

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

**Report to the Leeds Schools Forum**

**Subject: Dedicated Schools Grant 2024/25 – 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 2024/25 budget monitoring position on the Dedicated Schools Grant (DSG) as at the end of January 2025.
- 1.2 This report projects an in year overspend of £19,705k, which represents 3.51% 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 £3.540m from the schools block to the high needs block in 2024/25.
- 1.4 Overall, the variation on general DSG is analysed as follows:

	Estimated Funding £000	Projected Expenditure £000	Variance £000
Schools Block	(340,090)	340,058	(32)
Early Years Block	(88,576)	88,450	(126)
High Needs Block	(127,797)	147,600	19,803
Central Schools Services Block	(5,205)	5,265	60
<b>Total In Year Overspend</b>	<b>(561,668)</b>	<b>581,373</b>	<b>19,705</b>
Surplus b/fwd from 2023/24			(5,265)
Budgeted use of reserves			3,500
<b>Projected deficit at 31/3/25</b>			<b>17,940</b>

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

## 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	(347,023)	(337,808)	9,215
Funding From Reserves	(2,282)	(2,282)	0
Individual Schools Budget	341,966	332,750	(9,216)
Growth Fund	1,510	1,479	(31)
	<b>(5,829)</b>	<b>(5,861)</b>	<b>(32)</b>
De-delegated budgets	5,829	5,634	(195)

(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 £195k. There is a projected underspend on contingency and additional de-delegated income due to the technical adjustments made when a school converts to an academy. These are partly offset by projected overspends on maternity pay and union duties.
- 2.4 Current projections on growth fund show a small underspend of £31k compared to the budget set in January 2024.

## 3 Early Years Block

- 3.1 There is a high degree of uncertainty on the Early Years block for 2024/25, with projected costs and variances within the block summarised below:

	Budget £000	Projection £000	Variance £000
DSG Income Due	(80,877)	(88,576)	(7,699)
FEEE 3 & 4 Year Olds	50,483	45,372	(5,111)
FEEE 2 Year Olds	19,623	23,118	3,495
FEEE Under 2's	5,195	15,277	10,082
SEN Inclusion Fund	1,123	986	(137)
Early Years Pupil Premium	1,098	964	(134)
Disability Access Fund	511	165	(346)
Early Years Centrally Retained	2,844	2,568	(276)
	<b>0</b>	<b>(126)</b>	<b>(126)</b>

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

- 3.2 The final funding adjustment in relation to 2023/24 has now been confirmed and has resulted in an additional £113k in 2024/25.
- 3.3 Based on activity in recent years, it is apparent that the way early years is funded creates a baseline underspend, part of this has been resolved by increasing the base rate for 3 and 4 year olds by 8p. This has continued into 2024/25.
- 3.4 Early years funding increased in 2024/25, with eligible working parents of 2 years olds able to access 15 hours of free childcare per week from April 2024 and from September 2024 eligible working parents of 9 months to 2 years old children also able to access 15 hours of free childcare per week.
- 3.5 As a result of these changes, the funding due to authorities for the early years block will be based on termly census rather than the January censuses that have been used in recent years. The results of the summer and autumn census have not yet been announced. The table above is based on data held by Leeds City Council to project income and expenditure for 2024/25. However the new funding arrangements for 2 year olds and under 2's mentioned above, create difficulties in projecting costs for children that have not been funded from this block in previous years.

#### 4 High Needs Block

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

	Budget £000	Projection £000	Variance £000
DSG Income Due	(124,148)	(124,297)	(149)
Funding From Reserves	(3,500)	(3,500)	0
Funding Passported to Institutions			
- SILC and Resource Provision Places	14,872	15,746	874
- Out of Area and residential placements	14,021	23,567	9,546
- Alternative Provision (including AIP's)	5,254	5,254	0
- SEN Top-ups to Institutions	79,887	84,801	4,914
- Mainstream additional places (£6k blocks)	8,597	9,257	660
- Education provision for mental health beds	100	100	0
- In-year savings to be identified	(3,397)	0	3,397
Commissioned Services			
- Hospital & Home Tuition	2,432	2,435	3
- PD & Medical Service	0	143	143
Children's Services			
- SEN Support Services	4,242	4,672	430
- Children missing out on education	522	607	85
- Management of high needs services	331	231	(100)
- SEN adaptations	229	229	0
Other items			
- Prudential borrowing for SEMH provision	558	558	0
	<b>0</b>	<b>19,803</b>	<b>19,803</b>

(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 £19,803k on the High Needs Block. These projections are also following the transfer of £3,540k from the schools block to the high needs block. If this had not been agreed, the high needs block would have been £23,343k overspent.
- 4.3 This projected overspend is an increase of £4,530k since last reported to Schools Forum in October 2024. This is made up of additional costs on Out of Area and residential placements (£2,742k) and SEN top ups to institutions (£1,985k), partly offset by small underspends elsewhere.
- 4.4 DSG income due is £149k more than budgeted following a minor change in the import / export element of the funding calculation and changes to deductions for payments to academies.
- 4.5 The Leeds SEN2 return to the DFE (submission June 24) reported a 7 percent increase in Education Health and Care plans when compared to January 2023. The growth in EHC Plans in Leeds between January 2023 and January 2024 was less than observed in England (11.1 percent increase). Historically Leeds has had a lower rate of EHC plans per ten thousand of the population compared to England, statistical neighbours, and core cities, which was attributed to the FFI model unique to Leeds. During 24/25 the FFI Funding model was reviewed as part of the SEND transformation programme, with the implementation of a funding model which is linked to an assessment of individual need. This change

is supported by a transitional period, reflecting children already in receipt of FFI funding, which has subsequently contributed to the raise in requests for new assessment.

- 4.6 The rise in the requests for assessments has continued as expected during 2024 with a 54% increase currently reported. In addition to the changes in the funding model outlined in 4.4, this is due the longer-term trend of growing need in the community. The reported 2023 increase, of 60%+ was partially attributable to the number of referrals which were thought to have been delayed until schools returned after the pandemic, this provides context to the significance of the pressures this year which are not impacted by the legacy of the pandemic.
- 4.7 In Leeds, most children and young people with an EHC Plan attend a special school, followed by a mainstream school and Further Education. This is a different pattern to comparator Local authorities, which have greater proportions in mainstream schools. We are continuing working to develop specialist resourced bases in mainstream schools for specific areas of identified need. 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 approach 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.
- 4.8 Out of area and residential placements is currently projected to be £9,546k overspent. This is due to an increase in the number of high needs pupils in external residential and unregulated placements. The education element of these placements is charged to the high needs block.
- 4.9 SEN top-ups to institutions is projected to be overspent by £4,914k. Within this, the largest increase is in top-ups paid to special schools (£2,403k) which is due to an increase in the number and cost of pupils in special schools. There is a further overspend in mainstream schools (£1,302k) which is largely due to an increase in the number of high needs pupils in mainstream schools. This overspend is after the budget for mainstream top ups was increased by £9,514k (41%) compared to 2023/24. There is also an increase in the costs of post 16 placements of £978k.
- 4.10 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 £660k overspent due to an increased number of SEN pupils within schools meeting the current criteria for additional £6k blocks.
- 4.11 There is expected to be a combined overspend in the services provided by Children and Families of £561k. This is partly due to an increase in staffing costs relating to children missing out on education. In addition, as a result of underspend in previous years, the budgets were reduced to reflect an estimated level of staff turnover which reduces costs. However, the turnover on these services has been less than expected.

## **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	(5,125)	(5,205)	(80)
Historic Commitments	515	515	0
Ongoing Responsibilities	4,610	4,750	140
	<b>0</b>	<b>60</b>	<b>60</b>

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

5.3 Within the ongoing responsibilities element of the CSSB is a budget for ESFA central licences. As reported to Schools Forum in January 2024, this budget was set without final confirmation of the costs of the licences for 2024/25. The cost for these licenses has now been confirmed representing a £116k overspend within ongoing responsibilities. This is partly funded by increased income of £80k.

5.4 Also within ongoing responsibilities is an overspend of £24k within admissions largely due to the additional cost of the 2024/25 local government pay award and increased in printing and postage costs.

## 6 2024/25 Reserves

6.1 The table below shows the expected position as at 31<sup>st</sup> March 2025 as a result of all the variances detailed above.

	General £000	De-delegated £000	Total £000
Balance b/fwd from 2023/24	(5,265)	(1,191)	(6,456)
Use of reserves	3,500	500	4,000
Refund of de-delegated reserves		400	400
2024/25 Variances			
- Schools Block	(32)	(195)	(227)
- Early Years Block	(126)		(126)
- High Needs Block	19,803		19,803
- Central Schools Services Block	60		60

<b>Balance c/fwd to 2025/26</b>	<b>17,940</b>	<b>(486)</b>	<b>17,454</b>
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(note: a bracketed figure is an underspend and a positive figure an overspend)

- 6.2 As previously reported to Schools Forum, a refund totalling £400k has been made to all schools that contributed to the de-delegated surplus at the end of 2023/24.
- 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 2024/25 financial year must be able to present a plan to the DfE for managing their future DSG spend. As the DSG is currently projected to be in deficit, a briefing on the management plan is attached to the high needs budget report.

## **7 Other Funding Streams**

- 7.1 In July 2024 it was announced by the government that teachers would receive a 5.5% pay rise. This is to be fully funded by the Core Schools Budget Grant (CSBG) which covers the period of September 2024 – March 2025, the first 7/12ths of the pay award. This is in addition to the existing grants relating to the 2023/24 teachers pay award and the increase in teachers pension contributions from April 2024.
- 7.2 These grants will be passed onto settings in line with the conditions of grant and are in addition to the Dedicated Schools Grant and so are not included within these projections. However, for mainstream school these grants have been transferred into the DSG baseline from 2025/26 onwards. For special schools and alternative provision schools, a separate grant will continue to be paid during 2025/26.

## **8 Recommendations**

- 8.1 Schools Forum is requested to note the projected overspend on General DSG of £19,705k which will be taken off the surplus on General DSG brought forward from 2023/24. This will make the current projected cumulative deficit £17,940k with projected de-delegated surplus balances standing at £486k.