



Schools Forum 21 February 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: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One: • Dedicated Schools Grant 2017-18 Forecast
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	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 January 2017 Schools Forum. The underspend has increased, mainly due to revised pupil growth forecasts. There are some other minor adjustments to the January 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 £2.6 million. Appendix A contains the forecast as at the end of December 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 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 £0.6M is confirmed against the £1.1M budget. The planned growth budget is likewise forecast to spend £1M against the £2.5M budget allocated.
- 3.9 Although there were significant underspends in the High Needs block in 2016/17, these are not expected to be repeated in 2017/18. The risk of an underspend across this block is mitigated by growing demand for SEND provision, and the post-16 High Needs Recoupment figure is higher than budgeted for. This recoupment is returned to both academy and non-academy post 16 providers through the Sixth Form Grant and reflects the actual numbers of students in-year. A full reconciliation between this recoupment and planned expenditure for high needs provision is needed for the year end outturn, and further analysis will be required for 2018/19.
- 3.10 There is a relatively small underspend against the capital charges budget for The Village School, due to interest rates remaining low. 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 a small 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. The number of parents who have registered for the extended 30 hours provision is slightly lower than that budgeted for, but the take up of 2 year old provision is higher than budgeted for. There should be little overall variance for Early Years provision. The Early Years budgets were set in line with Department for Education forecasts and Early Years block income will be adjusted commensurately. The final position and adjustments will be calculated from the spring early years census.
- 3.13 The overall position for the DSG is a £2.6 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. The current forecast position would further increase this reserve to £8.6 million ahead of the planned drawdown of £2.5 million, which would leave the DSG reserves at £6.1 million in 2018/19.
- 4.2 Of this £6.1 million, £2 million is earmarked for the Early Years and High Needs Blocks and between £2-3 million would be needed to sustain funding levels in the Schools Block in 2019/20.

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