



Schools Forum
17th June 2021

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

Dedicated Schools Grant Financial Outturn 2020/21

Wards Affected:	All
Key or Non-Key Decision: (only applicable for Cabinet, Cabinet Sub Committee and officer decisions)	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:	Two: Appendix A - DSG Outturn 2020/21 Appendix B - Maintained School Balances
Background Papers:	Prior Schools Forum papers 2020/21
Contact Officer(s): (Name, Title, Contact Details)	Olufunke Adediran Head of Finance Tel: 0208 937 1196 olufunke.adediran@brent.gov.uk Kamaljit Kaur, Interim Senior Finance Analyst Tel: 0208 937 5417 kamaljit.kaur@brent.gov.uk

1. Purpose of the Report

- 1.1. This report sets out the final Dedicated Schools Grant (DSG) outturn against the budget set for 2020/21 and provides detail on the in-year 2020/21 £5.6 million deficit.

2. Recommendation(s)

- 2.1. Schools Forum is asked to note this report.

3. Summary

- 3.1. The DSG budget had an in-year deficit of £5.6m in 2020/21 an improvement from the previous forecast position reported to the Schools Forum of £7.5m. This position was primarily due to a £6.2m deficit on the High Needs block mainly due to demand led pressures on top-up funding to mainstream settings, residential and independent settings, and post-16 providers. There is also £0.5m pressure against the Early Years block due to the impact of maintaining payments to providers based on prior year headcount data as a result of the Covid-19 pandemic. These pressures were offset by underspends in the Schools Block and the Central Services Block.
- 3.2. The School and Early Years Finance (England) Regulations 2020 make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be recovered from future years funding and/or recovery plans agreed with the DfE. The cumulative deficit against the DSG is £10.5m which includes the 2019/20 deficit carried forward.

4. 2020/21 DSG Outturn

Table 1

Funding Blocks	DSG Funding (£m)	Final Outturn £m	Over/ (Under)spend £m
Schools Block	(233.7)	233.2	(0.5)
Sixth Form funding	(3.8)	3.8	0
High Needs Block	(62.2)	68.5	6.2
Early Years Block	(22.9)	23.4	0.5
Central Block	(2.2)	1.6	(0.6)
Total DSG	(324.8)	330.5	5.6
2019/20 Deficit:			4.9
Cumulative Deficit:			10.5

- 4.1. The schools funding formula for 2020/21 was set in December 2019 and the final DSG budget was confirmed in January 2020. The DSG expenditure budget totals £325m, which is supported by £321m of DSG grant and £3.8m sixth form grant.
- 4.2. The £321m represents the total cost of funding education to early years and school age pupils in the borough before recoupment of funds by the Department for Education (DfE) to fund the borough's Academies and free schools. In 2020/21, the DfE recouped income of £127m from the Schools Block and the High Needs block. In addition, £3.8m of sixth form funding is received and

passed onto maintained schools that have sixth form provision. The budget details are in Appendix A.

- 4.3. At the end of 2020/21 overall the DSG is in deficit of £10.5m largely due to (£5.6m in year deficit and £4.9m deficit carried over from 2019/20) pressures on the High Needs Block. The deficit will need to be recovered from future years funding and/or through recovery plans agreed with the DfE.

5. Schools Block

- 5.1. Of the £235m Schools Block budget, £110m was allocated directly to Brent maintained schools, £120m has been recouped and allocated directly to academies, £0.9m transferred to HN block leaving a remaining expenditure budget of £4m to fund centrally retained items including rising rolls fund.
- 5.2. The Schools Block has underspent by £0.5m 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 £0.2m, due to pressures arising from rising rolls payments for growth in pupil numbers.

6. High Needs Block

- 6.1. The High Needs Block budget is £62.2m and the allocation includes a contribution of £0.93m (or 0.4%) of Schools Block income. Of this allocation, £7.3m was recouped by the DfE to allocate directly to academies.
- 6.2. The block supports high needs pupils in specialist provision, in mainstream settings, and provides specialist support services and is reporting a deficit of £3.5m with the main cost driver being the significant growth in the number of children with Education, Health & Care plans (EHCPs). The High Needs expenditure exceeded the allocated block income from the DfE by £6.2m.
- 6.3. The growth identified in EHCPs is a national challenge and the increase compared to 2019/20 was 10%. In Brent, at the end of 2019/20, there were 2,435 EHC plans and at the end of 2020/21, this number increased by 16% to 2,805 despite the overall pupil population remaining broadly the same.
- 6.4. There have been notable increases in Post 16 EHCPs where young people with SEND can remain in education provision until they are 25 years of age, this has led to a pressure of £1.4m. There are also increased overspends on

mainstream and out of borough top ups of £2.9m and on residential and independent educational settings of £0.83m principally due to increased numbers of pupils, but also because of increases in the prices charged by external providers.

- 6.5 The increased demand has had knock on effects on other areas of the High Needs Block such as the speech and language therapy budgets and the Education Psychology service budget, which are reflecting pressures of £0.96m due to spot purchases to accommodate needs of children over and above the budgeted contract value and agency staffing costs pressures in the Education Psychology services. This pressure has in turn been offset by a £0.9m underspend against SEN transport as a result of wider one-off savings achieved against the corporate contract during the COVID-19 pandemic. The rise in EHCPs has also had an impact on the Council's general fund budgets with increased demands for children's social work and occupational therapy services
- 6.6 Officers are working on proposals to increase the amount of special provision within the borough, notably for secondary pupils and 16-25 year old SEND students.
- 6.7 The 2021/22 High Needs Block allocation for Brent includes an additional £5m of funding, but expenditure will need to be managed to achieve a balanced in-year budget, ahead of a medium term plan to recover any DSG deficit.

7. Early Years

- 7.1. The Early Years Block budget is £23m for 2020/21. The block's funding allocation is calculated based on the prior year's January census data and the DfE make retrospective census adjustments annually. This block is reporting a deficit of £0.546m due to the amounts paid to providers exceeding the income allocation.
- 7.2. 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 £0.546m as amounts paid to providers have exceeded the income allocation mainly against the 2-year-old provision.
- 7.3 The Brent Under 5s Specialist Nursery Panel (the Panel) is a multidisciplinary panel that meets monthly and makes decisions about additional support for

eligible preschool age children, to enable them access and maximise participation in good quality early years provision. Access to this funding has a number of benefits which include;

- Enabling Providers improve their inclusive practice, enabling children with complex SEND access nurseries & the number of complaints to the local authority regarding nurseries not accepting children with SEND has significantly decreased since Private Voluntary and Independent (PVI) nurseries have been able to access funding;
- Upskilling their workforce on specific elements of SEND practice e.g. accredited SENCo training, Attention Autism or communication based training;
- The panel offer is part of a graduated approach with children have a fully supported transition plan which means that they start school with their educational needs fully identified & strategies that are known to be successful in supporting the child are shared.

7.4 Table 2 below shows the number of children that accessed funding from the £1.6m available budget in 2020/21. Decisions are made based on the relevant criteria in place i.e. children that are CWD/SEND meeting the band 5 criteria based on the SENAS banding system.

7.5 The range of spend includes; workforce development so staff are well equipped to confidently meet the specific requirements of individual child/ren; additional staff to enable increased adult to child ratios within the early years setting and to enable staff member/s participate in wider support planning for individual child/ren such as attending core groups and child protection conferences and one-off grants for specialist equipment and resources;

Table 2

	Places for children with SEND	Children known to social care
Specialist nurseries	120	76
Childminder/PVI/School Nursery	278	47
Total	398	123

8. Central Block

8.1. The Central Block allocation of the DSG, which totals £2.3m, funds central services for schools and the final outturn showed an overall underspend of £0.6m on these budgets. The underspend was mainly against the historic

pension cost contribution to the general fund, the contribution was not made this year by the local authority to help mitigate the DSG Covid-19 related pressures.

9 DSG Balances

- 9.1. At the end of the financial year 2020/21, the DSG deficit has increased to £10.5m. This is based on the DSG reserves opening balance at the start of the year of £4.9m and the in-year DSG deficit of £5.6m (Appendix A).

10 School Balances

Table 2: School Balances 2018/19 to 2020/21

Type of Establishment	No. of Schools	2018-19 Total Reserves C/Fwd.	2019-20 Total reserves C/Fwd.	2020-21 Total reserves C/Fwd.	Increase / (Decrease) in reserves
		£	£	£	£
Nursery	4	572,889	739,813	858,913	119,100
Primary	47	14,387,752	11,143,728	14,959,847	3,816,118
PRU	2	723,657	860,205	932,541	72,337
Secondary	2	205,753	574,187	915,108	340,920
Special	1	284,852	350,361	544,755	194,394
Totals	56	16,174,903	13,668,295	18,211,163	4,542,869

- 10.1 The table above summarises the school balances over the past 3 years. Overall school balances have increased by £4.5 million from £13.7 million in 2019/20 to £18.2 million in 2020/21 (Appendix B). Of the 56 maintained schools, 43 have increased their overall reserves balance and 13 decreased their balance over the financial year.
- 10.2 Of the 47 maintained primary schools, 12(25%) decreased their reserve balance by an average of £80k, and 37 (75%) increased their reserve balance by on average of £137k. There are five primary schools which are now in a deficit position. Of the 47 maintained primary schools, 21 have closed with balances of 8% or less, and 26 have balances of 8% or more.
- 10.3 Of the 2 maintained secondary schools, 1 has a relatively low reserve balance and one has a reserves balance of 15% of income. The only maintained special school and the 2 PRUs increased their reserves balances in 2020/21. The nursery school balances increased, with 3 of the 4 nursery schools with surplus balances and 1 nursery in deficit.
- 10.4 In summary, whilst there is a mixed picture in how individual schools are managing their financial position, the figures suggest that in 2020/21 schools in Brent have mostly been able to manage pressures without any deterioration of

their financial position. The increase in balances is also partly due to the impact of the partial closures of schools during the pandemic; and the carry forward of catch up premium funding received as schools are able to carry forward the funding to future academic years as stipulated by the DfE guidance.

- 10.5 The funding and expenditure pressures will persist, and are likely to require schools to take action to balance their budgets. Of the 6 schools in deficit, the majority are expected to set a balanced budget for 2021/22, whilst a small number may require a licensed deficit agreement to recover the deficit over a 3 year period. The schools in deficit will be monitored closely throughout the year.

11 Updates

11.1 Exceptional costs associated with Covid-19

- 11.2 The DfE made funding available to cover costs during the period of March – July 2020 for all state-funded mainstream and special schools, and alternative provision but excluded nursery schools to claim back exceptional costs incurred due to the Covid-19 pandemic. Schools expecting to add to their surplus balances at the end of 2019/20 were not eligible to make claims. Claims limits ranged from a maximum of £25,000 for a mainstream school with 250 pupils or fewer to £75,000 for a mainstream school with over 1,000 pupils. The maximum limit a special school could claim was £50,000.

- 11.3 Schools are required to keep a record of all expenditure for audit purposes and a survey was taken to record the Covid-19 related costs and of the 84 schools in Brent excluding nurseries there was responses from 67 schools at the end of the financial year 2020/21 a summary of these pressures are reflected below:

Table 3

Categories	Primary	Secondary	All-through /Special Schools/ PRUs	Total
	£000	£000	£000	£000
Increased premises costs	220	55	54	327
Additional cleaning costs	387	218	44	640
Free school meals	253	103	18	352
Total Exceptional Costs	860	376	116	1,319
Other Costs				
Additional Staffing	428	229	99	705
Others (e.g. IT)	348	190	12	550
Total Covid-19 related costs	1,636	795	227	2,574

- 11.4 Based on the collated information, the costs recorded against the DfE criteria total £1.3m and other costs associated with the impact of Covid-19 include additional staffing costs and other costs such as laptops, PPE etc. This brings the total costs associated with the impact of the pandemic to £2.574m.
- 11.5. In 2020/21 schools that made claims which met the DfE's criteria received £0.5m, across 14 schools.

12 Financial Implications

- 12.1 The overall DSG budget is reporting a £10.5m deficit as at 31/03/2021 as a result of pressures against the HNB. This is a national challenge faced by most Councils including most London Boroughs that had forecasted to be in deficit positions at the end 2020/21. The DfE regulations (the School and Early Years Finance (England) Regulations 2020) make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future years funding and/or recovery plans agreed with the DfE.
- 12.2 Longer-term actions will be required to recover the deficit and a task group chaired by the Strategic Director of CYP has been set up by the council to coordinate and monitor these actions. Some of these actions to reduce costs and mitigate the deficit include developing Alternative Provision education in the borough; increasing the amount of special provision within the borough for secondary phase pupils and 16-25 year old SEND students; developing new Additionally Resourced Provisions (ARPs); utilising the West London Alliance (WLA) of Local Authorities to develop its commissioning arrangements to address cost pressures for the High Needs block. A combination of these longer-term recovery actions and anticipated funding increases will contribute to reducing the deficit.

13 Legal Implications

- 13.1 There are no legal implications for this report.

14 Equality Implications

- 14.1 Not applicable.

15 Consultation with Ward Members and Stakeholders

- 15.1 Not applicable.

16 Human Resources/Property Implications (if appropriate)

16.1 Not applicable.

Report sign off:

Gail Tolley

Strategic Director of Children
and Young People