



Schools Forum
05 November 2020

**Report from the Strategic Director
of Children and Young People**

DSG Budget Monitoring Report 2020/21

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
No. of Appendices:	1
Background Papers:	Prior financial reports to Schools Forum.
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1. Purpose of the Report

- 1.1. This report provides Schools Forum with an update on the forecast financial position for 2020/21. The position is reported against the budget set in consultation with Schools Forum and submitted to the Department for Education on the Section 251 budget return. For information, the budget is analysed by funding block in Appendix 1 of this report.
- 1.2. The report also gives an update on the financial support available to Schools and Early Years settings during the Covid-19 pandemic.

2. Recommendation

- 2.1. Schools Forum is asked to note the contents of this report.

3. Summary

- 3.1. The DSG High Needs Block allocation increased by £5m in 2020/21 compared to 2019/20. A High Needs Block balanced budget was set, with a risk of overspend if the number of children and young people with Education Health and

Care Plans (EHCPs) continue to grow at the same rate as in recent years, rather than the growth levelling off.

- 3.2. The number of EHCPs has continued to rise with a 16% increase in the number of DSG funded EHCPs between 2019 and 2020. As a result, DSG expenditure is expected to exceed income by a forecast £4.2 million in 2020/21. This will lead to an increase in the DSG deficit from £4.9 million to £9.1 million by the end of the financial year.
- 3.3. The detailed financial monitor of the 'DSG Schools Budget' is presented in Appendix 1. The 'Actual to P5' column represents the spend to date as of the 31st August 2020, and the forecasts provided are those prepared during September 2020. This is therefore an early forecast position and the monitoring will be refined later in the Autumn term.

4. DSG Income

- 4.1. There are some variances on Block income compared to the budget set, though the largest, the mainstream Schools Block income is forecast to budget at £235 million.
- 4.2. The most significant variance is on the High Needs Block, where the recoupment import-export adjustment has been made. This accounts for place funding for Brent pupils in other local authority areas. The cost of this to the DSG in 2020-21 is £0.9 million.
- 4.3. There are some underspends on forecast Early Years Block income, where income has been increased by £0.1 million relating to a prior year adjustment, and the 2020/21 allocation has been increased by £0.2 million following confirmation of the January 2019 Early Years census.
- 4.4. In total, the forecast shows that income will be £0.6 million less than budgeted for.

5. Schools Block Expenditure

- 5.1. In January 2020, Schools Forum approved changes to the schools funding formula allocations, following a consultation with schools. The changes were made in order to address financial pressures caused by rising rolls, pupil mobility, and to provide funding to support rising pupil rolls in secondary schools. The schools block is currently forecast to spend to budget.
- 5.2. There has been an adjustment to the Academy recoupment budget, which has resulted in a £0.6 million underspend on the secondary schools budget line. This is due to the timing difference between Academy and Local Authority financial years, where academy funding is adjusted to take into account the additional 5 months of growth funding required by Academies and not Maintained schools. This will therefore net off with a projected £0.6 million overspend on the pupil growth budget line, resulting in an overall spend to budget on growth funding. The first growth fund payment has been made based on the January 2020

census, with the second payment due to be made based on the October 2020 census. Therefore, an update on the final growth fund position will be provided at a future meeting.

- 5.3. There has been an increase over recent years in the number of claims for maternity and paternity scheme payments. The forecast for 2020-21 based on the current number of claims is £0.34m, resulting in a £0.1m overspend which is currently being mitigated by underspends within the Block.

6. High Needs Block Expenditure

- 6.1. In 2019-20, High Needs Block expenditure totalled £62.8 million. In 2020/21, the High Needs Block budget totals £62.2 million. This allowed a balanced budget to be set, with some planned savings on high needs top-up funding, primarily due to the ESFA clarifying that Element 2 charges' for placing children out of borough should not be incurred by the commissioning local authority's DSG funding.
- 6.2. Place funding for Academies of £7 million will be recouped from the Block and allocated to Academy Special provisions, but this is in line with the total place funding budgeted for and will not cause a variance against the total £8.8 million place funding budget.
- 6.3. As of July 2020, there were 2,611 EHCPs for Brent pupils in all settings, compared to 2,246 in July 2019, representing a 16% increase in EHCPs over the 12-month period. The total forecast expenditure on top-up funding forecast for 2020/21 is £47.1m compared to £44.7m spend in 2019/20, a 5% increase.
- 6.4. This suggests that although the number of EHCPs (the principle driver of increased costs) has increased total top-up funding expenditure, the average cost of a top up has reduced, both due to increased in-borough provision and due to the cost avoidance on Element 2 charges previously funded from the DSG.
- 6.5. The increased demand has had knock on effects on expenditure on SEN support services, including the Speech and Language Therapy service and the Education Psychology service budgets, which are both forecasting overspends. In total, the High Needs SEN support service budgets are forecast to overspend by £0.6m.
- 6.6. This brings the total forecast overspend for the High Needs Block expenditure to £3.6m more than the budget set.
- 6.7. To recover the deficit, options being reviewed by the task group set up by the Strategic Director of CYP include;
 - 6.7.1. Looking to establish more SEND provision in the borough as part of the School Place Planning Strategy Refresh including developing new Additionally Resourced Provisions (ARPs);

- 6.7.2. Ensuring there is full cost recovery from other local authorities that place pupils in Brent special schools including administration and other specific costs;
- 6.7.3. Review of the DSG funded SEN support services currently underway;
- 6.7.4. Continued central government lobbying.

7. Central Block

- 7.1. The Central Block of the DSG (£2.2 million) funds central services for schools. This includes a set contribution towards pension strain costs for former school employees of £0.6 million, and it is a long-term annual commitment.
- 7.2. There is a forecast underspend of £70k on the central block, due to small underspends on the Admissions Service and the School Effectiveness Service.

8. Early Years Block

- 8.1. The Early Years Block is the most self-contained of the 4 blocks, and totals £23 million. 95% of this Block income is passed onto providers, and little variance is expected on the remaining 5%, which forms the central expenditure budgets. The 95% allocated out should be broadly in balance with the Block grant income received.
- 8.2. In March 2020, the Government confirmed that local authorities should continue to fund the free entitlements for two, three and four-year-olds despite some settings having to close. Therefore in Brent, all Early Years providers have continued to receive Nursery Education Grant (NEG) funding over the Summer Term 2020, based on their Spring term 2020 headcount and for the Autumn 2020 term based on Autumn 2019 headcount data. As the DfE will be funding these payments, at this stage the Early Years Block is forecast to spend to budget.

9. Covid-19 update

- 9.1 Schools and Early Years settings have continued to receive funding during the pandemic and the DfE made provision to deal with some of the challenges expected in all settings. At this stage it is unclear if there will be further support given in light of the risk the pandemic still presents. To date the additional support received is set out below.

9.1.1. Exceptional costs associated with Covid-19

- 9.1.2. To cover the period March – July 2020 the DfE made funding available for all state-funded mainstream and special schools, and alternative provision but excluded nursery schools to claim back exceptional costs incurred due to the Covid-19 pandemic. Schools expecting to add to their surplus balances at the end of 2019/20 were not eligible to make claims. Claims limits ranged from a maximum of £25,000 for a mainstream school with 250 pupils or fewer to £75,000 for a mainstream school with over 1,000 pupils. The maximum limit a special school could claim was £50,000.

9.1.3. The costs could be claimed against 3 categories i.e.:

- increased premises costs;
- support for free school meals for eligible children who are not attending school;
- additional cleaning costs.

9.1.4. Schools are required to keep a record of all expenditure for audit purposes. Schools that made claims which met the criteria of spend above, had funding transferred to them at the end of August 2020. For Brent, funding was received for 9 schools a total payment of £99k and a further £0.219m was approved for 33 schools and this funding will be with the Council by the 30th of October and transfers to the 33 schools will be arranged.

9.1.5. For schools that did not claim for costs incurred between March – July, a further claims window will be announced. The DfE also confirmed that no further support was expected to be given and there are no plans to change the scope of the funding stream. Overall the DfE estimated that nationally schools submitted claims of c£104 million.

9.1.6. There remain concerns from schools that following the full re-opening of schools, exceptional costs have still been incurred. Currently the DfE have not confirmed if there will be an opportunity for schools to make further claims however, it will be advisable for schools to still maintain records of all exceptional costs incurred as a result of the impact of the Covid-19 pandemic.

9.1.7. **Catch up Funding**

9.1.8. The Secretary of State for Education announced a coronavirus (COVID-19) £1 billion catch-up premium for the financial year beginning 1 April 2020. This includes a catch up premium worth £650 million to help make up for lost teaching time for all pupils with Brent schools allocated £3.5 million. Table 3 below summarises the allocation for Brent schools.

Table 3

School Type	Total pupil numbers/ places	Rate per pupil/per place	Total £m
Primary	25,065	£80	2.005
Secondary	13,735	£80	1.099
All-through	2,965	£80	0.237
Special & PRU	809	£240	0.194
Total	42,574		3.535

9.1.9. Allocations are based on providing each mainstream school with a total of £80 for each pupil in year's reception through to 11, Special schools

and PRUs will be provided with £240 for each place for the 2020 to 2021 academic year. Nurseries have not been included in this funding allocation.

9.1.10. Funding will be provided in 3 tranches:

- Initial part payment in autumn 2020, based on the latest available data on pupils in mainstream schools and high needs place numbers in special schools.
- The second grant payment will be in early 2021, based on updated pupil and place data. For mainstream schools, the 4 to 15 pupil headcount from the October 2020 census will be used.
- The final payment will be in the summer term 2021.

9.1.11. Funds do not have to be spent in the 2020/21 financial year and schools are allowed to carry some or all of the catch up premium forward to future financial years.

9.1.12. The balance of £350 million will go towards a tutoring fund for disadvantaged pupils to increase access to high quality tuition for disadvantaged and vulnerable children and young people and this funding is not expected to be transferred to schools.

9.1.13. **Early Years Sector.**

9.1.14. It is proposed that a paper is brought to Schools Forum in December to highlight the position of funding within the Early Years sector but this section gives a summary of measures put in place to support the sector.

9.1.15. Not all providers are solely reliant on DSG funds to run their businesses and a large number of providers are reliant on private income (i.e. fees that parents pay for childcare beyond the free entitlements received via the DSG). To help mitigate the impact of the loss of this private income stream, there have been a number of funding and financial measures put in place by central government during the pandemic. These include:

- a business rates holiday for many nurseries and for settings that pay little or no business rates;
- the option to apply for a one-off £10k small business grant scheme;
- access to the Coronavirus Job Retention Scheme (CJRS) for furloughed workers typically paid from private income;
- the Coronavirus Business Interruption Loan Scheme to help support long-term viable businesses respond to cash-flow pressures;
- childminders accessing support via the self-employment income support scheme.

10. Financial Implications

10.1. The financial implications have been detailed in the body of this paper.

11. Legal Implications

11.1. There are no legal implications for this report.

12. Equality Implications

12.1. Not applicable.

13. Consultation with Ward Members and Stakeholders

13.1. Not applicable.

14. Human Resources/Property Implications (if appropriate)

14.1. Not applicable.

Report sign off:

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