

 Brent	Schools Forum 16 November 2023
	Report from the Corporate Director of Children and Young People
DSG Budget Monitoring Report 2023/24	
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
Background Papers:	None
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1. Executive Summary

- 1.1. This report provides Schools Forum with an update on the forecast financial position for 2023/24. The position is reported 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 blocks in Appendix 1 of this report.

2. Recommendation

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

3. Contribution to Borough Plan Priorities and Strategic Context

- 3.1 This report is linked to the Council's Borough Plan which aims to support babies, children and young people get the best start in life, by working in partnership with schools and other partners to make sure access to education is fair and equal. This report provides updates to Schools Forum is kept abreast of the Dedicated Schools Grant funding, the main source of school funding.

4. Summary

- 4.1. The cumulative deficit at the end of the financial year 2022/23 was £13.8m. The increased demand for High Needs provision is forecast to lead to the overall DSG expenditure exceeding income by £0.8m in 2023/24, resulting in a forecast cumulative deficit of £14.6m by the end of this financial year. This is mainly due to the increasing number of children and young people with Education Health and Care Plans (EHCPs).
- 4.2. The detailed financial monitor of the 'DSG Schools Budget' is presented in Appendix 1. The 'Actual to P6' column represents spend to date as of the 30th of September 2023, and the forecasts provided are those prepared during October 2023.

5. Dedicated Schools Grant (DSG)

Table 1 - Funding Blocks	Overall DSG Funding 2023/24	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools Block	119.5	119.5	0
High Needs Block	74.7	75.5	0.8
Early Years Block	24.4	24.4	0
Central Block	2.1	2.1	0
Total DSG	220.7	221.5	0.8

- 5.1. The DSG forecast is reflecting a deficit of £0.8m, against grant funds of £220.7m for 2023/24, mainly due to pressures from the High Needs (HN) Block.
- 5.2. The overall DSG allocation has decreased by £0.2m, from the position approved by Schools Forum, due to an in-year adjustment by the Department for Education (DfE) in July 2023. The adjustment relates to an increase in the HN Block funding for Brent children attending schools in other local authorities and a decrease in the Early Years Block following the completion of the January 2023 census which saw a reduction in hours of childcare provision compared to the January 2022 census data.

6. Schools Block

- 6.1. Of the total £261.7m Schools Block budget allocated by the DfE to Brent, £139.0m has been recouped and allocated directly to academies. £1.3m has been transferred to the HNB and £1.9m has been deducted for National Non-

Domestic Business Rates to be paid by the DfE directly to the billing authority, leaving £119.5m directly allocated to Brent maintained schools and to fund centrally retained items including the growth fund.

6.2. The Schools Block is currently forecast to breakeven.

7. High Needs Block

7.1. The HN budget, excluding the proportion allocated to academies, is £74.7m. This allocation includes a £1.3m transfer from the Schools Block.

7.2. Place funding of £8.8m (£8.6m in January 2023) for Academies has been recouped from the Block and allocated to Special Academy providers. There was a £0.3m in year adjustment by the DfE in July 2023 to increase the HN funding for Brent children attending schools in other local authorities.

7.3. Although the HN Block allocation increased by £6.9m in 2023/24, as in previous years, the number of children with EHCPs has continued to rise. As a result of this growing demand, there is continued pressure on the HN Block. Growth in EHCPs is a national and London 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 demand creating financial pressures. Between January 2023 and September 2023, there was a 5% increase in children and young people with an EHCP, with the number increasing from 3223 to 3390 over this period and this represents a 12% increase when compared to September 2022.

Table 2 - DSG High Needs Block	2022/23 Outturn	2023/24 Budget	2023/24 Forecast	2023/24 Variance
	(£m)	(£m)	(£m)	(£m)
Place funding in Brent Special Schools and ARPS	2.3	2.3	2.4	0.1
Top ups to mainstream settings in Brent	9.7	9.5	9.5	0.0
Top up funding in Brent Special Schools and ARPs	27.5	30.9	32.4	1.5
Recoupment Income	(3.6)	(2.4)	(3.3)	(0.9)
Residential and Independent settings	9.7	10.4	10.3	(0.1)
Out of Borough Top ups	7.5	8.9	8.2	(0.7)
Post 16 Top ups	3.8	4.3	5.4	1.1
Targeted Funding	0.1	0.0	0.0	0.0
Early Years Inclusion Fund	1.0	1.1	1.1	0.0

SEN Support Services including Education Otherwise / Awaiting Placement	9.3	9.2	9.2	0.0
SEN Support	0.1	0.5	0.4	(0.1)
Total Expenditure: High Needs Block	67.5	74.7	75.5	0.8

- 7.4. The £0.8m deficit against the HN Block is mainly due to an increase in the expected costs of in-borough academies and special schools' top up funding, as well as the projected costs of post-16 provisions.
- 7.5. The forecast also includes another positive adjustment of £0.150m following confirmation of the import/export adjustment by the DfE in September 2023. This is the net impact of Brent children attending educational settings outside the borough and children from other local authorities attending Brent schools.
- 7.6. The forecast position is further detailed below:
- i. £1.5m forecast pressures against in-borough special schools' (including Academies) top up funding due to the increased number of pupils with special educational needs placed within the borough. This pressure is offset by a forecast decrease in spend of (£0.1m) against the cost of children placed in independent residential special schools and (£0.9m) additional income to be recouped from other local authorities that have children placed in Brent schools.
 - ii. £1.1m pressure against the cost of Post-16 provision. It is difficult at this point in time to accurately forecast the Post-16 costs due to a delay in various settings confirming their charges to the local authority. New pupils also join in the spring term which makes it difficult to predict pupil numbers and therefore the forecast. As such, the forecast pressure of £1.1m is subject to change later in the financial year.
 - iii. The above pressures are expected to be mitigated by a forecast underspends totalling (£0.7m) against the out-of-borough mainstream and academies budget due to a reduction in the number of pupils placed in these settings, and the impact of a positive in-year adjustment by the DfE following an import/export exercise by the DfE in July 2023 to capture the net impact of children attending schools in and out of the borough. There is also a forecast (£0.1m) underspend against the SEN support budget due to slippage against the training budget for the graduated approach.

- 7.7. The HNB Management Plan is regularly reported to Schools Forum, which includes longer-term actions to mitigate the deficit. A task group chaired by the Corporate Director of Children and Young People coordinates and monitors actions in the Plan, which focuses on cost avoidance through managing demand, improving sufficiency of places and financial management. The updated Plan will be presented at the January Schools Forum.

8. Early Years Block

- 8.1 95% of this Block's income is passed onto providers, and the remaining 5%, forms the central expenditure budgets for Early Years services. The 95% allocated out should be broadly in balance with the Block grant income received.
- 8.2 The EY Block allocation reduced by £69k following the completion of the January 2023 census. The census has shown a reduction in take-up of the 3- and 4-year-old entitlement and an increase in take-up 2-year-old entitlements. There has also been a clawback of £22k from the initial supplementary funding allocation for maintained nursery schools. The local authority is not proposing to recover this from its Maintained Nurseries for this financial year.
- 8.3 At this stage, the forecast is for the Early Years Block income to break even. However, this position is likely to change over the next two quarters, as children move on from early years' settings and new take-up hours are confirmed from September 2023.

9 Central Block

- 9.1 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 of £0.3m, which is a long-term annual commitment.
- 9.2 The Central Block is currently forecast to break even.

10 Stakeholder and ward member consultation and engagement

- 10.1 Cabinet Members are kept abreast of the DSG forecast deficit position as part of the quarterly finance reports submitted to Cabinet.

11 Financial Considerations

- 11.1 The financial considerations are mentioned in the body of the report. However, there remains a risk that the number of children and young people with

Education Health and Care Plans (EHCPs) will continue to grow but the HN Block funding will not increase in line with continued growth. Over the years, this has created financial pressures with a majority of authorities holding deficit balances. In addition, the impact of the cost-of-living crisis could see providers requesting high inflationary price increases.

- 11.2 The government has announced that the regulations that are in place to carry forward a deficit balance against the DSG are due to end in 2025/26 and this poses a significant risk for the council as the expectation is that local authority's General Fund balances which are also under pressure, should cover any accumulated deficit at the end of that period.

12 Legal Considerations

- 12.1 There are no legal implications for this report.

13 Equality Diversity & Inclusion (EDI) Considerations

- 13.1 Not applicable.

14 Climate Change and Environmental Considerations

- 14.1 Not applicable.

15 Communication Considerations

- 15.1 All School Forum papers are published, and all schools will have access to them. Also, final 2024/25 allocations for each school will be published on Best Brent.

Report sign off:

Nigel Chapman

Corporate Director of Children and Young People