



Schools Forum
17 January 2018

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

Dedicated Schools Grant Financial Forecast – 2017/18

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
No. of Appendices:	One: • DSG 2017-18 Forecast
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Andrew Ward, Head of Finance Email: andrew.ward@brent.gov.uk Tel: 0208 937 6462

1.0 Purpose of the Report

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

2.0 Recommendation

2.1 It is recommended that the report be noted.

3.0 Detail

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.

3.2 The current DSG forecast is reported to underspend by £2.5 million. Appendix A contains the forecast as at the end of November 2017.

3.3 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 £110.7 million, so the current income forecast is that the borough will receive £198 million of DSG. This is displayed in Appendix A in the 'Net Totals' column.

- 3.4 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.
- 3.5 As previously reported the total variance of forecast income to budget is £158,000.
- 3.6 The Early Years Block income figure provided by the Department for Education (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.
- 3.7 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.
- 3.8 The rising rolls growth allocations have now been calculated following the release of the October 2017 pupil data. This shows primary pupil growth has slowed and underspend of £0.5M is confirmed against the £1.1M budget. The planned growth budget is likewise forecast to underspend by £1.3 M.
- 3.9 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. A small underspend against the capital charges budget for The Village School is forecast, due to interest rates remaining low, but High Needs recoupment for post-16 is higher than planned which offsets this underspend.
- 3.10 Other expenditure lines across the High Needs Block are broadly 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.
- 3.11 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.
- 3.12 The Early Years block of the DSG was rebalanced to match income and expenditure for 2017/18, but an underspend is now indicated at £0.5 million. The number of parents who have registered for the extended 30 hours provision

is slightly lower than that budgeted for, as is the take up of the standard 15 hours. Original budgets were set in line with Department for Education forecasts and it is expected that Early Years block income will be reduced commensurately. The final position will depend upon autumn adjustments and the spring early years census, for now an indicative underspend of £0.5 million is forecast.

- 3.13 The overall position for the DSG is a £2.5 million underspend, which is less than 1% of the total £312 million allocation for Brent. Any underspent DSG at year end will be added to the DSG reserves from where it can be reallocated to schools and used across DSG funded services in future financial years.

4.0 Financial Implications

- 4.1 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 £8.5 million ahead of the planned drawdown of £2.5 million.

5.0 Legal Implications

- 5.1 There are no legal implications for this report.

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

Report sign off:

Gail Tolley

Strategic Director of Children and Young People