

	Schools Forum 25 February 2021
	Report from the Strategic Director of Children and Young People
DSG Budget Monitoring Report 2020/21	
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 Appendix 1 – DSG Budget Monitoring Report 2020-21 Period 9
Background Papers:	Prior financial reports to Schools Forum
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Olufunke Adediran Head of Finance – CYP 0208 937 1196 Email: Olufunke.adediran@brent.gov.uk Kamaljit Kaur Interim Senior Finance Analyst – CYP 0208 937 5417 Email: Kamaljit.kaur@brent.gov.uk

1. Purpose of the Report

- 1.1. This report provides Schools Forum with an update on the forecast financial position for 2020/21. The reported position is against the budget set in consultation with Schools Forum and submitted to the Department for Education on the Section 251 budget return. For information, the budget is analysed by funding block in Appendix 1 of this report.

2. Recommendation

- 2.1. Schools Forum is asked to note the contents of this report.

3. Summary

- 3.1. The demand for High Needs provision has continued to increase which has led to the overall DSG expenditure forecast to exceed income by £7.5m in 2020/21.

This will increase the deficit position at the end of the financial year from £4.9m carried forward from 2019/20 to £12.4m.

- 3.2. The detailed financial monitor of the 'DSG Schools Budget' is presented in Appendix 1. The 'Actual to P9' column represents spend to date as of the 31st December 2020, and the forecasts provided are those prepared during January 2021.

4. DSG Income

- 4.1. There are some variances on Block income compared to the budget set, though the largest, the mainstream Schools Block income forecasted to budget at £235m.
- 4.2. The most significant variance is on the High Needs Block, where the recoupment import-export adjustment been made. This accounts for place funding for Brent pupils in other local authority areas. The cost of this to the DSG in 2020/21 is £1.1m.
- 4.3. There are some variances on Early Years Block income, where income has been increased by £0.25m relating to a £0.1m prior year adjustment, and the 2020/21 allocation has been increased by £0.15 million following confirmation of the January 2019 Early Years census.
- 4.4. In total, the forecast shows that income will be £0.7m less than budgeted for.

5. Schools Block Expenditure

- 5.1. There is an overall forecast underspend against the Block of £0.3m mainly due to a £0.7m underspend against the growth fund for Academies not recouped. This is because of the timing difference between Academies and Local Authority financial years, where funding for Academies are adjusted to take into account the additional 5 months of growth funding required by Academies but not maintained schools. This will therefore net off the pressure against the growth fund of £0.4m, due to pressures arising from rising rolls payments for growth in pupil numbers.
- 5.2. The growth budget also funds the Choice and Fair Access panel (CAFAL) arrangements (£69k) for new arrivals to Brent schools where the Council commissions targeted support for the needs of new arrivals. The CAFAL process assesses the needs of Year 10 and Year 11 new arrivals who do not speak English or have significant special needs.
- 5.3. There has been an increase over recent years in the number of claims for maternity and paternity scheme payments. The forecast for 2020-21 based on the current number of claims is £0.34m, resulting in a £0.1m overspend which is currently being mitigated by underspends within the Block.
- 5.4. Within the de-delegated items central provision is the sum of £0.25m for central education services and covers services such as:

- Statutory and Regulatory Duties
- Education Welfare - e.g. functions in relation to the exclusion of pupils.
- Asset Management - e.g. general landlord duties, management of the LA's capital programme etc.

A paper was presented at Schools Forum on 12th December 2018 titled "Dedicated Schools Grant Support for Central Education Services 2019/20" which provides details including a detailed breakdown of the services within the Local Authority that this funding supports.

6. High Needs Block Expenditure

- 6.1. In 2020/21, the High Needs Block budget totals £62.2m. Currently this budget is showing an over spend of £6.4m mainly due to increases in the number of EHCPs. This is an increase of £2.8m compared to the pressure reported at the November 2020 Forum.
- 6.2. As of January 2020, there were 2,426 EHCPs for Brent pupils in all settings, compared to 2,819 in January 2021, representing a 16.2% increase in EHCPs over the 12-month period. The total forecast expenditure on top-up funding forecast for 2020/21 is £48.9m compared to £44.7m spend in 2019/20, a 9.4% increase. There are also notable increases in Post 16 EHCPs, where young people with SEND can remain in education provision until they are 25 years of age.
- 6.3. The increased demand has had knock on effects on expenditure on SEN support services, including the Speech and Language Therapy service and the Education Psychology service budgets, which are both forecasting overspends. In total, the High Needs SEN support service budgets forecast to overspend by £1.3m.
- 6.4. This brings the total forecast overspend for the High Needs Block expenditure to £6.4m more than the budget set.
- 6.5. To recover the deficit, key strategies presented to Schools Forum include;
 - 6.5.1. Looking to establish more SEND provision in the borough as part of the School Place Planning Strategy Refresh including developing new Additionally Resourced Provisions (ARPs);
 - 6.5.2. Reviewing Speech Language and Communication Needs (SLCN), Moderate Learning Difficulties (MLD), and Social, Emotional & Mental Health (SEMH) EHCPs to ensure that resources are targeted appropriately and considering time limited resources where possible.
 - 6.5.3. Introduce a strengthened graduated response and SEN Support mainstream plus offer, with the aim to reduce the number of requests for EHCPs.
 - 6.5.4. Continued central government lobbying.

7. Central Block Expenditure

- 7.1 The Central Block of the DSG (£2.2m) funds central services for schools. This includes a set contribution towards pension strain costs for former school employees of £0.6 million, and it is a long-term annual commitment.
- 7.2 There is a forecast underspend of £82k on the central block, due to small underspends on the Admissions Service and the School Effectiveness Service.

8. Early Years Block Expenditure

- 8.1. 95% of this Block income is passed on to providers, and the remaining 5% funds the EY central services budgets. The Nursery Education Grant budget allocations for 2-year-old provision (NEG 2) and for 3 and 4-year-old provision (NEG 3 & 4) are set at the start of the year according to estimated take up. Payments are then made according to actual pupil numbers each term.
- 8.2. In March 2020, the Government confirmed that local authorities should continue to fund the NEG entitlements despite some settings having to close due to the Covid-19 pandemic. Therefore in Brent, all Early Years providers have continued to receive Nursery Education Grant (NEG) funding over the Summer Term 2020, based on their Spring term 2020 headcount and for the Autumn 2020 term based on Autumn 2019 headcount data. This has led to the block reporting a deficit of £0.862m as amounts paid to providers has exceeded the income allocation mainly against the 2-year-old provision.

9. Financial Implications

- 9.1. The financial implications have been detailed in the body of this paper.

10. Legal Implications

- 10.1. There are no legal implications for this report.

11. Equality Implications

- 11.1. Not applicable.

12. Consultation with Ward Members and Stakeholders

- 12.1. Not applicable.

13. Human Resources/Property Implications (if appropriate)

- 13.1. Not applicable.

Report sign off:

Gail Tolley

Strategic Director of Children and Young People