

	<p align="center">Schools Forum 14 November 2024</p>
	<p align="center">Report from the Corporate Director of Children and Young People</p>
<p>Dedicated Schools Grant (DSG) Budget Monitoring Report 2024/25</p>	
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 Period 6 Budget Monitor 2024/25
Background Papers:	None
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1. Executive Summary

- 1.1. This report provides Schools Forum with an update on the projected financial position for the second quarter of the 2024/25 financial year. The position is reported against the budget set in consultation with the Schools Forum and submitted to the Department for Education (DfE) in the Section 251 budget return in June 2024. It also provides an update on schools' additional in-year grant allocations from the DfE. For reference, Appendix 1 of this report contains a detailed budget breakdown and forecast by funding blocks.

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 for children and young people to 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 ensure the Schools Forum is kept abreast of the DSG funding.

4. Summary

4.1. As of the close of the 2023/24 financial year, the cumulative deficit stood at £13.2m. Due to rising demand for High Needs provision, coupled with the pressures on top-up funding allocations, the DSG budget is now projected to end the 2024/25 financial year with a slight increase to the cumulative deficit, which is now forecast at £13.5m.

4.2. A detailed financial monitor of the ‘DSG Schools Budget monitoring report is presented in Appendix 1. The ‘Actual to P6’ column represents spend to date as of 30th of September 2024, and the forecasts provided are those prepared during October 2024.

5. Table 1: DSG Forecast

Funding Blocks	Overall DSG Funding 2024/25	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools Block	121.6	121.6	0.0
High Needs Block	77.0	77.3	0.3
Early Years Block	35.2	35.2	0.0
Central Block	2.1	2.1	0.0
Total DSG	235.9	236.2	0.3

5.1. The DSG forecast is reflecting a deficit of £0.3m, against grant funds of £235.9m for 2024/25, mainly due to pressures from the High Needs (HN) Block.

5.2. The overall DSG allocation has decreased by £0.6m, from the position approved by Schools Forum, due to an in-year adjustment by the DfE in July 2024. The adjustment relates to £0.1m decrease in the HN Block funding for Brent children attending schools in other local authorities and £0.5m decrease in the Early Years Block following the completion of the January 2024 census which saw a reduction in hours of childcare provision compared to the January 2023 census data. There was a 9.5% decrease in take-up of the two-year free entitlement in Brent and this is reflective of a 7% decrease in take-up nationally. This decrease is attributed to three factors including falling birth rate in recent years, the transition to universal credit from legacy benefits and income thresholds for the eligibility criteria remaining unchanged whilst average incomes have risen in recent years.

6. Schools Block

6.1. Of the total £274.4m Schools Block budget allocated by the DfE to Brent, £149.1m has been recouped and allocated directly to academies. £1.4m has been transferred to the HNB and £2.3m has been deducted for National Non-Domestic Business Rates to be paid by the DfE directly to the billing authority, leaving £121.6m 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 break even.

7. High Needs (HN) Block

7.1. The HN budget, excluding the proportion allocated to academies, is £77.0m. This allocation includes a £1.4m transfer from the Schools Block.

7.2. Place funding of £9.3m for academies has been recouped from the Block and allocated to Special Academy providers. There was a £0.09m in year adjustment by the DfE in July 2024 to decrease the HN funding for Brent children attending schools in other local authorities.

7.3. Although the HN Block allocation increased by £2.8m in 2024/25 (£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 2024 and September 2024, there was an 8% increase in children and young people with an EHCP, with the number increasing from 3508 to 3782 over this period and this represents a 12% increase when compared to September 2023.

Table 2 - DSG High Needs Block forecast	2024/25 Budget	2024/25 Forecast	2024/25 Variance
	(£m)	(£m)	(£m)
Place funding in Brent Special Schools and ARPS	2.5	2.5	0.0
Top up funding in Brent Mainstream, Special schools, and ARPs	42.3	42.7	0.4
Recoupment Income	(3.5)	(3.6)	(0.1)
Residential and Independent settings	11.5	11.8	0.3
Out of Borough Top ups	8.0	8.7	0.7
Post 16 Top ups	5.0	5.0	0.0
Early Years Inclusion Fund	1.1	1.1	0.0
SEN Support Services including Education Otherwise / Awaiting Placement	9.6	8.9	(0.7)
SEN Support	0.5	0.2	(0.3)
Total Expenditure: High Needs Block	77.0	77.3	0.3

- 7.4. The £0.3m deficit against the HN Block is mainly due to an increase in the expected costs of out borough and in-borough academies and special schools' top up funding.
- 7.5. The forecast also includes another small adverse adjustment of £0.09m following confirmation of the import/export adjustment by the DfE in September 2024. 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. £0.4m forecast pressures against in-borough mainstream schools' (including academies) top up funding due to the introduction of a new Band 7 top up funding rate. This is further detailed in a separate report to be presented to this Schools Forum.
 - ii. There is a further pressure of £0.3m against the education costs of children placed in independent and residential settings. This is partially mitigated by an additional forecast recoupment income of £0.1m to claim back the cost of children attending Brent schools placed by other boroughs.
 - iii. £0.7m pressure against the cost of placing Brent children in schools out of borough. The post-16 budget is projecting a breakeven position as it is difficult at this stage to accurately forecast the post-16 costs due to

delays in various settings confirming their charges to the local authority. New pupils also join in the spring term which makes it difficult to predict the forecast based on pupil numbers. As such, the forecast against the post-16 budget line is subject to change later in the financial year.

- iv. The above pressures are expected to be mitigated by forecast underspends of 0.7m against SEN support services, including Education Otherwise/Awaiting Placement and a further forecast underspend against the SEN support budget due to slippage against the training budget earmarked for the graduated approach programme.

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 February Schools Forum.

8. Early Years (EY) Block

8.1 The EY Block allocation reduced by £0.5m following the completion of the January 2024 census. The census has shown an increase in take-up of the 3- and 4-year-old entitlement and a reduction in take-up 2-year-old entitlements. There has also been a clawback of £28.5k from the initial supplementary funding allocation for maintained nursery schools. To support these settings, the local authority is not proposing to recover this clawback from its Maintained Nurseries for this financial year.

8.2 At this stage, the forecast is for the EY Block indicates a break even position. 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 2024 and in the Spring term from January 2025.

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 DSG funding 2025/26 update

- 10.1 The autumn 2024 budget announced that core schools funding will increase by £2.3b in 2025/26 and £1b of this will be allocated to support work to reform the system for pupils with special educational needs. It is not clear at this stage how the funding will be distributed at local authority level and between the DSG Blocks.
- 10.2 The indicative 2025/26 Schools Block DSG allocations have not been published at the time of writing this report due to the timing of the recent general election. The expectation is for the final DSG allocations to be announced by DfE in December 2024. The Council will continue to set a local funding formula (LFF) for mainstream schools in 2025/26 and will continue to move its funding factor rates closer towards the National Funding Formula (NFF) factors as plans remain to move towards the direct NFF.
- 10.3 Employers' national insurance contributions will increase by 1.2% and the Treasury has said the DfE will get some money to help schools cover their costs, but won't confirm how much until spring 2025.

11 Core School Budget Grant (CSBG) 2024/25

- 11.1 On 29 July 2024, the DfE announced almost £1.1b of funding through the CSBG to support schools with their overall costs in the 2024/25 financial year, in particular following confirmation of the 2024 teachers' pay award. The indicative grant allocation for Brent mainstream schools (excluding Special Schools) in 2024/25 is £2.56m and special schools will be funded at £703.05 per place. The funding for mainstream primary, secondary and all through schools will be incorporated into core budget allocations for 2025/26, by being rolled into the schools NFF for 2025/26. Funding for Centrally Employed Teachers will be rolled into the Central Schools Services Block funding for 2025/26.
- 11.2 The 2024/25 mainstream base funding rates are as follows:
- Basic per-pupil rate of £76 for primary pupils, including pupils in reception class
 - Basic per-pupil rate of £108 for key stage 3 pupils
 - Basic per-pupil rate of £122 for key stage 4 pupils
 - FSM6 per-pupil rate of £70 per eligible primary pupil
 - FSM6 per-pupil rate of £100 per eligible secondary pupil
 - Lump sum of £2,900

- 11.3 For special and AP schools and hospital education, the government will combine the CSBG, teachers' pay additional grant (TPAG) and teachers' pension employer contribution grant (TPECG 2024) allocations into a single grant and paid to local authorities to allocate to these settings.

12 Pending Schools Forum Actions

- 12.1 In response to **Action Point 95** regarding the request for an update on the Delivering Better Value (DBV) in Brent Programme, an update on the DSG Deficit Management Plan which will include an update on the DBV programme will be presented to Schools Forum in February 2025.
- 12.2 In response to **Action Point 96** Section 5 of the following link to the June 2021 Schools Forum report provides details of the agreed banding arrangements for Special Schools: [Review of Special Schools' Banding June 2021](#).

13 Stakeholder and ward member consultation and engagement

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

14 Financial Considerations

- 14.1 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 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 many authorities holding deficit DSG balances.
- 14.2 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 depleting General Fund reserves should cover any accumulated deficit at the end of that period.

15 Legal Considerations

- 15.1 There are no legal implications for this report.

16 Equality Diversity & Inclusion (EDI) Considerations

- 16.1 Not applicable.

17 Climate Change and Environmental Considerations

17.1 Not applicable.

18 Communication Considerations

17.1 All School Forum papers are published for access by members of the public.

Report sign off:

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