

## LEEDS SCHOOL FORUM

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Meeting to be held in virtually via MS Teams on  
Thursday, 7th October, 2021 at 4.30 pm

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### MEMBERSHIP

Helen Richardson, A. Primary Governor - Wykebeck 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  
Sue Tuck, A. Primary Governor - Ireland Wood 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  
Barbara Trayer, B. Secondary Governors - Allerton Grange Secondary  
Helen Stott, B. Primary Heads - Allerton C of E Primary  
Peter Harris, B. Primary Heads - Farsley Farfield Primary  
Julie Harkness, B. Primary Heads - Carr Manor Community school - Primary Phase  
Jo Smithson, B. Primary Heads - Greenhill Primary  
Emma Wraight, B. Primary Heads - Fieldhead Carr Primary  
David Webster, C. Secondary Governors - Pudsey Grangefield  
Delia Martin, D. Secondary Heads - Benton Park  
Lucie Lakin, D. Secondary Heads - Wetherby High  
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  
Emma Lester, E. Academy Reps - Woodkirk Academy  
Siobhan Roberts, E. Academy Reps - Cockburn John Charles Academy  
Joe Barton, E. Academy Reps - Woodkirk Academy  
Anna Mackenzie, E. Academy Reps - Richmond Hill Academy  
Danny Carr, E. Academy Reps - Dixons Academy  
Russell Trigg, F. SILC Governor East / NW SILC - Special School Governor  
Ben Mallinson, G. Academy (AP) - The Stephen Longfellow Academy  
Mary Ruggles, H. Academy Specialist Provision - Springwell Academy  
Diane Reynard, I. Special School Principal - East / NW SILC - SILC Principals  
Louise Turner, J. 16-19 Providers - Leeds City College  
Helen Gratton, J. Non School PVI - Nursery Provider  
Angela Hynes, J. Non School PVI - Nursery Provider  
Patrick Murphy, J. Non School - Schools JCC  
Angela Cox, J. Non School - Leeds Catholic Diocese  
Dan Cohen, J. Jewish Faith Schools

## A G E N D A

<b>Item No</b>	<b>Title</b>	<b>Lead</b>	<b>Time</b>	<b>Purpose</b>
1.	<b>INTRODUCTIONS 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> 3 - 8	Chair	16:40	For decision
4.	<b>MATTERS ARISING</b>	Chair	16:45	For information
5.	<b>DSG MONITORING REPORT 2021-2022</b> 9 - 16	Lucie McAulay	16:55	For information
6.	<b>DSG MEDIUM TERM FINANCIAL STRATEGY PROJECTIONS REPORT 2022-2023</b> 17 - 24	Lucie McAulay	17:20	For information
7.	<b>SCHOOL FUNDING UPDATE 2022-2023</b> 25 - 32	Lucie McAulay	17:45	For information
8.	<b>SIMS - VERBAL UPDATE</b>	Lucie McAulay	18:05	For information
9.	<b>ANY OTHER BUSINESS</b>	Chair	18:20	For information
10.	<b>MEETING DATES FOR 2021-2022 AND FORWARD PLAN</b> 33 - 34	Chair	18:25	For information

## Leeds Schools Forum

Microsoft Teams Meeting  
Thursday 24 June 2021 at 16:30

<b>Membership (Apologies in Italics)</b>	
<b>GOVERNORS</b>	<b>HEADTEACHERS</b>
Primary (6 seats)	Primary (6 seats)
Sue Tuck <i>David Kagai</i> John Garvani Jatinder Ubhi <i>Andrew Neal</i> Helen Richardson	Ireland Wood <i>St Nicholas</i> Broadgate Swarcliffe Primary <i>Adel St John's Primary</i> Wykebeck Primary
	John Hutchinson Helen Stott Peter Harris <i>Julie Harkness</i> Jo Smithson Emma Wraight
	St Theresa's Catholic Primary Allerton C of E Primary Farsley Farfield Primary <i>Carr Manor Community School</i> Greenhill Primary Fieldhead Carr Primary
<b>Secondary (2 seats)</b>	<b>Secondary (2 seats)</b>
<i>Barbara Trayer</i> David Webster	<i>Allerton Grange</i> Pudsey Grangefield
	<i>Delia Martin</i> Lucie Lakin
	<i>Benton Park</i> Wetherby High
<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 (10 seats)</b>
<i>Angela Hynes</i> Helen Gratton Patrick Murphy <i>Louise Turner</i> <i>Angela Cox OBE</i> Dan Cohen	<i>PVI Providers</i> <i>PVI Providers</i> Schools JCC <i>16-19 Providers</i> <i>Catholic Diocese</i> Jewish Faith Schools
	David Gurney <i>Danny Carr</i> <i>Neil Miley</i> John Thorne <i>Emma Lester</i> <i>Siobhan Roberts</i> <i>Joe Barton</i> <i>Anna McKenzie</i> Rob Dixon <i>One vacancy</i>
	Cockburn School Dixons Academy <i>Dixons Academy</i> Co-op Academy Priesthorpe <i>Woodkirk Academy</i> <i>Cockburn John Charles</i> <i>Woodkirk Academy</i> <i>Richmond Hill</i> Cockburn School
<b>Local Authority Reps:</b>	
<i>Sal Tariq, OBE, Director</i>	<b>Academy – Special School (1 seat)</b>
Tim Pouncey, Chief Officer Strategy & Resources	Mary Ruggles
Louise Hornsey, Head of Service, Finance	Springwell Leeds North
Lucie McAulay, Head of Service, Finance	
<i>Val Waite, Head of Learning Inclusion</i>	<b>Academy – Alternative Provision (1 Seat)</b>
<i>Shirley Maidens, Finance</i>	Vacancy
Rebecca McCormack, Lead for Admissions & Family Information	
Elizabeth Jackson, Finance	
Claire Swift, Finance	
Richard des Forges, Finance	

Item	Title	Actions
1	<p><b>Apologies</b> Apologies were received from Neil Miley, Delia Martin, Julie Harkness, Angela Hynes, Barbara Trayer, Emma Lester and Joe Barton.</p> <p>It was reported that Ian Goddard had left Ebor Gardens/Victoria Primary. <b>Action:</b> to check.</p>	LG
2	<p><b>Introductions and Schools Forum Membership</b> The Chair welcomed Helen Richardson to the Forum.</p>	
3	<p><b>Minutes of last meeting and Matters Arising</b></p> <p>3.1 The minutes of the last meeting were agreed as an accurate record.</p> <p>3.2 <i>Page Three, Item 6.3.3:</i> The Office for National Statistics has just released the local, regional and national data on birth rates. There continues to be a decline with figures in Leeds down to around 9k in 2020 from a peak of 10.3k in 2012. <b>Action:</b> Circulate the information.</p> <p>3.3 <i>Page Four, Item 7.2:</i> the breakdown of alternative provision places and AIP places to be circulated before the next meeting.</p> <p>3.4 <i>Page Four, Item 7.3:</i> An update on the DfE consultation to be given under Any Other Business.</p>	TP LH
4.0	<p><b>Schools Balances Outturn Report 2020</b></p> <p>4.1 <u>Final position at 31 March 2021</u> The summary headline figure for Maintained and Extended Schools shows a surplus of £38.7m; an increase of £14.3m in comparison to the previous year. Within that schools saw an increase of £15.3m from a surplus of £18.2 in 19-20 to £33.5m at the end of 20-21. Although there is an overall surplus there are some schools with a deficit balance. However this has decreased by 11 schools with only 12 in deficit. On the flip side 10 schools have balances greater than 15% over three consecutive years. One AIP is in a similar situation where it will have to submit an application to retain the balance.</p> <p>4.2 The significant increase in balances is predominately due to Covid for example schools received base funding, additional Covid funding and at the same time savings were made in general expenditure. It is anticipated that there will be a catch up on spend in 2021-2022.</p> <p>4.3 Extended schools have seen a reduction in balances due to closures or having to operate with smaller groups and higher ratios. This is not unexpected.</p> <p>4.4 AIPs have increased by £200k due to one AIP having to recover their financial position.</p> <p>4.5 Clusters are fairly steady with an increase of £84k. A question was raised relating to the £2.4m balance in Clusters and why it is so high.</p> <p>4.6 The appendix to the report lists all school balances for 2019-2020 and 2020-2021. Secondary schools have some of the biggest swings in balances and as mentioned early this is felt to be largely due to the effects of Covid.</p>	

4.7	SILC balances: The £2.5m surplus balance carried forward by SILCs was questioned mainly due to the High Needs Block deficit. It was explained that the funding for SILCs can be complicated and results in budgets being more difficult to forecast.
4.8	It was suggested that Heads with experience of budgeting could provide support to inexperienced/new Heads to help them produce a more balanced budget. Finance confirmed that training is held for new Heads. This is being revamped for September and will be provided through a mixture of online resource and course delivery.
4.9	Table two provides an analysis of surplus and deficit balances. Three schools have been lost to academisation and eight more schools are in a surplus position. This leaves 12 in deficit.
4.10	Fifty-two schools had surplus balances above 15%, an increase of 34 from the previous year. Of these, 10 had a surplus for more than three years in a row – nine primary schools and one SILC. The Schools in Financial Difficulty Panel will be asking those 10 to complete an application to justify retention of the surplus. As a result of the high number of schools in this category and taking into account the impact of the pandemic the remaining 42 schools will not be asked to complete an application.
4.11	Deficit balances –benchmarking information will be provided for 2020-2021 later in the year. However 2019-2020 showed 12% nationally, 12.9% for Yorkshire and Humber and 12.5% of schools in deficit in Leeds. Of these: <ul style="list-style-type: none"> <li>• 1 is below £10k</li> <li>• 4 are between £10k and £100k</li> <li>• 4 are between £100k and £500k</li> <li>• 2 are between £500k and £1m</li> <li>• 1 is over £1m</li> </ul>
4.12	A discussion was held around surplus balances and whether a stronger message should go out to schools advising that the money is there to spend on children and young people and carrying forward a surplus of 15%+ is no longer justifiable. It would also be helpful if schools could confirm that they have a robust action plan in place to bring the budget down.
4.13	Extended Services: In previous years extended services with a small deficit has required the school to transfer money from the school budget to balance the position. As a result of Covid this will not be the case this year and schools will be asked to submit a deficit action plan. It was felt that it would be a good opportunity for schools to pause and look at the ongoing viability for those provisions
5.0	<b>DSG Outturn Report 2020</b>
5.1	There is an in-year underspend of £821k on the general DSG and £1m on de-delegated services.
5.2	<u>Schools Block</u>
5.2.1	This budget is mainly allocated to primary and secondary schools with a small amount to the de-delegated services growth fund.
5.2.2	There is an underspend of £777k of which £531k is in the growth fund. It was agreed at February's Schools Forum that the underspend be carried forward to 2021-2022 to help the growth fund this year.

5.2.3	An underspend of £1m is reported against the de-delegated contingency fund. This is mainly as a result of a reduced number of bids last year from schools in financial difficulty.
5.2.4	For the last couple of years the surplus has been refunded to schools on a proportionate basis. For 2021-2022 it is proposed that the surplus remains in the DSG balance. Given the level of deficit there will be a requirement to submit a deficit action plan to the DfE. By retaining the surplus it will reduce the impact on schools and potentially the transfer of funds from the Schools Block to the High Needs block.
5.3	<u>Early Years</u>
5.3.1	Over the course of the last year there has been a great deal of uncertainty around projections. The block ended the year with a surplus of £2.2m, although the amount cannot be confirmed until the final allocation is received in November. It is proposed to use most of the £2m and make an exceptional one off payment to providers in recognition of the difficulties over the year. No decision has been taken as to whether the payment is paid solely to PVI providers with the exclusion of schools and Little Owls children's centres or paid out across the sector. An application process has been discussed previously at the Forum and was dismissed due to the burden on all concerned.
5.3.2	<p>A number of comments were made:</p> <ul style="list-style-type: none"> <li>• Distributing surplus funds to PVI providers only would penalise some schools who have a well balanced budget.</li> <li>• Concern that the local authority would be setting itself up as judge and jury and the equitable approach would be to split the surplus among all settings.</li> <li>• Do we have figures/evidence of hardship in the Early Years sector, given that nurseries could use the furlough scheme?</li> <li>• Is there a precedence from other local authorities or advice from the government</li> <li>• Every £1 redistribution reduces the balance and will result in completing a deficit reduction plan again.</li> <li>• Could the surplus be ring fenced and used to provide catch up sessions for the most disadvantaged children in those settings?</li> </ul>
5.3.3	It was explained that settings are running a business and any overheads/increase in cost would have to be passed on to the parents. Some settings are too small to claim furlough and also the funded hour does not cover salaries/overheads.
5.3.4	The DfE does not stipulate what should be done with the surplus. Local authorities are obliged to pass at least 95% of the funding through to the sector. Some local authorities distribute any surplus whilst others offer different kind of payments, eg quality payments to those good or outstanding.
5.3.5	Although there is no definite proposal at this stage one option would be to look at the number of hours settings were paid last year and repay 20p per hour as a supplementary payment.
5.3.6	Although it is not a Schools Forum decision the group feel that the surplus should be refunded to the sector and targeted if possible.
5.3.7	The two year old cohort has increased over the last year and there has been an increase of children eligible for the Early Years Pupil Premium. Entitlement is based upon the Spring census and is used for eligibility for the following year.

5.4	<u>High Needs Block</u>
5.4.1	The overspend on the Block was £2.3m. This position includes a combined total of £3m agreed to transfer from both the schools block and the central services schools block. One of the larger areas was SEND top ups at £1.9m. This was as a result of the continuing increase of children requiring high needs funding and an increase in post-18 placements. These were offset by an underspend in top up funding at SILCs of £314k. The out of area placements and residential budget was overspent by £2.5m. This has been brought about by the growing number of EHCPs and increased parental awareness of schools available outside of the authority.
5.4.2	Services provided by Children and Families were underspent by £604k. This is largely due to a combination of vacant posts and delays in recruitment.
5.4.3	A question was asked around the high expenditure in the Sensory Service compared to other SEN services with an outturn of £2+m. The underspend of £374k was also raised. It was explained that this was due to the difficulty recruiting to vacant posts. Permanent recruitment will close the gap.
5.4.4	Autism: Heads are finding an increasing number of children have autism and getting support is incredible difficult.
5.4.5	Vine: The college is currently situated in the Queenswood centre. The quality of the building is not conducive to providing good educational settlement so the local authority is rebuilding the provision for Leeds City College on the new Trinity Academy site. It has provided the Authority with an opportunity to increase the number of places commissioned from the college to 80.
5.5	<u>Central Schools Services Block</u> Funding from this block is used to carry out essential functions provided by the local authority. It is split between historic commitments and ongoing responsibilities. There is currently an underspend of £143k due to delayed recruitment and vacancies in the Admissions Service.
5.6	<u>2020/21 Reserves</u> There is currently a deficit of £3.1m in the GENERAL DSG and a surplus of £1m in the de-delegated schools grant. As a result a deficit action plan will have to be submitted to the DfE. An updated action plan will be brought to a future Schools Forum.
5.7	<u>Initial View 2021-2022</u>
5.7.1	It is too early in the year to present a meaningful projection however there are a number of issues which will affect it: <ul style="list-style-type: none"> <li>• the carry forward deficit of £2m</li> <li>• £500k used to fund the growth fund</li> <li>• Assumption of the £2m exceptional early years payment</li> </ul>
5.7.2	This will result in a deficit balance carried forward to 2022-2023 of £5.7m. The budget already assumes a £1.2m overspend. The figure is subject to change throughout the year and updates will be provided later in the year.
5.8	The Forum noted the recommendation and initial projection for 2021-2022.
5.9	Claw back of 15%+ school budgets: It was suggested that surpluses of 15%+ should be clawed back to help bring the deficit down on the Dedicated Schools Grant budget.

	<b>Action:</b> A summary to be brought to the next Schools in Financial Difficult Panel for discussion.	<b>LMc</b>
6	<b>Any Other Business</b>	
6.1	<p><u>DfE national consultation on the financial transparency of maintained schools</u></p> <p>The local authority disagreed with most of the proposals as they made little/no difference to Leeds. The major issue for the local authority is the cap on DSG funding which equates to about £20m and at present there is no indication that the cap will be removed. The five year financial modelling is kept up to date illustrating the impact of the cap and what it would look like if it was removed. Results of the much wider review are needed to understand the impact on Leeds going forward.</p>	
6.2	<p><u>Deputy Director for Learning</u></p> <p>Recruitment to the vacancy is now complete and the new Deputy Director for Learning, Shaheen Myers, from the Coop Multi Academy Trust, will be joining the Authority in early August.</p>	
7.0	<p><b>MEETING DATES FOR 2021-22 AND FORWARD PLAN</b></p> <p>All meetings will take place at 1630-1830 and use MS Teams until further notice</p> <p>Thursday 7 October 2021</p> <p>Thursday 18 November 2021</p> <p><b>Tuesday</b> 18 January 2022</p> <p>Thursday 17 February 2022</p> <p>Schools In Financial Difficulty Panel will take place on the same day at 1500-1600.</p>	

DRAFT



## Report of the Director of Children and Families Services

### Report to the Leeds Schools Forum

#### Subject: Dedicated Schools Grant 2021/22 – Budget Monitoring Month 5

**Report authors: Lucie McAulay  
(Head of Finance –Children and  
Families)**

**Contact number: 0113 3788766**

**Shirley Maidens  
Senior Financial Manager**

**Contact number: 0113 3788532**

## 1 Summary of main issues

- 1.1 This report is to inform members of Schools Forum of the latest 2021/22 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of August 2021.
- 1.2 This report projects an in year overspend of £1.84m. This is made up of increased payments in early years as a result of the 2020/21 underspend on this block which is slightly offset by minor underspends on all other blocks.
- 1.3 Schools Forum agreed to a transfer of £2.887m from the schools block to the high needs block in 2021/22.
- 1.4 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Projected Expenditure £000	Variance £000
Schools Block	(317,938)	317,894	(44)
Early Years Block	(58,279)	60,279	2,000
High Needs Block	(89,919)	89,875	(44)
Central Schools Services Block	(5,156)	5,083	(73)
<b>Total In Year Overspend</b>	<b>(471,292)</b>	<b>473,131</b>	<b>1,839</b>
Deficit b/fwd from 2020/21			3,134
Projected use of reserves			1,518
Use of de-delegated surplus			(1,000)
<b>Projected deficit at 31/3/22</b>			<b>5,491</b>

## 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:

	Latest Estimate £000	Projected Expenditure £000	Variance £000
DSG Income Due	(329,412)	(316,836)	12,576
Recoupment adjustment		(765)	(765)
Funding From Reserves	(500)	(337)	163
Individual Schools Budget	322,512	309,892	(12,620)
Growth Fund	2,659	3,261	602
	<u>(4,741)</u>	<u>(4,785)</u>	<u>(44)</u>
De-delegated budgets	4,741	4,305	(436)

(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, though overall there is an underspend as a result of recoupment adjustments on NNDR in respect of schools which have converted to academies during 2021/22.
- 2.3 Overall, de-delegated services budgets are currently projected to be underspent by £436k. There is a projected overspend of £155k on maternity pay and a projected underspend of £499k on the contingency fund – this is in line with reduced expenditure in recent years. There is also additional income of £92k due to the way de-delegated budgets are dealt with when a school becomes an academy. If this conversion happens after 1<sup>st</sup> September, the authority retains the de-delegated income for the rest of the financial year, though the academy can still access the de-delegated services.
- 2.4 When the Growth Fund budget was initially set, it was known that there would be an adjustment to DSG income due (known as a recoupment adjustment) of £765k to fund growth fund payments to academies for the period April to August. Taking into account all the funding available and the projected growth fund costs, the overall projection on the Growth Fund is as follows:

	£000
Funding available	
- from schools block	2,159
- from DSG reserves	500
- recoupment adjustment	765
Total	3,424
Projected expenditure	3,261
Reduced call on reserves	(163)

### 3 Early Years Block

3.1 There is a high degree of uncertainty on the Early Years block for 2021/22, with projected costs and variances within the Early Years block are summarised below:

	Latest Estimate £000	Projected Expenditure £000	Variance £000
DSG Income Due	(58,279)	(58,279)	0
FEEE 3 & 4 Year Olds	47,671	49,671	2,000
FEEE 2 Year Olds	7,541	7,541	0
SEN Inclusion Fund	505	505	0
Early Years Pupil Premium	534	534	0
Disability Access Fund	210	210	0
Early Years Centrally Retained	1,818	1,818	0
	0	2,000	2,000

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

3.2 Early Years funding is usually paid to the local authority based on January 2021 and January 2022 census. However for 2021/22, the local authority is required to submit termly early years censuses and the funding received will be based on those returns. The funding is paid out to providers based on termly headcounts of the children attending settings. As a result, there is a difference between the funding received by the LA and that paid out to providers. The hourly rate received was increased by 8p per hour for 2 year olds and 6p per hour for 3 and 4 year olds. The full increase was passed onto providers.

3.3 As reported to Schools Forum in June, there was a significant underspend in 2020/21, largely as a result of uncertainty on funding during the year as a result of the coronavirus pandemic. It was reported at this meeting to use up to £2m to make exceptional, one off payments to settings in recognition of the funding difficulties faced by the early years sector, particularly in light of the difficult year in 2020/21.

- 3.4 Also reported in June was the change in the date where the ESFA will finalise the previous year's funding. This usually takes place in July, though it is not expected until November this year, so it is not yet known whether there will be a discrepancy between the funding assumed in respect of 2020/21 and the actual funding received.
- 3.5 As a result of the ongoing uncertainty over funding, it has been difficult to accurately project this block for 2021/22. Therefore at this stage, this block is expected to be on budget apart from the payment of £2m as to reflect the underspend in 2020/21.

#### 4 High Needs Block

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

	Latest Estimate £000	Projected Expenditure £000	Variance £000
DSG Income Due	(91,103)	(88,738)	2,365
Funding From Reserves	(1,181)	(1,181)	0
Funding Passported to Institutions			
- SILC and Resource Provision Places	15,500	13,195	(2,305)
- Out of Area and residential placements	11,541	11,541	0
- Alternative Provision (including AIP's)	5,056	5,056	0
- SEN Top-ups to Institutions	50,782	51,208	426
- Mainstream additional places (£6k blocks)	1,117	1,520	403
- Increase in Special School places	728	0	(728)
- Education provision for mental health beds	100	100	0
Commissioned Services			
- Hospital & Home Tuition	1,856	2,026	170
- PD & Medical Service	97	97	0
Children's Services			
- Autism support (STARS)	464	419	(45)
- Children missing out on education	462	462	0
- Management of high needs services	234	234	0
- SEN adaptations	141	141	0
- SEN Inclusion Team	1,311	1,131	(180)
- Sensory Service	2,337	2,187	(150)
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	0	(44)	(44)

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

- 4.2 As detailed in the table 4.1, there is a projected underspend of £44k on the High Needs Block, though this is after the assumption that £1,181k is required from reserves to fund the in-year expenditure. This is also following the transfer from the schools block totalling £2.887m. If both the contribution from reserves and the transfer from the schools block had not been assumed then the High Needs Block would have had a projected overspend of £4.024m.
- 4.3 DSG income due is £2,365k less than budgeted. However, the majority of this is due to the conversion of North West SILC into 2 special academies where DSG due to local authorities is reduced to allow place funding to be paid to academies directly by the ESFA. This is offset by a reduced cost in the expenditure incurred on SILC and Resourced Provision place funding. In addition, a successful bid was made for £170k of additional funding for the hospital service following an expansion in hospital provision in Leeds. It is possible there may still be some very minor changes to the income received.
- 4.4 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. (105% increase since 2016). The LA is currently responsible for approximately 5000 EHC plans. The 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.
- 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 with even greater difficulties and gaps in learning or presenting with significant social, emotional and mental health needs requiring support. It is too early to give clear projections of the impact of COVID on the rise in requests for new assessments; however, it still looks likely that Leeds will maintain nearly 7000 EHC plans by 2025.
- 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 two new generic special schools. 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 SEN top-ups to institutions continues to be the largest area of overspend, though at a much reduced level of £426k. There are a number of underspends, particularly on post 16 where there is a lower number of students than expected. However, within this section is £975k for the projected deficit of the North West SILC following the conversion to the Green Meadows and Penny Field special academies.

- 4.8 Another impact of the increase in SEN top-ups to mainstream schools is that the budget for the additional £6k blocks paid to schools who have a higher number of SEN pupils than their notional SEN budget covers, is expected to be £403k overspent due to an increased number of SEN pupils within schools meeting the criteria for additional £6k blocks.
- 4.9 As a result of the successful bid for additional funding, the hospital service is expected to spend £170k more than originally budgeted for.
- 4.10 There is expected to be a combined underspend in the services provided by Children and Families of £375k. This is a combination of vacant posts and delays in recruitment.
- 4.11 At the start of the year, it was expected that there would be a need for extra specialist placements from September 2021. As additional places have been provided in SILCs and RPs, no expenditure is expected against this budget.

## 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:

	Latest Estimate £000	Projected Expenditure £000	Variance £000
DSG Income Due	(5,156)	(5,156)	0
Historic Commitments	618	618	0
Ongoing Responsibilities	4,322	4,249	(73)
Severance / Pension costs	216	216	0
	0	(73)	(73)

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

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

## 6 2021/22 Reserves

6.1 The table below shows the expected position as at 31<sup>st</sup> March 2022 as a result of all the variances detailed above.

	General £000	De- delegated £000	Total £000
Balance b/fwd from 2020/21	3,134	(1,132)	2,002
Use of reserves	1,518		1,518
Transfer from de-delegated to general reserves	(1,000)	1,000	0
2021/22 Variances			
- Schools Block	(44)	(436)	(480)
- Early Years Block	2,000		2,000
- High Needs Block	(44)		(44)
- Central Schools Services Block	(73)		(73)
<b>Balance c/fwd to 2022/23</b>	<b>5,491</b>	<b>(568)</b>	<b>4,923</b>

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 2020/21 financial year must be able to present a plan to the DfE for managing their future DSG spend.

## 7 Recommendations

7.1 Schools Forum is requested to note the projected overspend on General DSG of £1.839m which will be added to the deficit on General DSG brought forward from 2020/21. This will make the current projected cumulative deficit £5.49m, with projected de-delegated surplus balances standing at £568k.

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**Report of the Director of Children and Families**

**Report to the Leeds Schools Forum**

**Date: 7th October 2020**

**Subject: Dedicated Schools Grant – Medium Term Financial Strategy 2022/23 – 2026/27**

**Report Authors: Lucie McAulay**

**Contact telephone number: 0113 3788766**

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## **Summary of main issues**

1. The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services.
2. Over the five year period 2022/23 – 2026/27 the DSG is projected to overspend at a rate of between £6.8m and £8.1m per year if no action is taken. The majority of the overspend is on the high needs block and the council is currently reviewing the options available for managing this as required by the Department for Education.
3. Further updates on the council's DSG management plan will be brought to future Schools Forum.

## **Recommendations**

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

## **1 Main issues**

### **1.1 Background**

- 1.1.1 The Dedicated Schools Grant (DSG) is allocated by the Education and Skills Funding Agency (ESFA) and is the main source of income for local authorities' schools budgets. It consists of four funding blocks: schools, high needs (special educational needs), early years and central school services (provided by the council). The Council is forecast to receive DSG Funding of £2,623m over the next 5 years and further details are provided in Table 1.
- 1.1.2 Along with many other local authorities, Leeds is currently not receiving the full allocation of DSG due under the national funding formula, as there is a cap on some of the funding increases and this has created pressures on the DSG account. If the cap on gains had not been in place, Leeds would have been allocated an additional £30.4m of funding between 2018/19 and 2021/22 across the schools block (£9.5m) and high needs block (£20.9m). A further funding cap of £1.9m will apply in 2022/23 to the high needs block, based on provisional funding allocations released by the ESFA. Further details on funding are provided in the sections that follow.
- 1.1.3 In accordance with the Education Act, some of the DSG can be retained by the council to provide services for schools, though the vast majority is passed directly on to schools and other educational settings. There is some flexibility within the regulations in how funding is allocated out to schools and it is also currently possible to move a small proportion of funding between the different blocks of the DSG to offset overspends, although this is subject to strict regulations and requires annual consultation with schools and Schools Forum approval.

### **1.2 Projections**

- 1.2.1 As shown in Table 1 below, the schools block and early years block budgets are expected to balance over the next five years, based on previous trends and forecast data. Table 1 shows the projected cumulative DSG deficit at the end of each year. Table 2 shows the projected cumulative DSG deficit at the end of each year.
- 1.2.2 In line with national trends, the key pressure anticipated in the MTFs for DSG relates to the high needs block, which provides funding in relation to pupils with special educational needs. This is projected to overspend by between £3.0m and £4.6m each year. The assumptions and risks associated with the projections for this funding block and plans to address the overspend are set out in the sections that follow. There is also a smaller pressure on the central school services block from 2022/23, due to the phased reduction in DSG for any historical council expenditure no longer deemed eligible for funding.

**Table 1 – Dedicated Schools Grant projected income and expenditure**

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
<b>Schools Block</b>					
DSG Income	(329.6)	(348.4)	(358.2)	(365.4)	(370.3)
Individual Schools Budgets	321.3	340.1	349.8	356.9	361.7
De-delegated budgets	4.9	4.9	5.0	5.1	5.2
Growth Fund	3.4	3.4	3.4	3.4	3.4
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Central School Services Block</b>					
DSG Income	(5.2)	(5.2)	(5.2)	(5.3)	(5.3)
CSSB Expenditure	5.3	5.3	5.4	5.5	5.6
	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>
<b>Early Years Block</b>					
DSG Income	(57.5)	(55.3)	(53.2)	(51.1)	(49.2)
3 and 4 year old entitlement	47.2	45.5	43.7	42.0	40.4
2 year old entitlement	7.3	7.0	6.8	6.5	6.3
Other early years provision	3.0	2.8	2.7	2.6	2.5
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>High Needs Block</b>					
DSG Income	(96.0)	(103.3)	(111.4)	(120.1)	(129.4)
Funding passported to institutions	90.8	98.7	107.2	115.4	124.4
Commissioned services	2.5	2.7	2.9	3.2	3.4
Directly Managed by Children & Families	5.7	5.8	5.9	6.0	6.1
	<b>3.0</b>	<b>3.9</b>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>
<b>Total DSG Income</b>	<b>(488.3)</b>	<b>(512.2)</b>	<b>(528.0)</b>	<b>(541.9)</b>	<b>(554.2)</b>
<b>Total Expenditure</b>	<b>491.4</b>	<b>516.2</b>	<b>532.8</b>	<b>546.6</b>	<b>559.0</b>
<b>Total Dedicated Schools Grant overspend</b>	<b>3.1</b>	<b>4.0</b>	<b>4.8</b>	<b>4.7</b>	<b>4.8</b>

**Table 2 – Dedicated Schools Grant projected cumulative deficit**

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
DSG balance brought forward	6.8	9.9	13.9	18.7	23.4
In year deficit (from table above)	3.1	4.0	4.8	4.7	4.8
<b>Total deficit on General DSG before further actions</b>	<b>9.9</b>	<b>13.9</b>	<b>18.7</b>	<b>23.4</b>	<b>28.2</b>
Potential additional funding, if Schools Forum continued to agree a transfer 0.5% of schools block funding to the high needs block	(3.1)	(3.1)	(3.3)	(3.4)	(3.4)
<b>Potential revised cumulative deficit</b>	<b>6.8</b>	<b>7.7</b>	<b>9.2</b>	<b>10.5</b>	<b>11.9</b>

### 1.3 Assumptions and risks

#### National SEND review

- 1.3.1 The Government announced a Special Educational Needs and Disabilities (SEND) Review in 2019 however the outcome of this has now been delayed three times. The review was intended to improve capacity and support for families as well as assessing what was behind the continual rise in Education, Health and Care Plans. The review would then boost outcomes, improve value for money and address historic underfunding experience by Leeds and other local authorities. As such, 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.

#### Funding increases

- 1.3.2 In 2019/20, the Government also announced a three year funding settlement for the schools and high needs blocks of the DSG, providing a combined national rise of £7.1bn by 2022/23 compared to 2019/20. Local authority allocations are released on an annual basis and it is not yet known what increases may be available beyond 2022/23.
- 1.3.3 Projections in Table 1 assume that the minimum funding increases will follow the same trends as in recent years. If increases were not as high as expected for the schools and early years blocks this would be matched by a reduction in funding allocated out to settings.
- 1.3.4 In relation to the central school services block funding, these projections are based on the current funding mechanism however the Department for Education (DfE) has advised there will be a future consultation on the services this block funds. Some services may become traded arrangements with schools and therefore DSG funding may reduce.

- 1.3.5 In relation to high needs, in the past Leeds was significantly underfunded for and in 2017/18 the high needs block funding for Leeds was 25% lower per pupil than the national average. Since 2018/19 the government has been moving towards a national funding formula to address historical funding differences. This is currently in a transitional phase and while the funding for Leeds has increased it is not yet at the full allocation in the national formula. Leeds still receives less than the national average per pupil for high needs funding when taking into account all maintained and special school pupils, and ranks 136th out of 150 local authorities for per pupil funding on this basis.
- 1.3.6 The figures presented in the table assume an 8% increase in high needs funding each year, in line with the national minimum in recent years. There is however a risk that the national increase could be lower.
- 1.3.7 It is also possible that the high needs funding increase could be higher than estimated. In 2021/22 Leeds received the maximum 12% increase and for 2022/23 the maximum 11% increase. However it is not possible to estimate what Leeds may be entitled to in future years, or the maximum increase the ESFA will allow. However to provide some context for the potential impact of funding increases, for every 1% increase in the high needs allocation there would be approximately £1m of additional funding received.

#### Cap on gains

- 1.3.8 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 2022/23. It is not currently known whether a cap will continue to be applied to the high needs block beyond 2022/23.
- 1.3.9 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 £30.4m of funding between 2018/19 and 2021/22 across the schools block (£9.5m) and high needs block (£20.9m). A further funding cap of £1.9m will apply in 2022/23 to the high needs block, based on provisional funding allocations released by the ESFA. Leeds is one of the 36 local authorities out of 150 that will continue to have their funding capped in 2022/23.

#### High needs demand and complexity

- 1.3.10 In line with the national picture, Leeds has experienced an increase in high needs demand and complexity in recent years, with this trend expected to continue. However as noted above there is currently still a cap on funding increases and to date any additional funding received by Leeds has been exceeded by increased costs.
- 1.3.11 The projections in tables 1 and 2 are based on the current data for forecast population changes in special educational needs in Leeds, combined with trend analysis over the past three years. However there are risks that increases in demand and complexity could be higher than projected, particularly in relation to the long term impact of COVID on learning and deprivation, the effects of which may only become apparent after a number of years.

### Funding paid to high needs settings

- 1.3.12 The ESFA does not require local authorities to increase the per pupil funding paid to settings each year, however there is some pressure from the sector to do this. No decisions have yet been made to amend the funding rates and the projections are therefore based on existing rates, including any known inflation.
- 1.3.13 Places will need to be created to meet future high needs demand, and the rates payable will vary according to the type of need and setting. As some future provision is still to be developed, the projections assume that funding rates for the increased demand will be in the middle cost band for existing settings. The modelling will continue to be updated as work continues to develop capacity for future demand.

### Funding transfers between DSG blocks

- 1.3.14 Since 2017/18 a total of £12.69m 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 (£11.04m from the schools block and £1.65m from the central school services block).
- 1.3.15 Beyond 2022/23 it is not known whether funding can continue to be moved between DSG blocks in this way, as the DfE has indicated the ability for local authorities to do this in future will become more limited.
- 1.3.16 If funding transfers are still allowed in future, any transfers from the schools block to the high needs block would require annual consultation with schools and approval by the Leeds Schools Forum.
- 1.3.17 Table 2 shows the estimated funding available if a transfer of 0.5% of schools block funding to the high needs block continued. The 0.5% transfer is in line with the current limit that Schools Forums can agree without further approval from the Secretary of State.

## **2 DSG savings plan**

- 2.1.1 With effect from the end of 2019/20, new provisions were added to the School and Early Years Finance Regulations which require local authorities to carry forward any DSG overspends or deficit balances to the following year. These should be dealt with from future DSG income, rather than being funded by the council, unless otherwise authorised by the Secretary of State. In practice Leeds, along with many local authorities, has historically dealt with any overspends on DSG in this way. The new regulations however reinforce that councils should not fund a DSG deficit from the general fund.
- 2.1.2 However any local authority with an overall deficit on its DSG account, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education (DfE) in managing that situation. This includes providing information on plans for managing the DSG account and meeting with officials from the DfE as and when requested. The Secretary of State may also impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation.

- 2.1.3 A previous review by Children and Families of the high needs block in 2017 identified a range of options to reduce costs, which were consulted on with stakeholders and implemented as appropriate at the time. The Children and Families directorate are carrying out further work to identify a medium-term plan which looks to bring the high needs block back into balance and addresses the current DSG deficit, to the extent that this is possible given any limitations in funding and increases in demand. Additional high needs provision is already being created in the city and further opportunities to develop this will be explored, with the intention of improving outcomes while also reducing costs.

### **3 Recommendations**

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

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## Report of the Director of Children and Families

## Report to the Leeds Schools Forum

Date: 7<sup>th</sup> October 2021

Subject: School funding update 2022/23

Report Author: Lucie McAulay

Contact telephone number: 0113 3788766

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### Summary of main issues

1. The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services. The Education and Skills Funding Agency (ESFA) uses the national funding formula to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the constraints set out by the ESFA.
2. The ESFA has published some of the indicative DSG funding allocations for 2022/23. These show an increase for Leeds of £11.8m for the Schools Block and £11.1m for the High Needs Block. The final allocations for 2022/23 will be confirmed later in the year using the latest pupil data. There has also been a decrease of £59k to the Central Schools Services Block. Funding for the Early Years Block has not yet been confirmed.
3. Local authorities are required to consult with schools on proposals for funding arrangements and report back to their Schools Forum. Schools Forums are then responsible for either making decisions or providing views on the various proposals, in line with the powers set out by the DfE.
4. Financial modelling will be carried out for 2022/23 to establish options for consultation with schools. The consultation with schools on the 2022/23 funding arrangements will provisionally commence on the 4th October 2021 and end on the 20<sup>th</sup> October 2021. Online briefing sessions will be provided for schools during this period.

### Recommendations

5. Schools Forum is asked to note the latest position on the 2022/23 school funding arrangements and the work planned to develop and consult on the allocation of this funding.

## **1 Background information**

- 1.1 The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services. The ESFA uses the national funding formula (NFF) to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the constraints set out by the ESFA.
- 1.2 As the country moves through the coronavirus (COVID-19) pandemic, the Department for Education (DfE) has acknowledged the essential role that local authorities play to support education. To ensure that funding can be delivered as smoothly as possible to schools, the department has made limited changes to funding arrangements in 2022/23.
- 1.3 The ESFA has published illustrative local authority level allocations for 2022/23 for schools, central school services, and high needs blocks, based on October 2020 pupil data. Details are provided in the relevant sections below and these figures will be used for consultation with schools in October 2021. The final local authority allocations will be confirmed in December 2021 and will take into account October 2021 pupil data.
- 1.4 For 2022/23 the basic structure of the schools NFF is not changing however the ESFA is changing some existing features of the formula alongside some technical changes, key details of which are included within the relevant sections of the report below.

## **2 Main issues**

### **2.1 Dedicated Schools Grant balance**

- 2.1.1 The ESFA require that any authority with a DSG deficit of any size, or that is likely to fall into a DSG deficit in the near future should have a plan for managing its DSG account going forward and must keep its schools forum regularly updated about its plan including high needs pressures and potential savings. It must also respond to enquiries from the DFE about the plan.
- 2.2 In 2022 to 2023, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. In July 2021, the department published a consultation on proposals for completing the reforms of the funding system, whereby individual schools budgets would be set directly through one single national formula, rather than local funding formulae. This consultation proposes that, from 2023 to 2024, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition. These requirements do not apply in 2022 to 2023, but local authorities may choose to move their local formulae closer to the NFF in advance of these requirements.

### **2.3 Schools Block**

#### Funding allocation

- 2.3.1 In 2022/23, the national funding formula will continue to set notional allocations for each school, which will be aggregated and used to calculate the total Schools Block funding received by each local authority.
- 2.3.2 The Schools Block indicative allocation for Leeds in 2022/23 is £613,712k which is an increase of £11,810k compared to 2021/22 (based on October 2020 pupil data). The final Schools Block allocation for 2022/23 will be received in December 2021 and will reflect the October 2021 pupil numbers in mainstream schools and academies.
- 2.3.3 Whilst the funding factors used in the formulae to calculate the NFF allocations remain the same, a number technical changes have been made:
- Schools sparsity distances are now based on road distances, instead of straight-line distances, and a sparsity distance taper has been introduced, in addition to the existing year group size taper.
  - Data on pupils who have been eligible for FSM6 is now taken from the October 2020 school census instead of the January 2020 census, to make the factor more up to date and bring it in line with arrangements for other NFF factors as well as the pupil premium.
  - Further to the consultation on changes to the payment process of schools business rates, schools business rates will be paid by ESFA to billing authorities directly on behalf of all state funded schools from 2022 to 2023 onwards.
  - For the low prior attainment factor in local funding formulae, 2019 assessment data will be used as a proxy for both the 2020 and 2021 reception and year 6 cohorts. This follows the cancellation of assessments in 2020 and 2021 due to COVID-19 and will be reflected in the data local authorities will receive from the ESFA.

#### Schools Sparsity Funding

- 2.3.4 The sparsity factor allocates funding to schools that are remote, measured by sparsity distances, and are small, based on average year group size.
- 2.3.5 For 2022/23 sparsity distances will be measured by road distances instead of straight-line distances. To calculate a school's sparsity distance, the formula takes all the pupils for whom it is the nearest compatible school and finds the average shortest road distance from these pupils' home postcodes to their second nearest compatible schools. Further details are provided in the NFF technical note.
- 2.3.6 In 2021/22 only one primary school qualified for sparsity funding however under the new road distance criteria three primary schools will now be eligible for sparsity funding in 2022/23.
- 2.3.7 In addition, this factor now includes a new distance threshold. This means that where schools' sparsity distances are marginally below the main distance thresholds for sparsity funding, they will still attract some allocation through the NFF. The distance threshold taper has been set 20% below the main distance thresholds.

### School Business Rates

- 2.3.8 From 2022 to 2023 onwards rates will be paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies. Local authorities will no longer need to fund rates at their estimate of the actual cost and will no longer allocate rates payments to schools. In addition, local authorities also no longer need to adjust rates with additional allocations to schools during the financial year (outside of the funding formula).

### Transfers out of the schools block

- 2.3.9 Local authorities will continue to be able to transfer up to 0.5% of their Schools Block to other blocks of the DSG, with Schools Forum approval. Based on 2021/22 funding this would be approximately £3,069m for Leeds.
- 2.3.10 If the council wishes to transfer more than 0.5%, or transfer any amount without Schools Forum approval, a request would need to be made to the DFE to disapply the regulations in this area.
- 2.3.11 As High Needs Block funding is unlikely to be sufficient to cover costs in this area, we will be consulting with schools in October 2021 on a transfer of funding in 2022/23 from the Schools Block to the High Needs Block. The amount to be consulted on will be decided following further consideration of the pressures on the High Needs Block.

### Schools block funding formula

- 2.3.12 The minimum funding guarantee (MFG) for schools will continue, and local authorities continue to have the flexibility to set a local MFG between plus 0.5% and plus 2% per pupil. The MFG we seek to set will be determined by the modelling of the formula options, so that all schools will see an increase in per pupil funding.
- 2.3.13 The indicative allocations for Leeds have increased in 2022/23 due to changes to the key areas of the national funding formula as detailed below.
- The minimum per pupil funding levels will increase to £5,525 for secondary schools (compared to £5,150 in 2021/22) and £4,265 for primary schools (compared to £4,000 in 2021/22).
  - The funding floor will increase to ensure that the funding allocated to the local authority includes at least a 2% gain per pupil against the 2021/22 baseline.
  - Additional funding for small and remote schools will increase in 2022/23 with primary schools attracting up to £55,000 compared to £26,000 previously and from £67,000 to £80,000 for secondary schools.
- 2.3.14 As in previous years, we will be consulting with schools on the local funding formula to be used for 2022/23. We will be proposing to continue to move as close as possible to the national funding formula, as this was the approach taken for 2021/22. As we will be proposing to transfer some funding out of the Schools Block it will not be possible to move fully to the national funding formula and we are currently modelling options for

adjusting the national funding formula to take account of this. Details of the proposed formula allocations will be provided to schools during the consultation in October 2021.

#### Formula factor increases

- 2.3.15 The majority of funding provided through the formula factors is related to pupil numbers and characteristics, plus some additional premises based funding. The premises funding consists mainly of a flat rate lump sum for all schools plus additional funding for PFI schools to recognize increased costs. Pupil-led funding comprises basic entitlement rates for all pupils, plus targeted funding across areas such as deprivation (measured based on Free School Meal entitlement and a deprivation index), prior attainment and English as an additional language.
- 2.3.16 Factors in the NFF allocations to local authorities will be increased by 3% apart from free school meals (increased at inflation) and premises based funding (allocated based on actual local authority spend in 2021/22 with an inflationary increase for the PFI factor only). There will be some local discretion to set lower rates for the funding factors if needed.

#### Minimum funding increases

- 2.3.17 A minimum increase of 2%, broadly in line with current inflation forecasts, will be guaranteed per pupil in local authority allocations compared to the 2021/22 NFF. As there is still some local discretion in the formula, local authorities will be able to set a minimum funding guarantee for schools of between +0.5% and +2% per pupil.

#### Growth fund

- 2.3.18 Growth funding will be allocated to local authorities as part of the Schools Block, based on growth in pupil numbers between the October 2020 and October 2021 censuses. Growth funding allocations for 2022/23 will not be confirmed by the ESFA until December 2021.
- 2.3.19 As in previous years, Schools Forum are responsible for agreeing the amount of growth funding to be top-sliced from the Schools Block (which does not have to be the same as the amount of growth funding allocated by the ESFA). Details will be brought to a future Schools Forum of the proposed amount and criteria for allocation to schools of the 2022/23 growth fund.

#### 2.4 **High Needs Block**

- 2.4.1 The High Needs Block (HNB) indicative allocation for 2022/2023 is £108,882k. This is an increase of £11,061k compared to 2021/22.
- 2.4.2 The high needs national funding formula ensures that every local authority receives an increase of at least 8% per head of population, with some authorities receiving up to 11% more than this year. For Leeds the increase is the maximum 11%, with a cap on

gains of £1,903k. Without this cap, the indicative allocation would have been £110,783k.

The High Needs Operational Guide has only recently been published and so further guidance will be available on the high needs funding when this has been reviewed in detail.

## 2.5 **Central School Services Block**

- 2.5.1 The indicative allocation for the Central School Services Block (CSSB) in 2022/23 is £5,098k which is a decrease of £59k compared to 2021/22.
- 2.5.2 Funding for this block is split between historic commitments and ongoing services. Local authorities will continue to be protected so that the maximum per-pupil year on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.6%. This element of the CSSB is calculated using a simple per pupil formula which remains unchanged.
- 2.5.3 In line with reforms to move to a fairer funding system and avoid maintaining significant differences in funding between local authorities which reflect historic decision, the historic element of the CCSB funding began to be reduced from 2020/21. In 2022/23 the historic commitments funding will continue to reduce by 20% (£218k) of 2021/22 allocations.
- 2.5.4 The ESFA will provide further details in due course as to how they will continue to reduce this funding in future years however in 2022/23 they are not changing the requirement in regulations that authorities spend no more on these commitments than they did in the previous year.

## 2.6 **Early Years Block**

- 2.6.1 As in previous years, the Early Years Block allocation is based on pupil numbers in the January census and therefore allocations for 2022/23 have not yet been released.

## 2.7 **De-delegation of services**

- 2.7.1 Schools Forum can agree that some funding for maintained primary and secondary schools is retained centrally each year, so that the council can provide certain services to schools that they would otherwise have to pay directly from their budget (such as reimbursing schools for the cost of staff on maternity leave). This arrangement is known as de-delegation and we will be consulting with maintained mainstream schools later in the autumn on the proposals for their de-delegated contributions in 2022/23.

## 2.8 **Consultation with schools**

- 2.8.1 The 2022/23 consultation with schools will provisionally run from 4<sup>th</sup> October to 20<sup>th</sup> October 2021 and will cover:

- The local schools funding formula

- Any proposals to transfer funding between the blocks of the Dedicated Schools Grant
- Maintained school contributions to severance costs
- Revision to the Leeds Scheme for Financing Schools – excess surplus balances – maintained schools only
- Revision to the Leeds Scheme for Financing Schools – surplus balance transfer upon conversion – maintained schools only

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

2.8.3 We will report the outcome of the consultation to Schools Forum on 18<sup>th</sup> November 2021. A further update will also be provided at the meeting on 18<sup>th</sup> January 2022 once the final funding allocations have been confirmed by the ESFA.

### **3 Recommendations**

3.1 Schools Forum is asked to note the latest position on the 2022/23 school funding arrangements and the ongoing work to develop and consult on the allocation of this funding.

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Schools Forum forward plan 2021/22

Schools Forum date	Driver for date	Agenda items	Purpose	Responsible officer	Comments
Thursday 24/06/2021	No external requirements	School balances 2020/21 outturn	Information	Lucie McAulay/Liz Jackson	
		DSG 2020/21 outturn	Information	Lucie McAulay/Shirley Maidens	
Thursday 07/10/2021	Get views from SF before consultation	DSG budget monitoring 2021/22	Information	Lucie McAulay/Shirley Maidens	
		School funding update 2022/23, including consultation plans	Information	Lucie McAulay	
		DSG Medium Term Financial Strategy 2022/23 - 2026/27	Information	Lucie McAulay	
Thursday 18/11/2021	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 2022/23, including any transfers of funding between the DSG blocks	Decision and consultation	Lucie McAulay	
		Early Years Report	Information	Rebecca McCormack	
<b>Tuesday</b> 18/01/2022	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 2022/23	Information	Lucie McAulay	
		De-delegation 2022/23 decision	Decision	Lucie McAulay	
Thursday 17/02/2022	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 2022/23	Decision and consultation	Rebecca McCormack	Report to be cleared with Cllr Venner rather than Cllr Pryor
		DSG budget monitoring 2021/22	Information	Lucie McAulay/Shirley Maidens	

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