

	Schools Forum 21 February 2023
	Report from the Corporate Director of Children and Young People
Dedicated Schools Grant Budget Monitoring Report 2022/23	

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:	One Appendix A - - Period 10 DSG Budget Monitor 2022-23
Background Papers:	None
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1. Purpose of the Report

- 1.1. This report provides Schools Forum with an update on the forecast financial position for 2022/23. The reported position is against the budget set in consultation with Schools Forum and submitted to the Department for Education (DfE) 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 overall DSG is forecast to be in a £2.1m deficit at the end of 2022/23. This is a £0.1m reduction compared to the position reported to Schools Forum in November. The main pressure remains the demand for High Needs provision which has continued to increase, with the in-year projected deficit increasing from

£2.2m to £2.8m. This is further exacerbated by a £0.5m pressure against the Schools Block.

- 3.2. The pressures against the High Needs Block and the Schools Block are currently, offset by a projected underspend of £1.0m against the Early Years Block and £0.2m underspend from the Central Services Block. The cumulative deficit position is set to increase from £15.2m carried forward from 2021/22 to £17.3m by the end of this financial year. There is however a risk that the £1m underspend against the Early Years Block could be subject to a clawback.
- 3.3. The detailed financial monitor of the 'DSG Schools Budget' is presented in Appendix 1. The 'Actual to P10' column represents spend to date as of the 31st January 2023 and the forecasts provided are those prepared during February 2023.

4. Dedicated Schools Grant (DSG)

Table 1 – DSG Forecast

Funding Blocks	Overall DSG Funding 2022/23	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools	114.8	115.3	0.5
HNB	67.8	70.6	2.8
Early Years	23.2	22.2	(1.0)
Central	2.1	1.9	(0.2)
Total DSG Income	207.9	210.0	2.1

5. Schools Block

- 5.1. There is an overall forecast overspend against the Schools Block of £0.5m mainly due to £0.3m pressure against payments to primary and secondary schools for increases in pupil numbers paid through the growth fund. There was a spike in the payments allocated to primary schools compared to previous years, as a number of schools saw increases in the October 2022 census that met the criteria for rising rolls funding. There is also a £0.2m pressure against this budget line due to increased demand from schools to fund redundancy costs resulting from restructures, primarily triggered by primary schools experiencing falling rolls. Forum has approved for £0.2m to be de-delegated from the Schools Block funding for the 2023/24 financial year to mitigate this potential pressure next year.
- 5.2. There has been an increase over recent years in the number of claims for maternity and paternity scheme payments. The forecast for 2022/23 based on the current number of claims is £0.3m, resulting in a £7k pressure.

6. High Needs (HN) Block

- 6.1. The HN budget, excluding the proportion allocated to academies, is £67.8m. This allocation includes a £1.2m transfer from the Schools Block. In November 2022, the HN Block funding was reduced by £0.2m due to a recoupment for school place funding for Brent pupils in other local authority areas, following an import/export review by the DfE in July 2022. This explains the variance between this budget and the £68.0m reported to Schools Forum in November 2022.
- 6.2. The pressures in the HN Block are due to continual increases in EHCP numbers. The growth in EHCPs is a London and national trend with the number of children assessed as meeting the threshold for support continuing to increase. However, the HN funding has not increased in line with the growth in overall pupil numbers creating financial pressures. At the end of January 2023, there were 3,219 children with EHCPs, which represents an increase of 9.6% compared to January 2022.
- 6.3. The HN forecast position consists of a £2.8m pressure mainly arising from increased top-up payments for children with EHCPs, with an average mainstream school top-up payment costing £12,700 per child and an increase in placements at independent non-maintained special school place that cost an average of £58,000 per child. The position is further analysed below:

Table 2 - DSG High Needs Block	2021/22	2022/23	2022/23	2022/23
	Outturn	Budget	Forecast	Variance
	(£m)	(£m)	(£m)	(£m)
Place funding in Brent Special Schools and ARPS	2.0	2.3	2.3	0.0
Top ups to mainstream settings in Brent	9.1	11.1	10.9	(0.2)
Top up funding in Brent Special Schools and ARPs	24.5	24.2	26.3	2.1
Recoupment Income	(2.6)	(1.2)	(2.4)	(1.2)
Residential and Independent settings	9.9	8.9	9.7	0.8
Out of Borough Top ups	7.7	7.4	8.7	1.3
Post 16 Top ups	3.8	4.3	4.3	0.0
Targeted Funding	0.1	0.1	0.1	0.0
Early Years Inclusion Fund	1.1	1.1	1.1	0.0
Education Otherwise/Awaiting Placement	0.8	0.7	1.2	0.5
Support for Inclusion	0.8	1.0	1.0	(0.0)
SEN Services	6.3	7.2	6.8	(0.4)
SEN Support	0.5	0.5	0.5	0.0
SEN Transport	1.1	0.2	0.1	(0.1)
Total Expenditure: High Needs Block	65.2	67.8	70.6	2.8

- i. £1.9m forecast pressures against academies, special schools and in-borough mainstream schools' top up funding due to increased number of pupils with special educational needs placed within the borough. This includes £0.57m for the allocation of the Teacher's Pay and Pensions grant (TPPG) 2021/22 passed onto special schools and Pupil Referral Units. This is offset by a £1.2m increase in the income to be recouped from other Local authorities that have placed children in Brent schools.
- ii. £1.3m pressure against the out-of-borough mainstream and academies budget due to increased number of pupils placed in these settings and a HN Block recoupment of funding to be allocated to other local authorities for out of borough placements, following a review by the DfE in July 2022.
- iii. £0.8m pressure against the independent special schools' budget due to increased number of pupils placed in these settings.

6.4 Longer-term actions to recover the deficit are included in the DSG HNB Deficit Management Plan reported to this Schools Forum. A task group chaired by the Corporate Director of CYP coordinates and monitors actions in the Plan, which include reducing costs by managing demand for EHCPs through a number of initiatives, including training to improve the capacity of schools to meet pupil needs, developing Alternative Provision education in the borough and increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16–25-year-old SEND students. The estimated impact of the mitigating items from the Plan in 2022/23 amounts to £2.7m.

6.5 The Council is also part of one of the DfE's programmes to provide dedicated support to help local authorities set a sustainable high needs system called the Delivering Better Value (DBV) in SEND programme. The DfE has made provision of £85m over 3 years from 2022/23 to support 55 local authorities in deficit to reform the high needs systems with the aim of improving delivery of SEND services for children and young people while ensuring services are sustainable. The DBV programme initial analytical findings have supported Brent to develop a grant application for up to £1m to help test and implement system changes. The funding will not mitigate the deficit, but efficiencies identified during the programme along with the longer-term recovery actions and anticipated funding increases will reduce the deficit. An update of progress against this programme is provided at this Schools Forum.

7. Early Years Block

7.1. The Early Years (EY) Block is projecting an underspend of £1.0m. This is mainly resulting from the DfE's in-year adjustment to the EY Block funding in July 2022,

which saw an increase of £1.2m due to an increase in take up hours seen in the January 2022 census. The DfE is expected to make another adjustment to the 2022/23 funding allocation based on the January 2023 census data. It is proposed that this forecast underspend will be retained in reserves to mitigate the impact of any clawback due from the DfE following confirmation of the final funding position in July 2023.

8. Central Block

- 8.1 The Central Block of the DSG (£2.1m) funds central services for schools. This includes a set contribution towards pension strain costs for former school employees and it is a long-term annual commitment.
- 8.2 There is a forecast underspend of £0.2m from the Central Block, mainly arising from in year vacancies in the Admissions and the School Effectiveness Services and a reduction in contributions towards historic commitments for pensions strain costs.

9. Update on action points from January 2023 Schools Forum

- 9.1. In response to Action Point **82** raised at the previous Forum, which relates to the query regarding Brent teaching staff being paid salaries at inner London rates despite Brent being funded at an outer London scale, the DfE has confirmed that this disparity is addressed through the area cost adjustment (ACA) in the national funding formula (NFF) to reflect differences in labour market costs across the country. The DfE stated that the “NFF uses a “hybrid” ACA which takes into account differences in both teacher salaries and the general labour market (GLM). The “teacher” and “GLM” elements of the ACA are weighted according to expenditure on teaching and non-teaching staff respectively, in mainstream schools and academies.

The teacher pay element in the 2023-24 ACA is derived from the autumn 2020 School Workforce Census, which was the latest available at the time of publication of the NFF. The methodology for the teacher pay element of the national funding formula ACA is designed to bring out the differences in pay ranges between the four regional pay bands (Inner London, Outer London, Fringe and Rest of England). Brent is in the Inner London teacher pay band.

We have continued to use the previously available GLM data for 2013-14 for the 2023-24 NFF. The reason is that the method of compiling the 2021 GLM data was different compared to the 2013-14 figures, and there was not sufficient time to make the new data compatible with the ACA methodology in the NFFs before the 2023-24 NFF was published in July last year. We are continuing to consider

the 2021 GLM data to determine how best to make it compatible with the existing ACA methodology in the NFFs going forward, given the change in methodology.”

9.2 In response to the Action Point **83** raised at the previous Forum, where Forum felt that it would be helpful to see the criteria that schools were required to meet to request support from the Schools Facing Financial Difficulties Fund (SFFD), the update is as follows:

9.2.1 The Setting and School Effectiveness Framework guides how the LA and schools work together to ensure that all schools provide at least a good standard of education. All maintained schools are required to submit a self-categorisation to the Local Authority (LA) annually that aligns with Ofsted gradings:

- LA1 Outstanding
- LA2 Good
- LA3 Requires Improvement (or Vulnerable)
- LA4 Inadequate (or Underperforming)

9.2.2 The self-categorisation is agreed by the attached School Effectiveness Lead Professional (SELP), using information provided by the school and information held by the LA.

9.2.3 Schools are responsible for their own improvement and developing their own capacity to develop and sustain improvement. However, the LA, through the Setting and School Effectiveness Service, has a statutory responsibility to provide challenge to all schools and support schools to provide children and young people with at least a good standard of education. When schools are considered to be a concern, the mechanism in place to support this process is a Rapid Improvement Group (RIG). The purpose of a Rapid Improvement Group (RIG) is to provide a structured framework for those maintained schools with an agreed LA category 3 or 4 to secure rapid progress and improvement.

9.2.4 Membership of the RIG includes: the headteacher, chair of governors, the SELP and LA chair. Depending on the size of the school and/or the area of focus, other members of the senior leadership team or leaders from a partner school may be invited to attend for all or part of a meeting. RIG meetings are administered by the Setting and School Effectiveness Service and the SELP will help the school to prepare for the meetings.

9.2.5 The RIG ensures that appropriate and co-ordinated support and challenge are provided at all levels: school, local authority and, if appropriate, diocese, foundation or trust. The RIG aims to support the school to build its capacity, to sustain and continue the process of improvement. As part

of this role, the RIG evaluates the impact of support to ensure that appropriate and sustained progress is made.

9.2.6 Schools identified as LA 3 or LA4 may be entitled to access additional funds from the Schools Causing Concern budget. The school's RIG group would be required to submit a formal application for funding, with the support of a SELP, outlining the purpose for which the funding is required, the anticipated impact on pupil outcomes together with information about the school's own budget. In exceptional circumstances, when an unforeseen emergency arises which causes a school to be in difficulties, a bid from a school without a Rapid Improvement Group can be submitted for funding support.

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.

Related Documents

Prior Financial reports to Schools Forum

Report sign off:

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Corporate Director of Children and Young People