

Report of the Director of Children and Families Services

Report to the Leeds Schools Forum

Subject: Dedicated Schools Grant 2023/24 – 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 2023/24 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of January 2024.
- 1.2 This report projects an in year overspend of £3,080k, which represents 0.59% of the estimated funding. This is largely made up of overspends in the high needs block with minor variations in the other blocks.
- 1.3 Schools Forum agreed to a transfer of £3.338m from the schools block to the high needs block in 2023/24.
- 1.4 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Projected Expenditure £000	Variance £000
Schools Block	(338,402)	337,985	(417)
Early Years Block	(60,387)	59,449	(938)
High Needs Block	(117,171)	121,641	4,470
Central Schools Services Block	(5,106)	5,071	(35)
Total In Year Overspend	(521,066)	524,146	3,080
Surplus b/fwd from 2022/23			(7,060)
Projected surplus at 31/3/24			(3,980)

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	(340,471)	(337,152)	3,319
Funding From Reserves	(1,250)	(1,250)	0
Individual Schools Budget	335,047	331,720	(3,327)
Growth Fund	980	571	(409)
	<u>(5,694)</u>	<u>(6,111)</u>	<u>(417)</u>
De-delegated budgets	5,694	5,186	(508)

(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.
- 2.3 Overall, de-delegated services budgets are currently projected to be underspent by £508k. There is a projected underspend of £300k on contingency, £50k on maternity costs, £25k on employees suspended from school and additional de-delegated income due to the technical adjustments made when a school converts to an academy.
- 2.4 Current projections on growth fund show an underspend of £409k compared to the budget set in January 2023.

3 Early Years Block

- 3.1 As the January 2024 early years census is not yet available, there is a high degree of uncertainty on the Early Years block for 2023/24, with projected costs and variances within the block summarised below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(57,538)	(58,611)	(1,073)
Early Years Supplementary Grant		(1,776)	(1,776)
FEEE 3 & 4 Year Olds	47,038	48,466	1,428
FEEE 2 Year Olds	7,303	7,586	283
SEN Inclusion Fund	467	825	358
Early Years Pupil Premium	606	611	5

Disability Access Fund	292	129	(163)
Early Years Centrally Retained	1,832	1,832	0
	0	(938)	(938)

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

- 3.2 The final funding adjustment in relation to 2022/23 has now been confirmed and has resulted in an additional £189k in 2023/24.
- 3.3 The hourly rate initially allocated in 2023/24 increased by 30p per hour for 2 year olds and 16p 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 £4.92 per hour from £4.78 per hour in 2022/23. This means that £5.36 per hour is being utilised even though the funding received is only £5.28 per hour.
- 3.4 In July 2023, the government announced an increase in early years funding rates from September 2023. The increases for Leeds are as follows:

	Original Rate	Revised Rate	Increase
2 Year Olds	£5.87	£7.78	£1.91 per hour
3 and 4 Year Olds	£5.28	£5.40	£0.12 per hour
Early Years Pupil Premium	£0.62	£0.66	£0.04 per hour
Disability Access Fund	£828.00	£881.00	£53.00 per year

- 3.5 Local authorities will receive a supplementary grant to fund the increased rates. Indicative allocations have recently been received, though the final amount due to each local authority will be calculated on the same basis as the standard early years funding methodology, which is that it will be based on January 2024 early years census numbers. The total shown in paragraph 3.1 reflects the estimated pupil numbers in the January 2024 early years census.
- 3.6 There had been concerns that this approach could cause a financial pressure in 2023/24 as additional funding will be for 7/12ths of the year (58.33%) whilst payments made to providers are based on the number of school weeks in each term. For 2023/24, the autumn and spring term count for 25 out of 38 weeks (65.79%). However, current indications are that this has not materialised. This is largely due to the number of pupils in the autumn term being slightly lower than in previous years.
- 3.7 The January 2024 early years census is used to calculate funding due for 7 months of the year (September to March), so although the costs of the autumn term are known, the funding for that period is not. These census totals are not confirmed by the ESFA until July 2024. Estimates have been made of the expected number, but the above projections could be significantly affected if they are different to those assumed in paragraph 3.1 above.

4 High Needs Block

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

	Budget £000	Month 10 Projection £000	Variance £000
DSG Income Due	(117,035)	(117,171)	(136)
Funding Passported to Institutions			
- SILC and Resource Provision Places	14,610	14,859	249
- Out of Area and residential placements	14,821	15,298	477
- Alternative Provision (including AIP's)	5,228	5,228	0
- SEN Top-ups to Institutions	67,631	71,517	3,886
- Mainstream additional places (£6k blocks)	5,225	6,205	980
- Education provision for mental health beds	100	75	(25)
Commissioned Services			
- Hospital & Home Tuition	2,604	2,604	0
- PD & Medical Service	97	97	0
Children's Services			
- SEN Support Services	4,216	4,160	(56)
- Children missing out on education	482	463	(19)
- Management of high needs services	234	234	0
- SEN adaptations	229	229	0
- Invest to Save budget	1,000	114	(886)
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	0	4,470	4,470

(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 overspend of £4,470k on the High Needs Block. These projections are also following the transfer of £3,338k from the schools block to the high needs block. If this had not been agreed, the high needs block would have been £7,808k overspent. As detailed in paragraph 4.8, increased funding due to mainstream settings compared to 2022/23 is projected to be £6,200k more than the block transfer.

4.3 DSG income due is £136k more than budgeted following a minor change in the import / export element of the funding calculation and changes to deductions for payments to academies. £121k of this increased income offsets part of the increase in resource provision places.

4.4 Previous reporting identified a significant rise in the requests for new assessments. The Leeds SEN2 return to the DFE reported a 60%+ increase in the number of requests for EHC Assessments. This is due to both the longer-term trend of growing need in the community, as well as a significant number of referrals which were thought to have been delayed until schools returned after the pandemic and identified unmet need. The number of EHC Plans in total

continues to increase, by over 15% in the last two years. This is a consistent long-term trend since 2013, mirrored by national comparators.

- 4.5 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.
- 4.6 Out of area and residential placements is currently projected to be £477k overspent. This is partly as a result of an increase in the number of high needs pupils in external residential placements. The education element of these placements is charged to the high needs block.
- 4.7 SEN top-ups to institutions is projected to be overspent by £3,886k. Within this, the largest increase is in top-ups paid to mainstream schools (£3,255k). This is largely due to more high needs pupils in mainstream schools.
- 4.8 Another impact of the increase in SEN top-ups to mainstream schools is increased expenditure on the budget for the additional £6k blocks paid to schools who have a higher number of SEN pupils than their notional SEN budget covers. To reflect the increase in high needs pupils in mainstream schools, the budget previously earmarked for additional high needs places has been moved to this budget. As a result, this budget is now expected to be £980k 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 £9,538k more than in 2022/23 which is £6,200k more than the block transfer.
- 4.9 There is expected to be a combined underspend in the services provided by Children and Families of £961k. The majority of this is due to the Invest to Save budget which has largely not been spent during 2023/24.
- 4.10 The movement on the high needs block projections since reported to Schools Forum in October is an adverse change of £3,166k. The main reasons for this movement are:
 - An increase in out of area costs and high needs pupils and costs in external residential placements (£2,856k).
 - Increased costs on SEN top ups (£539k).
 - Reduced cost of services provided by Children and Families (£-200k).

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	(5,106)	(5,106)	0
Historic Commitments	515	515	0
Ongoing Responsibilities	4,591	4,556	(35)
	<u>0</u>	<u>(35)</u>	<u>(35)</u>

(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.

6 2023/24 Reserves

6.1 The table below shows the expected position as at 31st March 2024 as a result of all the variances detailed above.

	General £000	De-delegated £000	Total £000
Balance b/fwd from 2022/23	(7,060)	(1,950)	(9,010)
Use of reserves to fund contingency fund		500	500
Refund of de-delegated reserves		1,250	1,250
2023/24 Variances			
- Schools Block	(417)	(508)	(925)
- Early Years Block	(938)		(938)
- High Needs Block	4,470		4,470
- Central Schools Services Block	(35)		(35)
Balance c/fwd to 2024/25	(3,980)	(708)	(4,688)

6.2 As previously reported to Schools Forum, a refund totalling £1,250k has been made to all schools that contributed to the de-delegated surplus at the end of 2022/23. As with previous years, should there be a significant de-delegated reserve, a proposal will be made to repay £500k to those mainstream schools that contributed to the surplus.

6.3 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 2023/24 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 overspend on General DSG of £3,080k which will be taken off the surplus on General DSG brought forward from 2022/23. This will make the current projected cumulative surplus of £3,980k with projected de-delegated surplus balances standing at £708k.