



Report of the Director of Children and Families Services

Report to the Leeds Schools Forum

Subject: Dedicated Schools Grant Management Plan

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1 Introduction

- 1.1 As previously reported, there was a deficit on the general Dedicated Schools Grant (DSG) at the end of the 2019/20 financial year of £3.96m. Over the five year period 2021/22 – 2025/26 the DSG is projected to overspend at a rate of between £6.8m and £8.1m per year if no action is taken. Under the DSG grant conditions, a management plan is required to be completed and presented to Schools Forum.
- 1.2 The Education, Skills and Funding Agency (ESFA) have produced a spreadsheet template to assist local authorities to produce a plan. Leeds is not currently using this template for a number of reasons. Firstly the template shows the financial information in a format which is not consistent with information that has already been presented to Schools Forum and so could be confusing. Secondly, there have been a number of technical issues with this template which means that it is not currently producing meaningful information. We have had a number of discussions with the ESFA on ways we suggest to improve the template. When the issues with the template are resolved, it is possible that it could be used in future years.
- 1.3 This report includes the elements of the ESFA plan which it has been possible to complete at this stage, mainly the narrative sections setting out the context for Leeds. A High Needs Benchmarking tool has been produced by the ESFA which in most categories shows Leeds as having lower expenditure in high needs when compared to the regional and statistical neighbours. This tool is a public document and can be accessed here [High needs benchmarking tool - GOV.UK](#).
- 1.4 The financial projections were provided in the Medium Term Financial Strategy that was presented to Schools Forum in October 2020. At the moment, this is a projection based on current information. As mitigating actions are identified and implemented, the impact will be incorporated into future updates to Schools Forum.

2 Financial Plan Narrative

- 2.1 Historically, Leeds has been underfunded in comparison to other local authorities; at 2017/18, High Needs Block (HNB) funding for Leeds was 25% lower than the national average (mean) of £327 per pupil, at just £240 per pupil. This is in a city of high levels of deprivation, which correlates with increased levels of SEND. The High Needs National Funding Formula seeks to address this inequity in future years. Meanwhile, Leeds continues to manage the implications of a legacy of significant underfunding in comparison to other local authorities.
- 2.2 Indicative allocations for 2021/22 have recently been announced. Nationally, the HNB funding has been increased by £844m, with each authority guaranteed an increase of 8%, with a maximum increase of 12%. For Leeds, these allocations show an increase of £11.499m compared to 2020/21. However, there is still a cap on gains which means that the increase should have been £15.438m and so there has been a loss of funding of £3.939m. Since the introduction of the National Funding Formula, the cap on gains means that a total of £20.85m of funding has been lost on the high needs block allocation and a further £9.5m on the schools block allocation.
- 2.3 In managing pressures on the DSG and in addition to the block transfers, a review of spending was undertaken in 2017 and there have been a number of savings implemented to try to bring the expenditure on the HNB back in line with the funding available. This has included transferring services to local authority budgets, reducing the Funding For Inclusion (FFI) unit rate to all providers, apart from special school settings, and changing the funding calculation for Area Inclusion Partnerships (AIP).

3 High Needs Trends

- 3.1 Support is provided to schools to implement a "graduated approach" to meeting needs, preventing difficulties from escalating. Leeds also operates a funding system (FFI) which provides additional funding for high level needs without the need of an EHCP. This reduces the numbers and costs of undertaking and maintaining EHCPs compared to statistical neighbours and supports inclusion within mainstream schools. Leeds still has statistically lower numbers of EHCPs than comparators, however, the city has seen increases in the numbers and complexity of needs of pupils receiving FFI top-up funding. There has also been an increase in directly funded places in schools, academies, SILCs, FE colleges and post 16 providers.
- 3.2 An FFI action plan and annual data report has been developed and is kept under review with partners and stakeholders and robust quality assurance procedures for funding decisions have been implemented. The High Needs Block Review that identified possible actions to reduce cost funding will be re-visited with partners and analysed against benchmarking data. A Monitoring and quality assurance cycle is in place to consider whole school SEND spend against learner outcomes and whole school inclusion and practice. Funding is also commissioned to schools' Area Inclusion Partnerships (AIPs) to promote inclusion, prevent exclusion, to provide 6 day cover for permanent exclusions

and to support for those with SEMH difficulties. Consequently Leeds is in Band A for the lowest number of permanent exclusions from school.

4 Outcomes

- 4.1 Our self-assessment and Care Quality Commission (CQC) SEND inspection in 2016 was extremely positive and recognised the good practice in implementing the 2014 SEND reforms. However, it identified that the improvement of outcomes for learners with SEND was a priority. The city has developed the 3A's strategy which gives a high level focus and priority across Children and Families directorate in improving attendance, attainment and achievement for all learners and promoting inclusion within mainstream schools including those who are in vulnerable contexts.
- 4.2 The refresh of the multi-agency SEND strategy is underway with priority areas focused on inclusion, integration of services and individualisation. Services across Education, Social Care and Health are committed to working together and providing a coordinated response to deliver the Early Help agenda. Leeds' FFI system and work on the graduated approach is central to this initiative.
- 4.3 The needs within the city are growing, putting enormous strain on finances. Further savings on the high needs block against a history of underfunding places significant risk in meeting statutory duties as well as improving the outcomes of the most vulnerable children within the city. The Section 251 benchmarking data already indicates that Leeds spends far less, per population head on most SEND services and support, than comparators.
- 4.4 The House of Commons Education Committee into Special Educational Needs and Disability 2019, and the recent LGA report to the House of Commons, identifies the significant financial difficulties placed on local authorities to implement the reforms and calls for increased funding within the DSG High Needs Block. In addition, the recently published (November 2020) SEND Future value for money feasibility study confirms a cost effective analysis of SEND provision is feasible in the near term and we await the outcomes of the SEND Review announced in September 2020. Together, these indicate the need to address the funding pressures placed on local authorities against the ever increasing demands and statutory responsibilities.

5 Next Steps

- 5.1 A report will be brought to Schools Forum in February 2021 with information on the high needs budget for 2021/22 and any areas of risk in that budget.
- 5.2 An updated long term projection and, if available, options for consideration to reduce the projected overspend will also be brought to Schools Forum in February 2021.

6 Recommendations

- 6.1 Schools Forum is requested to note the contents of this report and the benchmarking information attached.

6.2 Schools Forum is also asked for comments and suggestions on issues raised on this report.