

Report of the Director of Children and Families Services

Report to the Leeds Schools Forum

Subject: Dedicated Schools Grant 2022/23 – Budget Monitoring Month 10

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1 Summary of main issues

- 1.1 This report is to inform members of Schools Forum of the latest 2022/23 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of January 2023.
- 1.2 This report projects an in year underspend of £2,351k. This is largely made up of underspends in the high needs block with minor variations in the other blocks. This underspend represents 0.48% of the net DSG funding received by Leeds City Council and 0.29% of the full DSG allocations before deductions for academies funding.
- 1.3 Schools Forum agreed to a transfer of £3.127m from the schools block to the high needs block in 2022/23.
- 1.4 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Projected Expenditure £000	Variance £000
Schools Block	(323,757)	323,490	(267)
Early Years Block	(58,547)	58,349	(198)
High Needs Block	(104,032)	102,148	(1,884)
Central Schools Services Block	(5,138)	5,136	(2)
Total In Year Overspend	(491,474)	489,123	(2,351)
Deficit b/fwd from 2021/22			979
Projected surplus at 31/3/23			(1,372)

2 Schools Block

- 2.1 The majority of the Schools Block is allocated to primary and secondary schools (ISB), with smaller amounts for de-delegated services and the growth fund. These budgets are subject to fluctuations in expenditure throughout the year. The projected costs and variances are summarised below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(324,960)	(323,103)	1,857
Funding From Reserves	(229)	0	229
Individual Schools Budget	318,127	316,032	(2,095)
Growth Fund	1,910	1,652	(258)
	<u>(5,152)</u>	<u>(5,419)</u>	<u>(267)</u>
De-delegated budgets	5,152	5,196	44

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

- 2.2 When a school becomes an academy, funding payments are made directly by the Education and Skills Funding Agency (ESFA). For Leeds City Council this means that there is a reduction in grant income which is largely matched by reduced expenditure. There is no longer a benefit to local authorities on NNDR in respect of schools which have converted to academies during 2022/23.
- 2.3 As reported in the 2021/22 outturn report in June, it was expected that there would be a technical funding adjustment by the ESFA which was added to the funding available to schools in 2022/23. That adjustment was delayed and has now been received in 2022/23.
- 2.4 Overall, de-delegated services budgets are currently projected to be overspent by £44k. There is a projected overspend of £269k on maternity and suspended employees pay which is offset by a projected underspend of £249k on the contingency. There are minor variances on other budgets which total £20k.
- 2.5 Current projections on growth fund show an underspend of £258k compared to the budget set in January 2022.

3 Early Years Block

- 3.1 There is a high degree of uncertainty on the Early Years block for 2022/23, with projected costs and variances within the Early Years block are summarised below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(58,187)	(58,547)	(360)
FEEE 3 & 4 Year Olds	47,608	47,894	286
FEEE 2 Year Olds	7,450	7,104	(346)
SEN Inclusion Fund	487	868	381
Early Years Pupil Premium	618	611	(7)
Disability Access Fund	254	102	(152)
Early Years Centrally Retained	1,770	1,770	0
	0	(198)	(198)

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

- 3.2 Early Years funding for 2021/22 was based on termly censuses. The final funding in relation to 2021/22 has now been confirmed and has resulted in an additional £60k in 2022/23.
- 3.3 For 2022/23, funding has reverted to being based on the January 2022 and January 2023 censuses. The January 2023 census has only recent been completed and information from this is not yet available. However the falling birth rates in Leeds suggests that this census is likely to be approximately 4.5% less for 3 and 4 year olds and 5% less for 2 year olds than the previous year. The impact of these falling numbers has been reflected in the table above.
- 3.4 The hourly rate received in 2022/23 increased by 8p per hour for 2 year olds and 6p per hour for 3 and 4 year olds. The full increase for 2 year olds was passed onto providers. However for 3 and 4 year olds, the base rate has been increased to £4.78 per hour from £4.46 per hour in 2021/22. This means that £5.20 per hour is being utilised even though the funding received by the council is only £5.12 per hour.
- 3.5 The unfunded hourly rate was increased as a result of the consistent underspend on the early years block in previous years. It was estimated that this approach would reduce the underspend on this block by approximately £800k. The above projected underspend is actually £1.2m less than the 2021/22 underspend. The main reason for the difference is an increase in the overspend on the SEN Inclusion Fund due to an increase in children eligible for this funding.
- 3.6 The overall projection is an underspend of £198k. However the impact of reducing numbers is still to be confirmed, so these projections may change.

4 High Needs Block

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

	Budget £000	Projection £000	Variance £000
DSG Income Due	(103,981)	(104,032)	(51)
Funding From Reserves	0	0	0
Funding Passported to Institutions			
- SILC and Resource Provision Places	13,738	13,906	168
- Out of Area and residential placements	13,360	13,829	469
- Alternative Provision (including AIP's)	5,056	5,056	0
- SEN Top-ups to Institutions	56,127	58,262	2,135
- Mainstream additional places (£6k blocks)	3,231	3,330	99
- Increase in Special School places	2,647	0	(2,647)
- Education provision for mental health beds	100	50	(50)
- Supplementary expenditure	947	0	(947)
Commissioned Services			
- Hospital & Home Tuition	2,441	2,442	1
- PD & Medical Service	97	97	0
Children's Services			
- Autism support (STARS)	507	379	(128)
- Children missing out on education	468	468	0
- Management of high needs services	234	234	0
- SEN adaptations	229	229	0
- SEN Inclusion Team	1,337	1,255	(82)
- Sensory Service	2,304	2,011	(293)
- Invest to Save budget	600	42	(558)
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	0	(1,884)	(1,884)

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

- 4.2 As detailed in the table above, there is a projected underspend of £1,884k on the High Needs Block. The budget and projection figures above are after the utilisation of the supplementary high needs funding reported to Schools Forum in July. These projections are also following the transfer of £3,127k from the schools block to the high needs block. If this had not been agreed, the high needs block would have been £1,243k overspent.
- 4.3 DSG income due is £51k more than budgeted following minor changes in the import / export element of the funding calculation.
- 4.4 Since 2016 SENSAP have seen the number of EHCPs increase by 118%. This rise has been seen nationally, with predictions of the rise in requests for EHC needs assessment ranging between 7% and 14%. In Leeds there are currently over 5,117 young people with EHC plans, and approximately a further 800 who request an assessment each year. This continued rise in requests and resulting plans is expected to continue with 6,757 plans projected by 2027. In 2022 alone

the rise in requests for EHC assessments was close to 30% from the preceding year.

- 4.5 DFE national data shows that at the present time the capacity of LA SEND teams across the country remains stretched, with case work high, and expected to rise, both in terms of requests for new assessments and re-assessment of need. This is due to the fact that many children are returning to school with even greater difficulties and gaps in learning or presenting with significant social, emotional and mental health needs requiring support.
- 4.6 National statistics indicate that around 50% of learners with an EHCP then move into specialist provision. At the present time we are working to develop specialist resourced bases in mainstream schools for specific areas of identified need alongside the creation of a new generic special school. In addition we have also increased the capacity in our existing SILCs across the city to meet this demand. It must also be noted that even though we have a planned programme of developing additional provision across the city there will still remain the need to commission out of authority places for those learners with highly complex and individual needs that require a bespoke package.
- 4.7 Out of area and residential placements is currently projected to be £469k overspent. However this may change as there has been a delay in processing invoices.
- 4.8 SEN top-ups to institutions is projected to be overspent by £2,135k. Within this, the largest increase is in top-ups paid to mainstream schools. This is largely due to more high needs pupils remaining in mainstream school due to a lack of suitable special school places available and an increase in need as described above. Added to this is the EHCP recovery plan will likely identify a further cohort of children that require top-up, 50% of which may result in a specialist place. The impact of this on 2022/23 will be minimal but will be a factor in 2023/24. There is also a significant increase in early years Funding for Inclusion. Funding for early years pupils in all settings has increased by 43% compared to 2021/22. This picture is consistent with the overspend reported on the SEN Inclusion Fund in the early years block.
- 4.9 Another impact of the increase in SEN top-ups to mainstream schools is that the budget for the additional £6k blocks paid to schools who have a higher number of SEN pupils than their notional SEN budget covers, is expected to be £99k overspent due to an increased number of SEN pupils within schools meeting the criteria for additional £6k blocks. Overall, this means that mainstream schools are projected to receive £5,357k more than in 2021/22.
- 4.10 There is expected to be a combined underspend in the services provided by Children and Families of £1,061k. This is a combination of vacant posts and delays in recruitment, especially on the newly created Invest to Save budget as the recruitment process was unsuccessful. However, a temporary appointment is in place to start this work.
- 4.11 At the start of the year, it was expected that there would be a need for extra specialist placements from September 2022. These costs are now shown within

the overspends above particularly mainstream, out of area recoupment and personal budgets.

4.12 As reported to Schools Forum in July, £947k of the 2022/23 high need supplementary funding has not been utilised.

5 Central School Services Block

5.1 This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. CSSB is split into funding for historic commitments and funding for ongoing responsibilities.

5.2 The projected costs on this block are:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(5,138)	(5,138)	0
Historic Commitments	588	588	0
Ongoing Responsibilities	4,334	4,332	(2)
Centrally Employed Teachers Pension funding	216	216	0
	0	(2)	(2)

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

5.3 The minor underspend is due to savings in the Admissions Service as a result of vacancies and delayed recruitment.

6 2022/23 Reserves

6.1 The table below shows the expected position as at 31st March 2023 as a result of all the variances detailed above.

	General £000	De-delegated £000	Total £000
Balance b/fwd from 2021/22	979	(1,098)	(119)
2022/23 Variances			
- Schools Block	(267)	44	(223)
- Early Years Block	(198)		(198)
- High Needs Block	(1,884)		(1,884)
- Central Schools Services Block	(2)		(2)
Balance c/fwd to 2023/24	(1,372)	(1,054)	(2,426)

The projected surplus on general DSG represents 0.28% of the net DSG funding received by Leeds City Council and 0.17% of the full DSG allocations before deductions for academies funding.

- 6.2 The conditions of grant for the Dedicated Schools Grant requires that any local authority with an overall deficit on its DSG account at the end of 2021/22 financial year must be able to present a plan to the DfE for managing their future DSG spend. However as the DSG is currently projected to be in surplus, this is not currently required.

7 Recommendations

- 7.1 Schools Forum is requested to note the projected underspend on General DSG of £2,351k which will be added to the deficit on General DSG brought forward from 2021/22. This will make the current projected cumulative surplus of £1,372k with projected de-delegated surplus balances standing at £1,054k. The general DSG surplus of £1,372k represents 0.28% of the net DSG funding received by Leeds City Council and 0.17% of the full DSG allocations before deductions for academies funding.