Post 16 costs, as these should be funded by DSG.
- 3.13.6 In addition to the extra grant income detailed in section 3 of this appendix, the budget also includes increases in a number of other income streams totalling £3,303k. This includes net additional funding of £1,000k which is assumed from an increased number of Unaccompanied Asylum Seeking Children (UASC) being supported in the city. This net additional funding arises due to economies of scale as the Council moves towards the Home Office target of the UASC population being 0.07% of the child population of the city. A further £1,700k of income is included in the budget for additional health funding towards appropriate health costs of Children Looked After. The budget also builds in £298k of existing funding from the Department for Education towards eligible costs within the Directorate. Finally, an increase in other income has also been included, comprising £55k from One Adoption West Yorkshire and £250k from an increase in placement charges at Adel Beck secure unit.

3.14 **Service Review - £912k**

- 3.14.1 The budget includes £750k of savings from a service review of Early Help work, which plans to achieve management savings through closer integration of Early Help and Social Work teams. Potential staffing implications will be identified through the course of this review.
- 3.14.2 Consultation has also been carried out on a further £162k of savings in relation to ceasing childcare delivery from a Council run childcare site, which has been closed since the start of the first Covid lockdown. The Council's duty for the sufficiency of childcare places would still be met through local alternatives for every affected child. In addition, this proposal would enable the relocation of Childrens Centre Family Services from another site to this building, enhancing the quality of the family services on offer to the community.

4 **Risk Assessment**

- 4.1 In determining the 2021/22 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered carrying the highest risk and therefore requiring careful and regular monitoring has been prepared. The key risks in the 2021/22 budget for the Children and Families Directorate are:
 - 4.2 There is an increasing number of children with special and very complex needs. This impacts in particular on the Children and Families placements budget for Children Looked After, financially supported Non-CLA and on the transport budget. As already mentioned in the report these budget proposals provide for demand increases of £1.8m for these budgets. There is a risk that this additional funding is not sufficient to meet the growing demands. In particular, the longer term impact of Covid on children and young people is not yet known, and there is a risk that demand on services may increase as a result of this. The Directorate continues to develop innovative approaches to the delivery of services to mitigate the demand pressures, including a focus on preventative Early Help services.
 - 4.3 The Directorate's proposed budget includes additional income from grants and other sources and some of these will require further work to secure. This includes the additional health funding contributions and the increased number of Unaccompanied Asylum Seeking Children (UASC) required to attract additional funding and achieve economies of scale, as part of the Council's move towards the Home Office UASC target of 0.07% of the child population within the city. The income budget also includes assumptions on grant income based on previous trends, however a number of grant allocations will be announced after the budget has been prepared and there is a risk that the final allocations will be less than projected. There is also a risk that there will be further reductions in traded income as more schools become academies and financial pressures mean that there is reduced demand for services.

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Children & Families Directorate

	2021/22 £m	FTEs
Net managed budget 2020/21	122.37	
Adjustments	1.77	
Adjusted net managed budget	124.14	
Grant Fallout	0.00	
Grant Increases		
Expected grant income based on trends and Outstanding Ofsted rating	(1.58)	
Additional DSG income	(0.37)	
Changes in the use of Reserves & Balances		
Fallout of temporary contribution from reserves	1.00	
Fallout of use of PFI reserve to support school PFI costs	0.25	
Total Funding Changes	(0.70)	0.00
Budget Pressures:		
Inflation		
Pay	0.92	
Price	0.00	
Income	0.00	
Employers Pension	0.00	
Capitalised Pensions	0.42	
National Living Wage - commissioned services		
National Living Wage/Ethical Care Charter	0.65	
Demographic and demand pressures		
Demand and Demography	1.79	
Other		
Insurance	0.68	
Direct Payments	0.08	
Apprentice Levy	0.01	
Total Pressures	4.54	0.00
Savings Proposals:		
Business As Usual		
Pay savings from deletion of vacant posts and the ELI scheme	(2.57)	(51.50)
Transport savings from efficiencies and alternative travel arrangements	(1.72)	
Commissioning savings through negotiating efficiencies in existing contracts	(0.50)	
Re-calculation of contributions to One Adoption West Yorkshire (OAWY)	(0.99)	
Contribution not continuing for two West Yorkshire Police posts	(0.11)	
Operational running cost savings	(0.31)	
Reduction in schools and further education premature retirement costs	(0.45)	
Contribution not continuing to Dedicated Schools Grant for Post 16	(0.10)	
Additional net funding from moving towards Home Office target for Unaccompanied Asylum Seeking Children	(1.00)	
Additional Health funding for Children Looked After	(1.70)	
Use of funding from the Department for Education	(0.30)	
Additional traded income from OAWY and Adel Beck secure unit	(0.31)	
Service Review		
Ceasing provision of childcare at one Council site and relocating Family Services to the building	(0.16)	(1.00)
Review of Early Help services and alignment with Social Work teams	(0.75)	
Total Savings	(10.96)	(52.50)
Net Managed Budget 2021/22	117.02	(52.50)

Children and Families

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
Ceasing childcare delivery from a Council run childcare site, which has been closed since the start of the first Covid lockdown.	<p>The provision has struggled to be financially sustainable for the last six years as other providers gained a market share.</p> <p>It is proposed to cease the delivery of childcare from this site and relocate the Children Centre Family Services from another site to this building, enhancing the quality of family services on offer to the community.</p> <p>There is sufficient child care provision to ensure that local alternatives will be available for every affected child.</p>	Changes may be required to the proposal depending on feedback received during consultation.	Yes	Because family services are expanding and sufficient alternative childcare is available nearby, this process will support improved community involvement and no particular group should be disadvantaged.	By April 2021	£162k	Director of Children and Families
Proposal to achieve savings through closer integration of Early Help and Social Work teams. Staffing implications will be identified through the course of the review.	The review will consider increased integration and multi-disciplinary approaches that will result in improved experiences and outcomes for children and families.	The proposals are focused on identifying efficiencies that result in maintaining or improving outcomes.	To be undertaken prior to the decision, if required.	An initial assessment has been completed, however this will be updated as work progresses to identify the changes required to achieve the savings set out.	By April 2021	£750k	Director of Children and Families
Commissioning savings	Ongoing work with providers to negotiate efficiencies in existing contracts.	Delivery of some commissioned services may change.	To be undertaken for individual contracts prior	To be undertaken for individual contracts prior to the decision, if required.	On agreement of any individual	£500k	Director of Children and Families

Children and Families

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
			to the decision, if required.		changes required		
Additional Home Office funding from an increased number of Unaccompanied Asylum Seeking Children (UASC) being supported in the city.	The net additional funding is assumed from an increased number of Unaccompanied Asylum Seeking Children (UASC) being supported in the city. This net additional funding arises due to economies of scale as the Council moves towards the Home Office target of the UASC population being 0.07% of the child population of the city.	The additional numbers will need to be achieved. Additional capacity will need to be available to support increased numbers.	A decision may be required, depending on the need for additional capacity. If this is the case, consultation will be undertaken as appropriate prior to the decision.	To be undertaken prior to the decision, if a decision is required.	On identification of any changes requiring a separate decision	£1,000k	Director of Children and Families
Savings on school and further education premature retirement costs	The proposed savings are expected to be achieved from ongoing trends, however the criteria for payment will also be reviewed to ensure this remains fit for purpose and in line with regulations.	There are some statutory requirements relating to the costs that fall to the Council.	To be undertaken prior to the decision, if required.	To be undertaken prior to the decision, if required.	By April 2021	£450k	Director of Children and Families
Revised contribution to One Adoption West Yorkshire (OAWY), reflecting actual activity levels	Contributions to the OAWY partnership have been reviewed based on activity levels across the member authorities. This proposal reflects a reduction in the Council's	The decision on changes to contributions will be made by the OAWY Management Board.	Consultation with partner LAs will take place through the OAWY Management Board.	The proposed contributions fairly reflect the actual activity levels across partner LAs.	By April 2021	£990k	OAWY

Children and Families

Proposal	Options considered and justification for proposal	Risks	Consultation undertaken	Summary of equality impact assessment	Expected decision date	2021/22 Budget Amount £	Decision Maker
	contribution to ensure this is proportionate compared to other authorities.						
Increase in rates for the secure residential unit	Rates are reviewed annually to set reasonable price increases.	An increase in rates could affect demand, however this has been taken into consideration as part of the proposal.	To be undertaken prior to the decision, if required.	To be undertaken prior to the decision, if required.	By September 2021	£250k	Director of Children and Families
Savings from ending the contribution to two West Yorkshire Police posts	The need for an ongoing contribution from the Council towards these posts has been reviewed.	These posts are not part of the Council's core early help offer and therefore there will be minimum disruption to staff and services. There will be no impact on direct service delivery.	To be undertaken prior to the decision, if required.	To be undertaken prior to the decision, if required.	By April 2021	£106k	Director of Children and Families

LEEDS CITY COUNCIL 2021/22 BUDGET REPORT

Directorate: Children and Families

The Schools Budget 2021/22

- 1 **Introduction**
- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Schools budget for the 2021/22 financial year.
- 2 **Context**
- 2.1 The schools budget is mainly funded by the Dedicated Schools Grant (DSG), the majority of which is passed on to schools, with a small proportion of the grant being retained to support the Council's education responsibilities within the Children and Families budget. The DSG funding allocations for schools and the Council are agreed following consultation with schools and the Leeds Schools Forum, a statutory board with some decision making powers in relation to the use of DSG.
- 2.2 The Council makes two main decisions about the DSG budget. One of these relates to the formula used to distribute the core funding for mainstream maintained schools and academies. This is taken as an annual Key decision by the Director of Children and Families. The other decision relates to the budget for High Needs, which provides funding for Special Educational Needs and Disabilities (SEND). This decision is taken by Full Council as part of this budget report.
- 2.3 As the decisions made in relation to DSG affect maintained schools, academies and some private providers, the details within this appendix provide information about the DSG funding available across the city as a whole. However it should be noted that the Council does not administer payments for all of this funding, as some is paid directly to academies by the Education and Skills Funding Agency (ESFA).
- 2.4 In addition to DSG, schools are also provided with a number of other specific grants from the ESFA, details of which are provided below. The Council receives this funding on behalf of maintained schools and distributes the funding to those schools in line with ESFA requirements. The Council does not receive this funding for academies, who are paid directly by the ESFA. However the amounts for academies are included in the figures that follow, in order to provide consistency with the DSG funding figures and enable a meaningful year on year comparison of funding within Leeds, as maintained school figures on their own would be affected by any conversions to academies.

3 **Budget**

3.1 This 2021/22 expected schools funding for Leeds is £859,720k representing a net increase of £39,920k (4.87%) when compared to the adjusted funding for 2020/21. This increase comprises a number of changes in grant funding which are explained below.

3.2 **Dedicated Schools Grant**

3.2.1 The schools budget is mainly funded by the Dedicated Schools Grant (DSG). The DSG is a ring-fenced grant and may only be applied to meet costs that fall within the schools budget. Any under or over spend of grant from one year must be carried forward and applied to the schools budget in future years.

3.2.2 The Dedicated Schools Grant (DSG) for 2021/22 is funded in four separate blocks for early years, high needs, schools and central schools services.

3.2.3 A National Funding Formula (NFF) was implemented in April 2018 by the ESFA for high needs, schools and central schools services. However, local authorities will continue to set local formulae for schools as a transitional arrangement until full implementation of the NFF. Full implementation has been delayed until at least 2022/2023.

3.3 **DSG Early Years Block**

3.3.1 The Early Years Block will fund 15 hours per week of free early education for 3 and 4 year olds and the early education of eligible vulnerable 2 year olds. From September 2017, there has been an additional 15 hours per week provision for working families of 3 and 4 year old children. The funding hourly rate has been confirmed as £5.36 for 2 year olds (from £5.28 in 2020/21) and £4.95 for 3 and 4 year olds (from £4.89 in 2020/21) and the grant received will continue to be based on participation. The actual grant received during 2021/22 would normally be based on pupil numbers in the 2021 and 2022 January censuses, however this could be affected due to closures as a result of the current lockdown

3.3.2 The early years pupil premium is also included in this block and is payable to providers for eligible 3 and 4 year olds. The hourly rates for 2021/22 for this element remain at £0.53 per hour. In addition, the Disability Access Fund rate has been confirmed at £615 per eligible child per year. The grant value shown below has been estimated based on the actual pupil numbers in January 2020.

3.4 **DSG High Needs Block**

3.4.1 The High Needs Block supports Special Educational Needs and Disabilities (SEND) in a number of ways. This includes places and top-up funding in special schools, resourced provision in mainstream schools and alternative provision; top-up funding for early years, primary, secondary, post-16 and out of authority provision; central SEND support and hospital & home education. A grant allocation was issued by the ESFA in December 2020, though

adjustments to this figure are expected up until July 2021. The value in the table below is before any deductions are made by ESFA in respect of funding for academies, free schools and post 16 places.

- 3.4.2 In line with the national picture, Leeds has experienced an increase in SEN demand and complexity in recent years, with this trend expected to continue. In recognition of this trend, the national High Needs allocation has increased by approximately £840m for 2021/22. This increase includes an amount in respect of the teachers' pay and pension costs which were paid as a separate grant in 2020/21. For Leeds the current allocation is an increase of £12m for 2021/22, though approximately £1.34m of this increase is in relation to the teachers' pay and pension grants which will no longer be paid as a separate grant.
- 3.4.3 Although funding has increased for Leeds, there is currently a cap on gains which means that the Leeds allocation for 2021/22 will be £3.9m less than the full National Funding Formula. Leeds has historically been underfunded in comparison to some other local authorities, and although the National Funding Formula is moving towards funding local authorities based on need, the funding increases are currently capped during the transitional period. Between 2018/19 and 2021/22 this has resulted in Leeds receiving £20.8m less for High Needs than would have been due under the full National Funding Formula.
- 3.4.4 Despite the £12m increase in funding for 2021/22, the anticipated increase in special school places and pupils eligible for additional top-up funding means that there is expected to be on going funding pressures for the High Needs Block and there is a risk that costs exceed the budgeted assumptions as a result of the increasing demand.
- 3.4.5 A key issue is that local authorities have a statutory duty to meet the special educational needs of children which are identified through an education, health and care plan (EHCP), and these needs are increasing in the city. Leeds operates a funding system (Funding for Inclusion, FFI) which provides additional funding for high level needs without the need for a statutory EHCP. This reduces the numbers and costs of undertaking and maintaining EHCPs compared to statistical neighbours and supports inclusion within mainstream schools. Leeds still has statistically lower numbers of EHCPs than comparators, however the city has seen increases in the numbers and complexity of needs of pupils receiving FFI funding and the number of EHCP assessments has risen by over 80% since 2014/15. It is estimated that if the current high level of demand for support through EHCPs is sustained, the number of children supported through these plans is likely to double by 2025 to over 7,000 children.
- 3.4.6 A medium term action plan to address the pressures on the High Needs budget is being developed, further details of which are provided in section 3.8 below. As part of addressing these pressures in 2021/22, Schools Forum has agreed to transfer £2.89m from the Schools Block to the High Needs Block, following consultation with schools. However some pressures still remain and an overspend against available funding of £1.18m is forecast for 2021/22. The

position on the High Needs Block will therefore be closely monitored during the year.

- 3.4.7 The proposed budget for 2021/22 taking into account the known and estimated changes is as follows:

	2020/21	2021/22	Variance
	£000	£000	£000
High Needs Block DSG Income			
High Needs Block baseline	85,741	97,872	12,131
Places funded directly by the ESFA	-8,910	-9,656	-746
Transferred from Schools Block	2,650	2,887	237
Transferred from CSSB	350		-350
Total High Needs Grant	79,831	91,103	11,272
High Needs Block Expenditure			
Funding Passported To Institutions			
Specialist settings	36,391	39,230	2,839
Mainstream schools and academies	13,904	17,794	3,890
Post 16 settings	4,465	6,744	2,279
Out of area and residential placements	8,954	11,541	2,587
Alternative provision	5,106	5,282	176
Other funding passported to institutions	3,609	4,133	524
Total Passported To Institutions	72,429	84,724	12,295
Commissioned Services	1,821	1,953	132
Directly Managed By Children & Families	5,581	5,607	26
Total High Needs Expenditure	79,831	92,284	12,453
Increase to DSG Deficit during 2021/22		1,181	

3.5 DSG Schools Block

- 3.5.1 The Schools Block funds the delegated budgets of primary and secondary schools for pupils in reception to year 11. The grant for 2021/22 is based on pupil numbers (including those in academies and free schools) as at October 2020. The final schools block funding for 2021/22 has been confirmed by the ESFA as £601.9m, an increase of £50.3m compared to 2020/21. £24.5m of this increase is in relation to the teachers' pay and pension grants which was previously paid as a separate grant. A further £7.7m of the increase is due to the overall increase in pupil numbers, and the remaining £18.1m increase is

due to additional funding being allocated through the ESFA's National Funding Formula.

3.5.2 Schools have been consulted on options for the local formula in 2021/22. The results of the consultation have been reported to Schools Forum to enable further discussion with a final decision being made by the Director of Children and Families in early 2021. As part of the consultation a majority of schools which responded supported a proposal to transfer 0.5% (£2.89m) to the High Needs Block from the Schools Block. At the Schools Forum meeting on the 19th November 2020 Schools Forum approved this transfer.

3.5.3 A majority of schools who responded to the consultation also supported a proposal for maintained schools to contribute funding of £150k towards severance costs. Schools Forum also approved this contribution.

3.6 DSG Central School Services Block

3.6.1 The Central School Services Block (CSSB) includes the funding which was previously delivered through the retained duties element of the Education Services Grant along with previously reported ongoing responsibilities and historic commitments. The allocation for 2021/22 was issued in December 2020 at £5.156m. This is an increase of £89k compared to 2020/21. Within this, there has been a reduction of 20% on the historic commitment element in line with previous DfE statements to reduce funding on this element. There is also additional funding of £216k for the increased pension costs of centrally employed teachers which is no longer paid as a separate grant.

3.7 DSG transfers

3.7.1 The guidance for 2021/22 allows for funding to be moved within the DSG blocks. The table below provides a summary of the movements set out in the report above:

	Schools £m	CSSB £m	High Needs £m
Transfer from Schools to High Needs	-2.89		2.89
Transfer from Schools to CSSB for severance costs	-0.15	0.15	
	<u>-3.04</u>	<u>0.15</u>	<u>2.89</u>

3.8 DSG balance

3.8.1 At the end of 2020/21 it is projected that there will be an overall deficit balance of £6.92m on general DSG compared to a deficit balance of £3.96m at the end of 2019/20. The deficit balance will be carried forward into 2021/22. The proposed high needs budget for 2021/22 shows a deficit of £1.18m which will be added to the balance brought forward. The deficit has resulted from pressures on the High Needs Block over recent years.

- 3.8.2 A number of local authorities have deficit balances on their DSG accounts and the ESFA requires these authorities to put a plan in place for managing this. The Children and Families directorate are currently carrying out further work to identify a medium term plan which looks to bring the High Needs Block back into balance and addresses the current DSG deficit, to the extent that this is possible given any limitations in funding and increases in demand. The ESFA recognises that this will take time for some local authorities. The Directorate is working with the Leeds Schools Forum on development of the plan, including providing regular budget monitoring reports and updates on progress with identifying options.
- 3.8.3 In addition 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 findings from that review will be re-visited with partners and are being analysed against benchmarking data to identify areas for further investigation. However the benchmarking data indicates that Leeds spends less per population head on most SEND services and support than comparators.
- 3.8.4 In the context of growing needs within the city and the cap on High Needs funding increases, options for managing within the available funding will be carefully considered and consulted on as appropriate in order to develop proposals. Particular consideration will need to be given to the fact that the High Needs budget supports the education of some of the most vulnerable children in the city and that benchmarking shows costs are comparatively low in this area. Options that result in outcomes being maintained or even improved, while also reducing costs, would be prioritised. Details of the plan will be brought to a future Executive Board meeting during 2021/22.

3.9 **Post 16 funding**

- 3.9.1 Funding for post-16 provision is allocated separately by the ESFA. Funding for high need post-16 pupils is no longer part of this grant and is now included in the DSG High Needs Block totals. Funding for 2021/22 will be based on 2010/21 lagged student numbers.

3.10 **Pupil Premium grant**

- 3.10.1 Pupil Premium grant is paid to schools and academies based on the number of eligible Reception to year 11 pupils on the schools roll in January each year. The rates for 2021/22 have been confirmed as remaining the same as are expected to remain at: primary £1,345, secondary £955, for each pupil registered as eligible for free school meals (FSM) at any point in the last 6 years and £310 for children of service families. The pupil premium plus rate for children looked after and children who have ceased to be looked after by a local authority because of adoption, a special guardianship order, a child arrangements order or a residence order is also expected to remain the same at £2,345.

3.11 Primary PE grant

3.11.1 The Primary PE grant will be paid in the 2020/21 academic year to all primary schools at a rate of £16,000 plus £10 per pupil. It is expected that these rates will remain the same for 2021/22.

3.12 Year 7 catch up grant

3.12.1 The Year 7 catch up grant has been discontinued in 2020/21, and the amount has been included within the Coronavirus catch up premium for 2020/21. For future years the introduction of the National Funding Formula provides for schools to attract low prior attainment funding for pupils in year 7 to 11 with lower attainment who need support to catch up. As a result, the year 7 catch up grant will no longer be available.

3.13 Universal Infant Free School Meals grant

3.13.1 A grant for the universal provision of free school meals for all pupils in reception, year 1 and year 2 was introduced in September 2014. Funding for the 2021/22 academic year is based on a rate of £2.34 per meal taken by eligible pupils, giving an annual value of approximately £445. Data from the October and January censuses will be used to calculate the allocations for the academic year.

3.14 Teacher's pay and pension grants

3.14.1 Funding for the additional teachers' pay costs will now be paid to schools and high needs settings through the National Funding Formula (NFF) instead of being paid as separate grants. Only mainstream academies will continue to receive the teachers' pay grant for April to August 2021, as they will not receive their 2021/22 NFF allocations until September 2021.

3.14.2 A further grant in relation to additional costs incurred in respect of increases in the teacher's pension scheme from September 2019 will also now be paid to schools and high needs settings through the National Funding Formula (NFF) instead of being paid as separate grants. Only mainstream academies will continue to receive the teachers' pension grant for April to August 2021, as they will not receive their 2021/22 NFF allocations until September 2021.

3.15 COVID funding

3.15.1 The Government has announced £1 billion of funding to support children and young people to catch up following the disruption as a result of coronavirus (COVID-19). This is made up of 2 elements:

- A one-off universal £650 million catch-up premium for the 2020 to 2021 academic year. Schools allocations will be calculated on a per pupil basis with each mainstream school receiving £80 for each pupil in years reception to 11. Special, alternative provision and hospital schools will receive £240 per place.

- A £350 million National Tutoring Programme (NTP) to provide additional, targeted support for those children and young people who need the most help. This element will not result in any additional funding for schools.

3.15.2 The amounts in the table below are the provisional allocations based on the October 2019 census. The final grant will be based on the October 2020 census.

3.16 Schools Funding Summary

3.16.1 The grants before ESFA deductions (e.g. for payments to academies) and transfers between blocks for 2020/21 (latest estimate) and 2021/22 are shown in the following table. Some of the amounts for 2021/22 are subject to final confirmation by the ESFA.

	2020/21 Current £m	2021/22 Estimate £m	Change £m
DSG - Schools Block	551.64	601.90	50.26
DSG - Central Schools Services Block	5.07	5.16	0.09
DSG - High Needs Block	85.88	97.87	11.99
DSG - Early Years Block	58.69	60.18	1.49
ESFA Post 16 Funding	27.22	28.22	1.00
Pupil Premium Grant	43.45	43.45	0.00
PE & Sports Grant	4.33	4.33	0.00
Year 7 Catch-up Grant	0.00	0.00	0.00
Universal Infant Free School Meals Grant	9.54	9.55	0.01
Teachers Pay Grant	7.40	1.32	-6.08
Teachers Pension Grant	21.04	3.78	-17.26
Coronavirus Catch Up Grant	5.54	3.96	-1.58
	<u>819.80</u>	<u>859.72</u>	<u>39.92</u>

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