



Brent

SCHOOLS FORUM

6 December 2017

Report from the Strategic Director
of Children and Young People

For Information

Wards Affected: ALL

Dedicated Schools Grant Financial Forecast 2017/18

1.0 Summary

- 1.1 This report provides the Schools Forum with an indicative forecast of Dedicated Schools Grant (DSG) spend against the budget set for 2017/18. It is an updated position to that reported in the October 2017 Schools Forum. The underspend has increased slightly, mainly due to revised pupil growth forecasts. There are some other minor adjustments to the October report.

2.0 Recommendations

- 2.1 That the report be noted.

3.0 Background

- 3.1 Within the council, the DSG budget is reported in a format consistent with the organisational structure of the Children and Young People Department. The budget is reported here in a block format consistent with the Section 251 return to the Department for Education.

4.0 2017/18 DSG Budget

- 4.1 The current DSG forecast is reported to underspend by £1 million. Appendix A contains the forecast as at the end of October 2017.
- 4.2 The Schools Budget is made up of Dedicated Schools Grant (DSG), £308.3 million and Sixth Form funding grants of £3.9 million. The £308.3 million is the total before recoupment of funds by the Department for Education to fund the borough's Academies. This figure therefore represents the total cost of funding education to early years and school age pupils in the borough. Recoupment is expected to total £110 million, so the current income forecast is that the borough will receive £197 million of DSG. This is displayed in Appendix A in the 'Net Totals' column.
- 4.3 The Schools Block and High Needs block income figures are confirmed pre-recoupment but are subject to change for academy adjustments. Once

recoupment is accounted for there is slight variance against the budget set for the schools block of £30,000.

- 4.4 As previously reported the total variance of forecast income to budget is £158,000.
- 4.5 The Early Years Block income figure provided by the DfE is based on the previous year and is therefore indicative. Final funding depends upon actual provision as per the early year's census. An adjustment of -£114,000 has already been made in 2017/18, and this relates to the January 2016 early years census which showed that provision as measured by FTE had fallen by approximately 30 compared to the previous January. Although a relatively small reduction this is significant in that it is a change to recent years where there has been a positive adjustment for growth. The previous adjustment was an increase of £272,000 representing growth of approximately 80 FTE.
- 4.6 There are known DSG underspends on the school budget share budget and school growth allocation forecasts. The Floreat free school was included in the mainstream funding formula budget, but this will no longer be opening, causing an underspend of £0.2 million.
- 4.7 The rate of growth in Primary school numbers has slowed and following the underspend last year, a variance of at least £0.75 million against the growth budgets is anticipated. A revised forecast will be available after the growth allocations have been calculated following the release of the October census in December.
- 4.8 Additional placements in SEND provision are increasing the spend in the High Needs block compared to last year, so no underspend is forecast at this stage. Further work is being carried out to review these budgets ahead of 2018/19. Base interest rates remain low, so an underspend against the capital charges budget is forecast.
- 4.9 Other expenditure lines across the High Needs Block are forecast in line with budgets. It is noted in Appendix A that high demand for High Needs support through the Early Years Inclusion fund has been reported by the panel, meaning there is the risk of an overspend by year end.
- 4.10 Central Block expenditure lines are forecast in line with budgets except for the school admissions service, which is reporting a small overspend. This budget will be uplifted for pay inflation in 2018/19.
- 4.11 The Early Years block of the DSG was rebalanced to match income and expenditure for 2017/18, but it is possible there will be an underspend. The number of parents who have registered for the extended 30 hours provision is lower than that budgeted for. Original budgets were set in line with Department for Education forecasts and current forecasts are that it is not currently known whether the Early Years block income will be reduced commensurately or left with Local Authorities. For this reason a zero variance position has been reported, at this stage.

4.12 Other Early Years expenditure lines are forecast in line with the budget, with the exception of the Early Years Pupil Premium. This budget is set as per the DfE estimated allocation. The premium is worth £0.53 an hour for eligible children totalling £302 in a year for a full time equivalent provision of 570 hours.

4.13 The total variance against DSG expenditure budgets is an underspend of £1.2M. The net total underspend accounting for the income variance is £1M.

5.0 DSG Balances

5.1 The underspend of £5 million in 2016/17 increased total DSG reserves to £6 million. Only £0.05 million drawdown of reserves is currently planned, in order to balance the Early Years Block, so the current forecast position would further increase this reserve to £6.7million going into 2018/19.

6.0 Appendices

Appendix A – DSG Budget 2017/18

CONTACT OFFICERS

Andrew Ward, Head of Finance – CYP
0208 937 6462

GAIL TOLLEY
Strategic Director of Children and Young People