



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

### **Report to the Leeds Schools Forum**

#### **Subject: Dedicated Schools Grant 2020/21 – Budget Monitoring Month 5**

**Report authors: Louise Hornsey  
(Head of Finance –Children and  
Families)**

**Contact number: 0113 3788689**

**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 2020/21 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of August 2020.
- 1.2 This report projects an in year overspend of £2.34m. This is made up of an overspend on the High Needs Block (HNB) largely as a result of increased expenditure on SEN top-ups and outside placements. This is partly offset by a small underspends on all other blocks.
- 1.3 As a result of the COVID 19 pandemic, it has been difficult to accurately calculate some of the projections, particularly on early years. This is because many of the settings have been fully or partially closed for a number of months. As a result, it is expected that there will be greater than usual activity in the autumn term.
- 1.4 Schools Forum agreed to a transfer of £2.65m from the schools block to the high needs block in 2020/21 and a further £350k was transferred from the central school services block to the high needs block.
- 1.5 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Projection £000	Variance £000
Schools Block	307,636	307,047	(589)
Early Years Block	58,685	58,138	(547)
High Needs Block	79,957	83,553	3,596
Central Schools Services Block	4,867	4,746	(121)
<b>Total In Year Overspend</b>	<b>451,145</b>	<b>453,484</b>	<b>2,339</b>
Deficit b/fwd from 2019/20			3,954
<b>Projected deficit at 31/3/21</b>			<b>6,293</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	Projection £000	Variance £000
DSG Income Due	(314,877)	(307,636)	7,241
Individual Schools Budget	307,309	299,829	(7,480)
Growth Fund	3,000	2,650	(350)
	<b>(4,568)</b>	<b>(5,157)</b>	<b>(589)</b>
De-delegated budgets	4,568	4,364	(204)

(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 and growth funding in respect of schools which have converted to academies during 2020/21.
- 2.3 Overall, de-delegated services budgets are currently projected to be underspent by £204k. There are projected overspends of £50k on maternity pay and £32k on SIMS licences. However, there is additional income of £286k 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 As detailed elsewhere on this agenda, it is proposed to utilise the underspend £596k underspend on de-delegated services from 2019/20 to support mainstream maintained schools that have incurred exceptional COVID-19 related costs not covered by government funding.
- 2.5 The Growth Fund was initially set at £3,000k. The current projections are that growth fund expenditure will be £2,650k which will result in an underspend of £350k.

### 3 Early Years Block

- 3.1 The projected costs and variances within the Early Years block are summarised below:

	Latest Estimate £000	Projection £000	Variance £000
DSG Income Due	(64,216)	(58,685)	5,531
FEEE 3 & 4 Year Olds	50,897	47,629	(3,268)
FEEE 2 Year Olds	10,147	7,443	(2,704)
SEN Inclusion Fund	545	565	20
Early Years Pupil Premium	580	521	(59)
Disability Access Fund	194	130	(64)
Early Years Centrally Retained	1,853	1,850	(3)
	0	(547)	(547)

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

- 3.2 Early Years funding is paid to the local authority based on January 2020 and January 2021 census. 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 and that full increase was passed onto providers.
- 3.3 For 2020/21, there is a great deal of uncertainty around the projections as a result of the COVID 19 pandemic. This may result in a reduction of children on the January 2021 early years census which would result in reduced income in 2020/21. This is also likely to have an impact on the income that will be received in 2021/22. The impact on 2020/21 has been mitigated by a slight change in the way the income due is calculated. For 2020/21 only, the January 2021 early years census will only affect the income due for 3 months of the year, rather than the usual 7 months. This should reduce the potential volatility of the grant due.
- 3.4 In addition, in order to maintain childcare provision availability, DfE instructions were to continue to pay providers even though the childcare may not have been provided. For the summer term 2020 this meant that all providers received income based on their estimates regardless of whether they had children attending. Following the updated DfE guidance, for the autumn term 2020,

providers in Leeds will be funded on either the actual children attending or 95% of the value of the autumn 2019 term, whichever is the greater.

- 3.5 Based on activity in previous years, adjusted for the above changes in DfE guidance, it is estimated that there will be an underspend of approximately £500k on the payments to providers of 2 year old and 3 & 4 year old places. We continue to review the DfE guidance around the use of the early years block as new guidance is being issued regularly. As such the projection on this block is subject to change.
- 3.6 As reported to Schools Forum in February, the implementation of the “golden ticket” approach to increase the uptake of 2 year old places has been significantly affected by the pandemic which is expected to result in reduced expenditure and income.
- 3.7 The SEND Inclusion Fund is projected to be £20k overspent. However activity on this budget has also been significantly affected as a result of the pandemic which means these projections could change once the autumn term activity is known.
- 3.8 There are further underspends projected on the Disability Access Fund and Early Years Pupil Premium. In addition, it is expected there will be a small underspend on the Early Years Contingency Fund, as the majority of this has been used to provide PPE to early years providers.
- 3.9 As part of the 2019/20 outturn it was reported that the Early Years grant for 2019/20 was estimated as the statutory deadlines for finalising the accounts were earlier than the final grant notification. The final grant received was only £2k different than was included in the 2019/20 accounts which is a negligible impact on 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	Projection £000	Variance £000
DSG Income Due	(79,831)	(79,957)	(126)
Funding Passported to Institutions			
- SILC and Resource Provision Places	14,034	14,095	61
- Out of Area and residential placements	8,954	10,217	1,263
- Alternative Provision (including AIP's)	5,056	5,056	0
- SEN Top-ups to Institutions	41,428	44,791	3,363
- Mainstream additional places (£6k blocks)	751	1,068	317
- Increase in Special School places	2,106	1,202	(904)
- Education provision for mental health beds	100	100	0
Commissioned Services			
- Hospital & Home Tuition	1,724	1,724	0
- PD & Medical Service	97	97	0
Children's Services			
- Autism support (STARS)	450	472	22
- Children missing out on education	446	447	1
- Management of high needs services	284	259	(25)
- SEN adaptations	141	141	0
- SEN Inclusion Team	1,287	1,162	(125)
- Sensory Service	2,415	2,164	(251)
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	0	3,596	3,596

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

4.2 As detailed in the table above, the projected overspend on the High Needs Block is £3,596k. This is following the transfers from the schools block and the central school services block totalling £3m.

4.3 Previous reporting identified a significant rise in the requests for new assessments (80% rise in new assessments in 2018/19 compared to 2014/15). The LA is currently responsible for 4,672 EHC plans. During the pandemic period we continued to deliver our statutory role with some adjustments to service. During this time the number of requests did reduce slightly although we are now seeing a rise back to the level prior to the lockdown after only a few weeks into term. We are therefore now anticipating an even greater number of requests over the next few terms than previously projected. 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. As restrictions continue and bubbles break down in schools, children and young people will lose even more education potentially causing ongoing difficulties. It is too early to give clear projections of the impact of COVID on the rise in requests for new assessment; however, our previous estimates of requests being doubled by 2025 to over 7,000 children may now be an

underestimation despite work being undertaken to support at an earlier intervention level. 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 bespoke package.

- 4.4 SEN top-ups to institutions continues to be the largest area of overspend. The projected overspend for 2020/21 is now £3,363k and the largest areas within this are as follows:-
- A continued increase in high need pupils at mainstream schools and academies has resulted in a projected over spend of £ 2,511k. This is also an increase of £3,523k compared to 2019/20.
  - There is an increase in external post 18 placements which is expected to result in an overspend of £765k and a further increase in post 16 students at colleges from September 2020 is expected to result in an overspend of £500k on that budget.
  - A projected underspend of approximately £600k on top up funding at SILCs and resourced provision units is expected as a result of vacant places between April and August compared to the budget.
- 4.5 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 £317k overspent due to an increased number of SEN pupils within schools meeting the criteria for additional £6k blocks. Coupled with the increase in top ups, high needs funding received by mainstream schools and academies is £3,839k greater than 2019/20 and £2,828k over the available budget.
- 4.6 The Out of Area Placements budget is currently expected to be £1,263k overspent. As detailed above, the number of special school places required has outstripped the availability of places in Leeds. This has resulted in an increase in the number of high cost placements outside the city. There is still a risk that this overspend could increase further.
- 4.7 There is expected to be a combined underspend in the services provided by Children and Families of £378k. This is a combination of vacant posts and delays in recruitment.
- 4.8 At the start of the year, it was expected that there would be a need for an extra 212 specialist placements from September 2020. At the time these projections were completed, a number of these placements had been provided, but there were still a number to be resolved.
- 4.9 When the budget is set, there are a number of issues that are not confirmed until after the year has started. As estimate is made of the impact of these issues, but the actual allocation is slightly different. For 2020/21, the grant allocation is £126k more than budgeted.

## 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	Projection £000	Variance £000
DSG Income Due	(4,867)	(4,867)	0
Historic Commitments	646	645	(1)
Ongoing Responsibilities	4,071	3,951	(120)
Severance / Pension costs	150	150	0
	<u>0</u>	<u>(121)</u>	<u>(121)</u>

(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 2020/21 Reserves

6.1 The table below shows the expected position as at 31<sup>st</sup> March 2021 as a result of all the variances detailed above.

	General £000	De-delegated £000	Total £000
Balance b/fwd from 2019/20	3,955	(722)	3,233
Use of reserves	0	596	596
2020/21 Variances			
- Schools Block	(589)	(204)	(793)
- Early Years Block	(547)		(547)
- High Needs Block	3,596		3,596
- Central Schools Services Block	(121)		(121)
<b>Balance c/fwd to 2021/22</b>	<b>6,294</b>	<b>(330)</b>	<b>5,964</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 2019/2020

financial year must be able to present a plan to the DfE for managing their future DSG spend. The DfE has recently issued a management plan template to aid local authorities in this. This template is very detailed and will take a considerable amount of time to complete. The result from this template will be presented to a future Schools Forum.

## **7 Recommendations**

- 7.1 Schools Forum is requested to note the projected overspend on General DSG of £2.34m which will be added to the deficit on General DSG brought forward from 2019/20. This will make the current projected cumulative deficit £6.29m, with projected de-delegated surplus balances standing at £330k.