



Schools Forum
15 January 2020

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

2020/21 DSG Schools Budget Setting

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| 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: | 4 |
| Background Papers: | Prior Financial reports to Schools Forum. |
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1. Purpose of the Report

1.1. This report sets out the proposed DSG Schools Budget for consultation and decision by Schools Forum ahead of the Council budget being set and approved by full Council.

2. Recommendations

2.1. Maintained school members of the Schools Forum are requested to approve the proposed de-delegation arrangements set out within this report.

2.2. Schools Forum is asked to approve the transfer of £1M (0.46%) from the Schools Block to support the High Needs Block. The regulations permit up to 0.5% of the Schools Block to be transferred with Forum approval.

2.3. Schools Forum is asked to recommend the budget for the DSG blocks, including the mainstream funding formula, to the Council.

3. Summary

3.1. There have been increases to the main DSG funding blocks for 2020/21, and these have been allocated in line with the decisions made at the previous schools forum to address the financial pressures caused by rising costs, pupil mobility and to provide a growth fund sufficient to support the rising pupil rolls in secondary schools.

3.2. Following a consultation with all schools, the above pressures have been addressed by making changes to the funding formula to increase funding rates, introduce the new pupil mobility funding formula and by setting aside funds for the growth fund.

3.3. Additionally the funding formula and schools block budgets have been adjusted to react to changes in pupil data that underpins the funding formula and to ensure that all schools

receive a positive minimum funding guarantee of 0.5% increase in per pupil funding. Balancing the required allocations above means that the Schools Block can contribute 0.46%, which is £1m, towards High Needs block expenditure. This is needed to achieve an in-year balanced budget on the High Needs block.

3.4. This report also sets out at summary level the Central Schools Services block budgets, the Early Years block budgets, and the High Needs block budgets. Further detail on the Early Years and High Needs block budgets will be brought back to the Schools Forum in February 2020.

3.5. This report summarises the budgets for the blocks of the DSG (appendix A), and presents the results of the proposed mainstream local funding formula for schools.

4. School Funding Announcements – 2020/21 DSG Income

4.1. The DSG block funding allocations were announced on 19 December 2019. These are set out below in Table 1. Appendix A sets out the income and expenditure budgets by block and compares them to the budgets set for 2019/20.

4.2. Table 1 –DSG Block Funding

| Block | 2019/20 Funding £'000 | 2020/21 Funding £'000 | Change £'000 | Change % |
|-------------------|-----------------------------|-----------------------------|-----------------|-------------|
| Schools Block | 231,026 | 234,700 | 3,674 | 1.6% |
| High Needs Block | 56,286 | 61,304 | 5,018 | 8.9% |
| Early Years Block | 22,593 | 22,900 | 307 | 1.4% |
| Central Block | 2,374 | 2,204 | (170) | (7.2%) |
| Total | 312,279 | 321,108 | 8,829 | 2.8% |

4.3. Schools Block funding has increased by slightly more than the anticipated £3.5m compared to 2019/20. Overall, mainstream pupil numbers rose slightly by 190, but within this secondary pupil numbers rose by 291 and primary pupil numbers fell by 101. The increase is primarily due to the minimum increases in per pupil funding in the National Funding Formula but Brent has again been top sliced by £1m on the amount allocated for pupil growth. Growth allocations are benchmarked against the budgets set in 2018/19, and the modest overall growth has not matched these levels.

4.4. The High Needs Block income has been announced at £61.3m. This is £5m more than in 2019/20, representing an 8% increase and an additional allocation for medical needs. Nationally, High Needs funding was increased by 11% in response to the lobbying for additional funding from the Local Government and Education sectors. At 1.5% below the England increase, London has received the lowest percentage increase of any authority type or region.

4.5. The Early Years Block funding rates for 2020/21 were announced at the end of November 2019. The funding rates for 2 year olds and 3 and 4 year old provision calculated by the Early Years National Funding Formula in Brent have increased slightly. The number of hours of provision counted in January 2019 is the basis for the provisional allocation of £22.9m which is £0.3m more than the latest allocation for 2019/20.

4.6. The Central School Services Block income was confirmed at £2.2m, a decrease of £0.2m compared to 2019/20. This reflects the DfE assumption that local authorities are able to unwind and reduce the historic budgetary commitments included in the Section 251 returns under the combined budgets line.

5. Schools Block Expenditure – Mainstream Funding Formula

- 5.1. The mainstream funding formula for 2020/21 totals £231.091m including allocations which are then de-delegated or retained by the council as a contribution towards fulfilling the education services. This leaves £230.073m with schools, which as expected is less than in 2018/19 when DSG reserves were allocated through the funding formula and when there were a greater number of pupils.
- 5.2. The DSG contribution to central services was agreed at previous forums. The £0.6m shown in appendix A is made up of the £250k contribution from all schools and the £360k from maintained schools. Comparative information benchmarking London Borough contributions was discussed at forum in November 2019 and is included as appendix B to this report.
- 5.3. The £450k proposed to be de-delegated from maintained schools has been calculated at the previous per pupil rates as in 2019/20 and in 2018/19. Most maintained schools are in the primary phase where pupil numbers have decreased so the total amount to be de-delegated is lower than in the previous year. No new de-delegations are proposed for 2020/21. As in previous years, approval to de-delegate is sought on the basis that centralised budgets provide better value, and that maintained schools have open access to the services listed in the table below.

5.4. Table 2 – De-delegated items

| | Rate per pupil £ | 2019/20 | 2020/21 |
|--|------------------|----------------|----------------|
| Primary Pupil Numbers | | 20,681 | 19,029 |
| Secondary Pupil Numbers | | 1,978 | 2,019 |
| Total maintained pupils | | 22,659 | 21,048 |
| Contingencies- Schools in Financial Difficulty | 8.29 | 187,839 | 174,488 |
| Free School Meals eligibility service | 1.15 | 26,057 | 24,205 |
| Licenses/ Subscriptions | 0.25 | 5,665 | 5,262 |
| Staff costs (Union Duties) | 10.74 | 243,352 | 226,056 |
| Total De- delegated items | | 462,913 | 430,011 |

- 5.5. Appendix C provides information on the funding factor rates used in the proposed funding formula. Changes in pupil numbers, and in the pupil data, combined with the need to ensure all schools received at least a 0.5% per pupil funding increase, meant that the funding rates modelled had to be adjusted to allow funding of the MFG. Pupil funding factor rates are slightly higher than those presented at the December 2019 forum, as appendix C shows.
- 5.6. The mobility funding factor has been funded at rates similar to those modelled in the December forum, and allocates a total of £0.83m to schools experiencing mobility over the threshold set by the DfE. The average allocation to the 35 primary schools receiving this funding is £17k. For secondary schools the average allocation is £60k and this is awarded to 4 schools. These amounts are in-line with those consulted upon with Schools Forum, with the principle being that they are large enough for schools to use them to address issues caused by pupil mobility.
- 5.7. Appendix D contains an analysis of the funding formula by individual school, giving both the total formula funding and per pupil funding against the previous year. It should be noted that changes in individual school funding are also caused by changes to the pupil cohort data for that school, e.g. the number of pupils attracting the low prior attainment

funding factor will change from year to year, so changes in funding are not solely driven by changes to pupil numbers and to the funding factor rates in appendix C.

- 5.8. The funding formula is subject to a positive Minimum Funding Guarantee of 0.5% which ensures that per pupil funding increase by this proportion. Under these proposals 6 of the 75 schools require an MFG allocation, and this totals £307k

6. Schools Block Expenditure - Growth Fund

- 6.1. The Growth budget funds increases in pupil numbers, and well as the CAFAI provision for children new to the country. The total growth budget has been increased by £1.1m to £2.5m in order to fund the projected pupil growth in the secondary phase. As agreed this is funded from limiting the increases to the total schools block budget, and scaling back increases to the secondary pupil led funding factors. In addition to this, the rising rolls funding rates will be reduced by 15% in order to ensure the affordability of the projected pupil number increases. It was noted at the last forum that schools with increasing rolls may also receive additional funding through the new mobility factor.

7. High Needs Block

- 7.1. The proposed budget includes a 0.46% transfer of the Schools Block to the High Needs Block and this requires Schools Forum approval. At £1m this transfer is less than the £1.1m transferred in 2019/20, but is all that is affordable by the Schools block in 2020/21.
- 7.2. Despite the increase in High Needs block funding of £5m, the forecast expenditure has risen in the current financial year and will exceed block income by up to £7m. The transfer is necessary as part of a multi-year plan to balance the High Needs Block, as it will be part of a range of measures to achieve a balanced budget in 2020/21. Whilst DfE plans will allow a DSG deficit to be carried forward over a number of years, the department will have the power to intervene where there is insufficient evidence of a planned recovery in the financial position.
- 7.3. Recovery plans can require savings from all blocks of the DSG. Agreeing the block transfer increases the likelihood of achieving a balanced budget, and demonstrates a commitment to addressing the financial position so that the forecast deficit can be recovered in future years under a plan agreed by the Council and Schools Forum.
- 7.4. The High Needs block budget summarised in appendix A is indicative and a detailed High Needs budget report is planned for the February 2020 Schools Forum following a meeting with the Forum sub group. The figures presented reflect the planned expansions in special provision for 2020/21 with a £0.4m total increase to place funding and top up funding budgets.
- 7.5. Appendix A does show that there is £3.1m of additional funding available for allocation after the planned increases in special provision have been accounted for.
- 7.6. The indicative budget presented sets out a High Needs block balanced with the Schools Block transfer of £0.9m. Given the rate of the increased expenditure in 2019/20 this will be challenging and a range of measures will need to be agreed to achieve this.
- 7.6.1. There is a clear need to allocate more funding to the Post-16 budget line given the increased numbers of students requiring funding. Development of Post-16 provision is an identified priority in the Brent Children's Trust SEND Strategy 2018-2021 and options are

being developed for provision in borough which could achieve better value for money. There is also a need to increase the Out of Borough special provision budget line until more provision can be created within the borough.

- 7.6.2. The latest budget monitoring indicates that the budget for recovery of top up funding from other councils should be increased, and the rates charged will also be reviewed to ensure they are in line with other Councils.
- 7.6.3. Other measures to lower costs, such as reviewing additional 'place' funding requests from Colleges and out of borough providers. West London Alliance (WLA) commissioning of placements is intended to control both education and social care costs for residential and independent settings.
- 7.6.4. A review of all top ups will need to include the amounts paid for EHCP pupils in mainstream, where benchmarking suggests Brent funding is high compared to other London Boroughs.
- 7.6.5. Planned changes in Council teams will also achieve some efficiency savings to the SEN services budget line.
- 7.7. The February High Needs report will seek to balance the in-year High Needs budget. It will also consider recovery of the DSG deficit over the medium term, and set out the process for agreeing a multi-year recovery plan with the Council.

8. Early Years Block Expenditure

- 8.1. The Early Years budget presented in appendix A is indicative and balances against the provisional income allocation, which was announced as £22.9m. There are marginal increases to the hourly funding rate allocations for 2 year olds and 3 and 4 year olds. Both the funding rates have risen by 8 pence, with 2 year old provision now funded at £6 per hour, and 3 and 4 year olds now funded at £5.45 per hour.
- 8.2. The budget lines shown are based on full allocation of 2 year old funding and 3 and 4 year old funding less the 5% that the Council retains to provide Early Years support services. The budgets include the Nursery Schools Support Grant of £0.7m and the Disability Access Fund, and the Early Years Pupil Premium grants.
- 8.3. These budgets show as a reduction against those set for 2019/20, as the provisional allocation (announced this time last year) for the 2019/20 financial year was £23.4m. The allocations are amended in July each year following confirmation of the February Early Years census. The funding rates will be confirmed for Early Years providers in February 2020.
- 8.4. A separate paper on the Early Years Block will be presented to the Early Years Sub Group before coming to the Schools Forum in February 2020. It will provide detail on the updated expenditure plans which will be set in line with income.

9. Central School Services Block 2019/20

- 9.1. The Central School Services Block has been reduced in line with funding by £0.2m. It funds ongoing responsibilities and historic commitments, and the budget will be set at £2.2M, which is in line with the 2019/20 forecast position.

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:

Gail Tolley

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