



## SCHOOLS FORUM

June 2017

Report from the Strategic Director of Children  
and Young People

For Information

**DSG FINANCIAL OUTTURN 2016/17**

### 1.0 SUMMARY

- 1.1 The Dedicated Schools Grant (DSG) budgets underspent by a total of £5 million in 2016/17. The underspend was principally caused by lower expenditure on school growth and support for rising rolls than was budgeted for as the pace of expansion slowed down. There was also an underspend in the inclusion service which makes up the main body of the high needs block, with lower spend on out of borough placements than anticipated.
- 1.2 For 2017/18 the growth budget has been reduced by £1M in anticipation of the fall in demand. In addition the budget setting included rebalancing the Early Years and High Needs Block, so that Early Years inclusion will be funded from High Needs in 2017/18.

### 2.0 RECOMMENDATIONS

- 2.1 Schools Forum is asked to note this report.
- 2.2 Schools Forum is asked to consider the request from the Trade Union Representative regarding ring fencing the facilities time underspend from 2016/17 for use in 2017/18.

### 3.0 BACKGROUND

- 3.1 The schools funding formula for 2016/17 was set in December 2015 ahead of the final DSG budget being confirmed in February 2016.
- 3.2 The DfE recoup formula and high needs place funding from the DSG to allocate this directly to academies and free schools. This is the difference between the £302 million DSG for Brent and the £195 million reported in appendix A.
- 3.3 In recent years primary schools have been expanding to accommodate pupil growth. Budgets were set aside to support rising rolls, and to underwrite the risk of expanding and increasing planned admission numbers (PAN).

## **4.0 2016/17 DSG BUDGET**

### **4.1 Schools Expenditure**

4.2 Appendix A sets out the outturn for the 2016/17 DSG, also known as ‘the schools budget’. A total of £302 million was allocated to Brent schools with £107m being recouped and distributed directly to Academies. This leaves budgeted income and expenditure of £195million. Overall an underspend of £5 million is reported.

4.3 Total income exceeded the amount initially allocated by £0.28 million. This relates to an Early Years funding block adjustment for 2015/16 calculated from the January 2016 early years census. This funding was received and recorded in 2016/17. It should be noted that adjustments for future years may increase or decrease DSG income depending upon the change in FTE nursery provision.

4.4 Schools funding allocations are set ahead of the start of 2016/17 and do not change except for minor adjustments for NNDR (rates) revaluations. The final DSG allocation for 2016/17 exceeded that budgeted for by £0.7 million. This is due to pupil numbers being updated in January 2016, after the funding formula was determined. This has created an underspend of £0.7 million.

4.5 The schools in difficulty contingency budget managed by the School Effectiveness Service underspent by £24K. The amount allocated to this budget has been reduced for 2017/18 at the December 2016 forum.

4.6 There is an underspend on the de-delegated budget for trade union facility time. The NUT trade representative will submit a supplementary paper (Appendix C) requesting that a ring fence is applied to this underspend for use in 2017/18.

4.7 The expansion budget of £3.5 million and rising rolls budget of £1.1 million have underspent by a total of £2.1 million. Only £1.9 million was allocated to expanding schools as the borough did not see the same rapid growth and need for school expansions as in recent years. Equally only £0.57 million was allocated to schools with rising rolls, as the increase in pupil numbers has not been concentrated as acutely as in recent years. The growth budget has already been reduced by £1million in setting the 2017/18 budget.

### **4.8 Early Years Expenditure**

4.9 It was anticipated that the Nursery Education Grant for 3 and 4 year old provision outside of school nurseries and nursery schools would over spend against the budget set. There were mitigating underspends in 2 year old provision and in early years central spend. This overspend has been addressed for the 2017/18 financial year with the Early Years Block budget being rebased and agreed at previous forums.

### **4.10 High Needs Expenditure**

4.11 High needs budgets allocated to mainstream schools are set at the start of the year and allocated accordingly so these budgets are reported in line.

4.12 Any adjustments are made from the in-year placements budget which underspent significantly by £1.9million. Against this in-year placements in academies overspent slightly. The DSG spend on placements in residential and independent settings was a further £0.65 underspent. This is consistent with fewer external placements for school age children being made, and the borough being able to accommodate more

of its High Need placements. This is a strategy that can be continued if more High Needs places can be created where there is demand within the borough.

4.13 Other underspends in High Needs expenditure relate to in-year staffing vacancies in centrally run inclusion support services, and a £0.2 million underspend on the revenue charge for the capital costs of The Village School. With the annual charge tied to interest rates this underspent against the budgeted £0.9million budget.

#### 4.14 **Central items**

4.15 There were underspends throughout central service budgets with the School Effectiveness service having some in-year staffing vacancies and the Gordon Brown Centre income holding up well despite not being fully operational. It should be noted that the termination of employment costs budget relates to the DSG contribution to the cost of premature retirements agreed before 2013. The full budgeted DSG allocation of £0.6million was charged, however the total cost to the Council of enhanced pension costs for former teaching staff in Brent was £2million, with the Council's general fund charged the £1.4 million balance.

### 5.0 **DSG Balances**

5.1 The DSG underspend of £5million will be added to existing reserve of £1million, so that reserves total £6million as at the start of 2017/18. Whilst this represents an opportunity to increase some combination of funding and investment in schools and high needs provision, decisions may have to be made in the context of continued uncertainty over future funding levels. The current proposals for 2018/19 funding will take the existing 2017/18 DSG budget as a baseline and this does not include DSG reserves.

### 6.0 **School Balances**

6.1 Overall school balances have decreased from £21.2 million to £19.5 million, but there is no obvious uniform pattern. Half of the 60 maintained schools used balances to support projects and in-year expenditure, and half added to their balances.

6.2 Given the uncertainty that exists over future school funding those schools that can are understandably holding prudent levels of reserves with the average balance held being 12%. However, 8 schools hold balances of below 5% and 1 nursery school finished the financial year in a deficit.

### 7.0 **BACKGROUND PAPERS**

7.1 [http://democracy.brent.gov.uk/ieListMeetings.aspx?Committeeld=578&\\_ga=2.195682220.1059041790.1495788609-1168446895.1495788609](http://democracy.brent.gov.uk/ieListMeetings.aspx?Committeeld=578&_ga=2.195682220.1059041790.1495788609-1168446895.1495788609)

### 8.0 **APPENDICES**

8.1 **Appendix A DSG Budget 2016/17**

8.2 **Appendix B School Balances 2016/17**

8.3 **Appendix C Supplementary paper from NUT Trade Union Representative (to be supplied)**

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