

Dear Colleague

**LEICESTERSHIRE SCHOOLS' FORUM**

I would like to invite you to a meeting of the Leicestershire Schools' Forum to be held on **Thursday 17 June 2021 at 1.00 pm via Teams**

Please see below the agenda for the meeting.

Yours sincerely

Karen Brown  
Clerk to the Schools Forum

**AGENDA**

Paper

- |    |                                |   |
|----|--------------------------------|---|
| 1. | Apologies and Substitutions    |   |
| 2. | Minutes and Matters Arising    | 1 |
| 3. | 2020/21 Schools Budget Outturn | 2 |
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**Minutes of a meeting of the Leicestershire Schools Forum  
via Teams on Monday 8 February at 2.00 pm**

**Present**

Chris Parkinson	Secondary Academies Headteacher
Kath Kelly	Secondary Academies Headteacher
Liam Powell	Secondary Academies Headteacher
Chris Swan	Secondary Academies Governor
Martin Towers	Secondary Academies Governor
Jane McKay	Primary Academy Headteacher
Ed Petrie	Primary Academy Headteacher
David Thomas	Primary Academy Governor
Karen Allen	Primary Maintained Headteacher
Troy Jenkinson	Primary Maintained Headteacher
Jane Dawda	Primary Maintained Headteacher
Jason Brooks	Special Maintained Headteacher
Beverley Coltman	Early Years Representative
Suzanne Uprichard	PRU Representative
Graham Bett	DNCC Representative

**In attendance**

Jane Moore, Director of Children and Family Services  
Deborah Taylor, Lead Member, Children and Family Services  
Paula Sumner, Assistant Director, Education and SEND  
David Atterbury, Head of Service, Education Sufficiency  
Alison Bradley, Head of Service, Education Quality and Inclusion  
Jenny Lawrence, Finance Business Partner, Corporate Resources

		<b>Action</b>
<b>1.</b>	<p><b>Welcome and introductions</b></p> <p>Karen Allen welcomed everyone to the meeting. Karen welcomed Beverley Coltman to the meeting as the newly appointed Early Years representative; Liam Powell as the newly appointed Secondary Academy Headteacher and Kath Kelly as the reappointed Secondary Academy Headteacher.</p> <p>Lisa Craddock would be taking over Dawn Whitmore as the FE representative but was unable to make today's meeting.</p> <p>The Governor vacancies were still be confirmed.</p>	

2.	<p><b>Apologies and Substitutions</b></p> <p>Apologies were received from Zoe Wortley, Carolyn Lewis, Julie McBrearty, Janet Thompson and Lisa Craddock. There were no substitutions.</p>	
3.	<p><b>Membership Update</b></p> <p>This was covered under agenda item 1.</p>	
4.	<p><b>Minutes and Matters Arising</b></p> <p>The minutes of the meeting held on Monday 28 September 2020 were agreed.</p> <p><b>Matters Arising – Membership Update</b> Schools Forum noted that members had been appointed to the Primary and Secondary Headteacher vacancies. The Governor vacancies were in the process of being appointed.</p>	
5.	<p><b>2021/22 Budget</b></p> <p>Jenny Lawrence introduced the report which sets out the 2021/22 Dedicated Schools Grant Settlement for Leicestershire and the 2021/22 Schools Budget. The report also builds upon several reports presented through the 2021/22 financial year.</p> <p>Jenny stated that the DSG remains more or less the same as 2020/21; the only change is the DfE has nationally changed the data that they use for deprivation particularly the IDACI data and now have the transfer of the pay and pension grants into the schools block which feed through into the schools mainstream budgets from the new financial year.</p> <p>Jenny referred to the table in paragraph 17 of the report which sets out the role of the schools forum in setting the budget and where particular decisions are needed. Jenny said there are no items for de-delegation (where maintained schools can decide to let the local authority retain funding for particular items); Schools Forum has to agree the retention of the growth fund which sits within the schools block and the allocations would be used for when housing growth means that new schools would need to be delivered and this was expected to peak in approximately 3 years' time. Item 3 outlines several items where Schools Forum must agree to let the local authority withhold those budgets which have not significantly grown. There is also funding for historic costs relating to approaching retirement costs; a miscellaneous element which was a commissioning budget for maintained schools causing concern and lastly Schools Forum has to approve the funding for the central early years fund that effectively funds the service and is limited at 5% nationally. Jenny reported that the local authority was required now to carry forward any DSG deficit changes balances. At the last Schools Forum meeting discussion took place on what the DfE would be requiring from local authorities who do have this deficit and what information will be required from those local authorities who have this deficit but that is still uncertain and if actions have been taken by the DfE as a result. Jenny said that</p>	

where decision making power is vested in the Schools Forum, the local authority may seek Secretary of State approval to make that decision should approval not be granted. Jenny added that there used to be a whole range of different copyright licences but there is now just one national licence and it is an exception for school delegation and was mandated to be held and funded by local authorities.

Graham Bett referred to paragraph 17 regarding de-delegation from mainstream school budgets. Graham stated that there was discussion taking place around trade union facilities and asked if this were to make progress would that be the mechanism to facilitate this. Jenny confirmed it would but that any decision would be made for 2022/23 budget.

Jenny set out the funding blocks within the DSG. Jenny stated that the high needs block had increased to £83.1m and the early years funding which was still an estimate would not be confirmed until June 2022. There was no direct correlation between the number of pupils in receipt of FEEE and the number of pupils being funded and nationally there are some concerns being discussed at the moment of the impact of Covid; it would appear that local authorities are starting to predict deficits on the early years funding and there are still discussions taking place with the DfE about how pupils are counted because of the disruption of Covid.

Jenny referred to the Schools Budget being set at the level of DSG, as discussed before, and has not previously contributed to DSG. There is now legislation in place which means that should local authorities wish to contribute to DSG they now must have Secretary of State approval to do so. Jenny added that as a result of conversations nationally and regionally she did not think there was any local authority that is adding to dedicated schools grant because of that change in legislation.

Jenny referred to the schools' block and reported that 2021/22 is the second year of the three-year funding settlement and the second year of the DfE's move towards the National Funding Formula. Jenny reminded the meeting how the NFF was allocated to schools and that it would never result in every school getting the same amount of money for every pupil.

Jenny said that since this paper was written a conversation with the DfE in the Regional Finance Officers Group was held and there was likely to be a soft funding formula for the last year of the three-year settlement i.e. 2022/23 but 2023/24 was likely to be a hard funding formula. A two-part consultation was expected from the DfE in the spring and then in the autumn – Schools Forum members would be updated when further information is available.

Jenny reiterated that the NFF allocation and that for school growth are subject to two totally separate allocations. Leicestershire has opened new schools over the last few years and housing developments are expected to deliver new schools every year and peaking in a couple of years hence holding on to that funding until such time that it is needed.

Jenny referred to the 2021/22 schools funding formula and explained that the minimum per pupil levels had been increased as additional money

<p>and increased for the transfer of pay and pension grants. For maintained schools the pay and pension grants would be in the formula budget from April 2021 and believed that academies would continue to have the grant paid separately until the new academic year starts in September thus all schools would be on the same basis. Jenny added that nationally there had been concerns about the impact of an increase of Free School Meals on the funding formula (local authorities are funding on the October 2019 census date and schools the October 2021 and as it happens that has not been an issue in Leicestershire although there are concerns about how they may roll into the Ever 6 FSM school funding).</p> <p>A concern was raised through LEEP about the impact of financial planning where schools planned for reception year intakes that may have been deferred. Clarification was sought from the DfE whether the local authority was able to change pupil numbers if it were an issue but from data supplied to the local authority two schools were affected and as such there would be no pupil changes to be made. Pupil number adjustments do remain in place for schools undertaking or affected by age range changes. Jenny reported that the formula had been submitted to the DfE for validation and the local authority was still waiting to hear.</p> <p>Jenny said that high needs continued to be a significant issue to the local authority. Discussions have been taking place with special schools about how best this could feed through into their funding formula because there was no obvious way currently of feeding that through the formula so those discussions with special schools will start shortly. Jenny talked about the high needs development plan which was further on the agenda. Paragraph 39 sets out the position that was still one of deficit and expected deficit 3 of the 4 years the plan is covering. Jenny stated the position improved in 2022/23 and then starts to worsen moving forward as demand is continuing to increase but no identified savings have addressed that. The position was slightly better than expected in 2020/21 which has improved but there was an expected deficit of around £29m in 4 years' time. Jenny outlined the national research that sets out the problems with the SEND system that are responsible for the high needs deficits and research shows most authorities are also in a deficit position. Jenny said that there were some real concerns about the structure of the SEND system. The outcome of the DfE's review of the SEND system was still awaited. As mentioned before Jenny said that local authorities are now required to carry forward DSG deficits to the following year's grant but as a local authority that must be offset through the County Council balance sheet. Jenny stated that as previously discussed there was good work going on in Leicestershire to help reduce the SEND deficit but there was not an overall solution now.</p> <p>Jenny highlighted the proposed transfer between the schools' block and high needs block and schools block 2022/23 transfer.</p> <p>David Thomas referred to paragraph 43 and asked if Schools Forum had accepted a decision in principle that money would be transferred as the working group had been set up with the purpose of considering how best the transfer can be achieved and not considering whether the transfer should be made; David did not recall any discussions about getting to the point of agreement. David also asked if there was a transfer that goes</p>	<p><b>All</b></p> <p><b>LPH</b> <b>LSH</b> <b>LSSH</b></p>
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through how that stands when the movement to a hard formula is made.

Jenny stated that approval for a schools' block transfer is only ever for one year and secondly the impact of a hard formula is not known. The process set out is based on the assumption on the guidance remaining the same, but this would not be known until July.

Jane Moore referred to David Thomas' first comment about the proposal and said that the local authority would be bringing to Schools Forum a proposal to seek agreement to a transfer and at that point Schools Forum can agree or not agree. The proposal is that the working group was set up to look to support at what the options are and to give time to work through these. The working group's recommendations would then be presented to Schools Forum who would then approve or not.

Jane Dawda asked about the sparsity funding and if the DfE are reviewing it or is it only for existing schools that receive sparsity funding. Jenny said that from conversations the DfE suggested a widening of the criteria, but this was uncertain until the consultation of the next movement to hard funding formula.

Martin Towers commented if the deficit was going to be up to £29m how does taking £2m really help for one year.

**Schools Forum approved the retention of the budget to fund future school growth (paragraph 17, item 2) – 13 agreed, 2 abstentions.**

**Schools Forum approved the retention of budgets to meet the prescribed statutory duties of the local authority and to meet historic costs (Paragraph 17, item 3) – 13 agreed, 1 disagreed, 1 abstention.**

**Schools Forum approved the centrally retained early years funding (Paragraph 17, item 3) – 14 agreed.**

**Schools Forum noted the number and average cost of commissioned places for children and young people with High Needs (Paragraph 35).**

**Schools Forum approved the action to be taken in respect of schools where the Special Educational Needs (SEN) notional budget is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraph 60) – 14 agreed.**

**Schools Forum noted the average per pupil funding to be taken into account for recoupment for excluded pupils and other purposes (Paragraph 62).**

**Schools Forum noted the payment rates for the Early Years Funding formula (Paragraph 66).**

**Schools Forum noted the formation of a Working Group to identify options for a Schools Block Transfer for 2022/23 and nominates a Member to be part of the Working Group (Paragraph 43).**

	<p>It was agreed to let Karen Allen know if a Member wished to be part of the Working Group.</p> <p><b>Schools Form requested Leicestershire Primary Heads (LPH), Leicestershire Secondary Heads (LSH) and Leicestershire Special School Heads (LSSH) each nominate a Headteacher and a Business Manager to be part of the Working Group on options for a 2022/23 Schools Block Transfer (Paragraph 43).</b></p>	
6.	<p><b>High Needs Programme Update</b></p> <p>Paula Sumner introduced the report which was an update on progress in delivery of the High Needs Development Plan. Paula said that the High Needs Development Plan had been in place since December 2018 and since then a lot of work had been carried out in updating the plan and making sure the programme was fit for purpose.</p> <p>Paula added that the workstreams included in the report are governed through the programme with a focus on inclusion as well as making sure that children can be educated in the right place and right time and for special educational needs to be identified as early as possible. One of the workstreams undertaken was a SENA whole system review as detailed on page 53 which had been predominately within the SENA Service around reviewing their decision-making processes, their approach to case management which was challenging and was equally highlighted in the inspection last February.</p> <p>Paula stated that the SENA Service was currently being restructured with a complete review of all their systems and processes which should be in place by 1 April or shortly afterwards. The Contracts and Commissioning workstream would be looking at the outcomes outlined within EHCPs in terms of ensuring the commissioning and contract monitoring arrangements are linked to children's outcomes rather than the financial elements always.</p> <p>Paula explained the aim of the Sufficiency workstream and that the programme had developed additional school places which are outlined in the paper.</p> <p>Paula reiterated the financial position which Jenny Lawrence spoke about earlier and acknowledged that this was a national problem.</p> <p><b>Schools Forum noted the report and the progress in the delivery of the High Needs Development Plan</b></p> <p><b>Schools Forum members consult with the groups they represent to make nominations for membership of the proposed working group to consider future options to address the growing demand and costs on high needs budgets.</b></p> <p>Jenny stated that if there were governors able to contribute then governors would be more than welcome.</p>	



	Jenny reiterated that it was more looking at actions taken as a local authority at high needs cost within the grant proposed to the schools' block transfer – looking from a slightly different perspective.	
<b>7.</b>	<p><b>Any Other Business</b></p> <p><b>Trade Union Facilities</b> Discussion took place on this and it was noted that the letter on this had been sent to all headteachers and members of the Schools Forum. Graham Bett commented that this was something the unions felt strongly about and that it would need consideration.</p> <p>Jenny agreed to circulate the background to the funding for union facilities in Leicestershire.</p>	<b>JL</b>
<b>8.</b>	<p><b>Date of Next Meeting</b></p> <p>Thursday 17 June 2021, <u>1.00 pm</u> on Teams.</p>	

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## SCHOOLS FORUM

### 2020/21 SCHOOLS BUDGET OUTTURN

17 JUNE 2021

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	x	Pre School	x
Academies	x	Foundation Stage	x
PVI Settings	x	Primary	x
Special Schools / Academies	x	Secondary	x
Local Authority	x	Post 16	
		High Needs	x

#### Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	x

1. This report presents the 2020/21 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

#### Recommendations

2. That Schools Forum note the content of this report

#### 2020/21 Schools Budget Outturn

3. The 2020/21 Outturn position for the Children and Young People's Department is summarised in the following table. This table presents both the Local Authority and Schools Budget for completeness but the report presents detail only for the Schools Budget funding blocks.

4. Overall the Schools Budget (Schools, Early Years and High Needs) overspent by £7.139m. The following table provides an analysis of the overspend and also presents the position on the LA budget for completeness;

	Budget	(Under) / Over Spend		Schools Block	Early Years Block	High Needs Block	LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
C&FS Directorate	1,410	(55)	-4%	(1)	(2)	(6)	(46)
Safeguarding, Improvement & QA	2,218	6	0%	0	0	0	6
Children in Care	41,351	2,055	5%	0	0	0	2,055
Field Social Work	13,600	2,048	15%	0	0	0	2,048
Practice Excellence	344	41	12%	0	0	0	41
C&FS Children & Families Wellbeing	9,236	19	0%	0	0	0	19
Education Sufficiency	637	98	15%	21	0	0	77
Education Quality & inclusion	41,462	(26)	0%	0	513	(291)	(248)
SEND & Children with Disabilities	75,623	10,229	14%	0	0	10,636	(407)
Business Supp & Commissioning	10,314	124	1%	0	3	(2)	123
C&FS Other	(113,399)	(3,654)	3%	(3,159)	(624)	50	79
<b>Total</b>	<b>82,797</b>	<b>10,883</b>	<b>13%</b>	<b>-3,139</b>	<b>-109</b>	<b>10,387</b>	<b>3,745</b>

5. The major variances within the Schools Budget are detailed below;

<b>Service Area</b>		
<b>Early Years Block</b>		
Free Entitlement to Early Education	(109)	This is the only Dedicated Schools Grant (DSG) area where the grant flexes with demand, however the pupil count dates for grant purposes and those for the payment of early years providers differ. A final adjustment on the level of DSG will be made in the 2021/22 financial year
<b>High Needs Block</b>		
Special Educational Needs and Children with Disabilities	10,634	The overspend relates to the continued increase in the demand and cost of specialist placements. The SEND Capital Programme is developing new resource bases with the aim of reducing the reliance on expensive independent sector places. During 2019/20 a number of these bases welcomed their first cohort of students, with more places filled during the 2020/21 academic year. The increase in demand however has resulted in these places being filled with new demand as opposed to having the desired impact on existing numbers. Due to set-up costs the full effect of the programme

		<p>won't be seen until future years. Additionally, the numbers of pupils in mainstream settings that receive top-up funding is rising rapidly. The number of Independent school places which had remained static for most of the year increased over the final few months of the year. Unexpected growth has also been seen in post 16 students.</p> <p>This is an increase of 3.7% from the anticipated overspend of £10.011m reflected in the High Needs Block Development Plan.</p>
<b><u>Schools Block</u></b>	(2,923)	Funding for basic need growth in schools, unused in 2020/21 but required in future years

6. It is not possible to present detailed data on the level of school balances until the return of the Consistent Financial Reporting returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. However, the indications are that maintained school balances have increased by an overall £1.7m.
7. Whilst school balances may be seen as an indicator of financial health, given the number of schools that have converted to academy status it is not possible to gain and financial overview of all Leicestershire schools.

#### **Dedicated Schools Grant Reserve**

8. The DSG reserve recorded a deficit at the end of 2019/20 for the first time and it is expected this will continue to increase despite the successful delivery of the High Needs Development Plan. The reserve is earmarked and can only be used to support defined expenditure falling to DSG as set out within the Schools and Early Years Finance Regulations.
9. From 2019/20 the DSG reserve has been managed in line with the DSG blocks that create it in order to respond to the two key challenges for the Local Authority, namely funding new school growth and the delivery of the High Needs Development Plan. Additionally funding may be required to support the remaining age range changes in the County and any maintained school deficits reverting to the local authority on sponsored academy conversion.
10. The following table sets out the component parts of the DSG reserve, a positive figure denotes a deficit.

	Schools Block £,000	Central Schools £,000	Early Years £,000	High Needs £,000	Total £,000
Brought Forward	-3,168	-21	177	7,063	4,051
2020/21	-3,138	19	-109	10,386	7,158
	<b>-6,306</b>	<b>-2</b>	<b>68</b>	<b>17,449</b>	<b>11,209</b>

### **High Needs Issues**

11. There is growing national and local concern regarding the sustainability of the current SEND system. Despite the significant investment in additional school places in Leicestershire which is limiting the increase in costs, any savings being made by process and practice changes these are being negated by demand increases.
12. The long awaited SEND Review has yet to be published by the DfE, it is anticipated that this will be accompanied by proposals to reform High Needs funding, it is recognised nationally that funding alone cannot resolve the current problems.
13. Whilst high needs deficits are the significant problem in overall DSG deficits there are many authorities, as in Leicestershire, that have balances on the other blocks of DSG most notably on the school block through underspends on growth funding. There is no readily available national data on the extent of DSG deficits as a percentage of funding although recent research by F40 suggests that they could be as much as 100% of grant.
14. The DfE recently announced Dedicated Schools Grant 'Safety Valve' Agreements with five local authorities with funding of £100m. The agreements set out expectations to deliver action plans to reduce high needs expenditure. Subject to the achievement of agreed milestones funding will be released and if the plans are successful effectively provides funding to irradicate historic DSG deficits. There is no information on the criteria used to identify these five authorities for support but from information available they all have DSG deficits in excess of 10%, there is also no information on whether such funding will be allocated to other authorities in future years. The position in Leicestershire is a DSG deficit of 2% rising to 3% at the end of 2021/22.
15. A further report on today's agenda sets out the local authorities position in respect of a school block transfer for 2022/23.

### **Resource Implications**

16. All resource implications are contained within the body of the report.

### **Equal Opportunity Issues**

17. There are no equality issues arising directly from this report.

### **Officer to Contact**

Jenny Lawrence, Finance Business Partner – Children and Family Services

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## SCHOOLS FORUM

### 2022/23 SCHOOLS BLOCK TRANSFER

17 June 2021

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	x	Pre School	
Academies	x	Foundation Stage	x
PVI Settings		Primary	x
Special Schools / Academies	x	Secondary	x
Local Authority	x	Post 16	
		High Needs	x

#### Purpose of Report

Content Requires;		By;	
Noting	x	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	x
		Non School Members	

- 1) This report confirms the local authority intention to develop a methodology for a potential transfer of 0.5% of the Schools Block to the High Needs Block of the Dedicated Schools Block for consultation with Schools in September for decision by Schools Forum in November.

#### Recommendations

- 2) That Schools Forum notes worsening the financial position of the High Needs Block.
- 3) That Schools Forum note the intention to consult on a Schools to High Needs Block transfer of 0.5%

## **Background**

- 4) Schools Forum have received regular briefings on the financial position of the High Needs Block Dedicated Schools Grant prior to and following the approval of the High Needs Block Development Plan by the County Councils' Cabinet in December 2018.
- 5) The HNB of the Dedicated Schools Grant is the sole source of funding to Local Authorities for meeting the needs of children and young people with Special Educational Needs (SEN). Nationally the level of funding is insufficient to meet growing needs, and the associated deficits held by almost all local authorities are a significant concern.
- 6) The projected deficit at the end of the Council's current Medium Term Financial Strategy has increased by £13.8m from £29.2m to £43m despite the delivery of £24m in revenue savings. The projected deficit is the most significant short-term financial risk faced by the County Council. Under time limited legislation local authorities are required to carry deficits on their balance sheets as unusable reserves. However, given the deficit will ultimately need to be recognised and financed there is a real and immediate impact of the financial resilience of the Authority and the funding available for all other County Council services.
- 7) The financial plan includes a proposed transfer of 0.5% of the Schools Block Dedicated Schools Grant to High Needs in 2022/23. The intention to seek a transfer was set out to Schools Forum on 8 February 2021, the report made recommendations for representatives from schools groups to form a working group to develop proposals for the proposed transfer which was agreed at the meeting. However, following the meeting letters were received from LPH and LSH which stated that following years of underinvestment in Leicestershire schools and the financial impact of the Pandemic a working group considering the proposal would not be appropriate or productive. The working group would have also considered additional actions that would have reduced cost and / or demand.
- 8) The County Council's Cabinet will consider a report at it's meeting on 22 June 2021 which provides an update on the High Needs Development Plan. This report sets out that proposals for a 0.5% Schools Block Transfer will be issued for consultation with schools in the autumn term and Cabinet are asked to consider if an application should be made to the Secretary of State to make the transfer should the Schools Forum refuse the request.
- 9) In determining whether to pursue a funding transfer of 0.5% of the Schools Block to High Needs on 22 November 2019 the County Council's Cabinet agreed not to seek a decision from the Secretary of State for the transfer and authorised the Director of Children and Family Services to engage with schools on developing proposals to bridge the funding gap but did not rule out a future transfer request being made if necessary.
- 10) Officers and schools have co-produced the sufficiency strategy which has successfully delivered a significant number of additional specialist school places and has reduced the overall cost. However, the new places have been filled with new demand and not delivered the expected savings from movement of children from higher cost Independent placements and having need met in local lower cost

provision. The financial position is critical and whilst accepted that a transfer will provide only some respite for the financial position in one year is proposed.

- 11) In the absence of a working group in which the Council would have been able to co-produce options for such a transfer with schools, options will be developed by officers and will form a September consultation with schools following which a proposals will be put to the Schools Forum for approval, Cabinet will determine whether a Secretary of State decision is sought if Schools Forum do not approve the proposals.

### **The Financial Position**

- 12) Overall the financial position has worsened by from that set out in the MTFS, increased demand and cost being the significant changes in that position. The cumulative High Needs budget deficit in 2024/25 has increased by £13.8m. Whilst it can be seen that the financial position in Leicestershire reflects the national position it presents a significant financial risk. The current financial projections are set out in the table below.

	2021/22 £,000	2022/23 £,000	2023/24 £,000	2024/25 £,000
High Needs Dedicated Schools Grant	-83,120	-83,120	-83,120	-83,120
Placement Costs	91,393	97,709	101,662	106,216
Other HNB Cost	8,708	8,708	8,708	8,708
Commissioning Cost - New Places	671	372	455	247
Project Costs	1,059	0	0	0
<b>Total Expenditure</b>	<b>101,831</b>	<b>106,789</b>	<b>110,825</b>	<b>115,171</b>
<b>Funding Gap Pre Savings</b>	<b>18,711</b>	<b>23,669</b>	<b>27,705</b>	<b>32,051</b>
Dedicated Schools Grant Increase	0	-5,700	-5,700	-5,700
Schools Block Transfer	0	-2,000	0	0
Demand Savings	-2,659	-2,899	-3,181	-3,420
Benefit of Local Provision and Practice Improvements	-6,697	-10,623	-13,073	-14,942
<b>Total Savings</b>	<b>-9,356</b>	<b>-21,222</b>	<b>-21,954</b>	<b>-24,062</b>
<b>Annual Revenue Funding Gap</b>	<b>9,355</b>	<b>2,448</b>	<b>5,751</b>	<b>7,989</b>
<b>2019/20 Deficit Brought Forward</b>	<b>7,062</b>			
<b>2020/21 High Needs Deficit Brought Forward</b>	<b>10,387</b>			
<b>Cummulative Funding Gap</b>	<b>26,804</b>	<b>29,252</b>	<b>35,003</b>	<b>42,992</b>
MTFS Position	22,723	22,591	24,680	29,197
<b>Overall Change</b>	<b>4,081</b>	<b>6,661</b>	<b>10,323</b>	<b>13,795</b>

- 13) Local authorities are required to carry forward the aggregated DSG deficit from all funding blocks. The DfE has removed a requirement for local authorities to submit

DSG recovery plans for deficits in excess of 1%. A surplus is held in the schools block where funding for school growth is out of line with the growth trajectory for mainstream schools and required to meet costs in future years. Hence it cannot be used to partially mitigate the High Needs deficit.

- 14) The rate of growth in EHCPs continues to exceed population growth. For the period 2013 to 2015 the percentage growth in the number of SEND places was 110% against a population increase for the same period of 9%. The greatly disproportionate increase in EHCPs has been influenced by national policy changes, specifically school funding reform in 2014 which introduced a direct link between the ability to evidence need and funding and SEND reform in 2014. Mainstream Element 3 funding increased by 192% with an increase in EHCP's of 163% between 2013/14 and ISP placements are 8% of all placements but account for 27% of high needs spend.
- 15) Whilst the HNB Development Plan of work has been successful in delivering service transformation and increasing the number of specialist school places in Leicestershire some of the financial targets set out within the original plan have been exceptionally challenging. The Plan has been revised to ensure it fully reflects the current SEND and financial environment, the significant changes that have affected the financial position are:

Demand – the demand for specialist places has increased in excess of that estimated in 2018 by 10% to 2022/23 and is forecast to rise a further 3.5% to 2024/25. The 2018 financial plan was based on a forecast of 493 independent placements by March 2022; as a result of the measures outlined above, revised estimates are now down to 419, a reduction of 15%. Growth has largely been contained through the additional places created where the number of places in lower cost, provision has increased by 22%. During 2019/20 and 2020/21 the number of independent school placements had been stable at 372 but it increased over the last quarter of 2020/21 to 395, and numbers are expected to increase by a further 9% by 2024/25. Demand for places is the significant driver of cost and the deficit. It is essential to the delivery of the Plan that demand is reduced, particularly that for independent school and special school placements given the length of time that pupils are likely to remain in these.

Savings – the plan, as set out in 2018, included significant levels of savings to be achieved through the movement of pupils from higher cost independent school placements to the new provision. Unfortunately, this has not been possible. Whilst additional places have been created, the sustained rate of growth has meant that places have been occupied with new demand, overall the use of the new provision has reduced costs by around £10m but it has not delivered the planned savings as a result of the increased demand and difficulties in achieving pupil movements. An EHCP names the school in which provision will be delivered to the individual, it is only possible to change that provision through the statutory annual review process or if a placement can no longer meet need, such a movement could only be expected at key transition points and with the agreement of all professionals and parents/carers as such very few moves have been possible.

Cost Increase – overall the cost of independent school places has risen by 4% from 2018/19 to 2024/25 and in Leicestershire special schools by 11%. This is related to the increasingly complex pupil needs. Whilst the increase in independent school places has been kept to a minimum through robust commissioning arrangements, places are often difficult to source and there is no incentive for providers to reduce costs. It is essential that costs are challenged and that the planned new provision in Leicestershire can be shown to meet pupils' needs equally well or better than independent providers.

### **Timescale for Transfer**

- 16) The DfE are expected to confirm the timelines for decisions to be taken on 2022/23 funding in early July, this will confirm the actions and approvals needed to support any funding transfer.
- 44) The National Funding Formula, adopted by Leicestershire in 2018, includes a number of restrictions on local authorities as to how the formula for schools can be constructed; some requirements can be waived by application to the Secretary of State to disapply them. Disapplication requests will need to be submitted to the Secretary of State to formulate proposals for any transfer. These are expected to be;
- Disapplication of the Minimum per Pupil Funding Level. This will allow for the impact of the transfer, which will reduce school funding, to be more evenly distributed across schools thus lessening the impact.
  - Disapplication of the Minimum Funding Guarantee. The DfE sets a range in which local authorities have discretion in this area but may need to be set outside this range to enable the transfer.
  - Permission to cap and or scale gains. Local authorities have discretion to use the formula to limit any funding gains.

The timing and detail of disapplication requests will be dependent upon the outcome of the formula modelling and confirmation on the 2022/23 funding arrangements. Decisions by the Secretary of State on these and any other disapplication requests may limit the options available to affect the transfer and the impact upon individual, or groups of schools.

- 21) Consultation with schools will commence early in the autumn term which will be presented to Schools Forum at the meeting on 6 September with Schools Forum receiving the outcome of the consultation with recommendations at the meeting on 15 November. Dependent upon any decisions from the Secretary of State it may be necessary to further consider options on 19 January 2022 prior to final submissions of 2022/23 school budgets to the DfE.
- 54) Should the Schools Forum not approve a transfer of funding, a request for approval would be required to be submitted to the Secretary of State in November prior to submission of the Schools Funding Formula to the DfE in January. If the transfer does not take place the forecast deficit will increase to £45m by 2024/25.

**Resource Implications**

- financial, HR, systems etc

**Equal Opportunity Issues****Background Papers**

Schools Forum Report 8 February 2021 - 2021/22 Schools Budget

<http://politics.leics.gov.uk/documents/s159623/2021-22%20Schools%20Budget%20v3.pdf>

Cabinet Report 22 November 2019 – Special Educational Needs and Disabilities – Proposed Transfer of Funding within the Dedicated Schools Grant

<http://politics.leics.gov.uk/ieListDocuments.aspx?CIId=135&MIId=5608&Ver=4>

**Officers to Contact**