

DARLINGTON SCHOOLS FORUM

May 2020

ITEM NO 3

BUDGET UPDATE 2019/20

Purpose of Report

1. To update Forum regarding the final 2019/20 budget position.

Background

2. School Forum was notified at their March 2020 meeting of a Dedicated School Grant (DSG) budget of £20,614,694. The DSG budget remained the same to the year end, with the exception of a minor rounding adjustment of £215 for actual DSG received. The final budget figure for DSG was therefore £20,614,479
3. School Forum was notified at their March 2020 meeting that the budget was forecast to be overspent by £1,504,249 in year, the overspend all arising from high needs pressures.
4. School Forum was notified at their March 2020 meeting that after the brought forward overspend from 2018/19 was included, the overall DSG was projected to be in deficit of £4.93 million. Of this deficit £4.98 million was in regards to high needs which was in line with the high needs recovery plan which projected a high needs deficit of £4.96 million at March 2020/

Budget Position

5. Appendix 1 shows the final spend against the budget for 2019/20. The key changes in budget variances from those highlighted at the March meeting are detailed within the following paragraphs.
 - a. The Pupil Referral Unit overspend increased by approximately £60,000 due to additional children continuing to be placed over the number of commissioned places during the spring term.
 - b. Out of Borough/Independent placements overspend increased by approximately £145,0000 due to a number of additional placements and changes in placements during the spring term.
 - c. Mainstream top ups overspent by approximately £25,000 less than projected due to lower numbers of new placements within the spring term.
 - d. Other SEN (Alternative provision) placements overspent by approximately £45,000 more than projected, due to increased support required during the spring term.

6. Overall the final in year overspend for the DSG budget in 2019/20 was £1,734,116 which when combined with the brought forward deficit produces an overall DSG deficit of £4,524,722.
7. As in previous years the balances on the DSG are proposed to be rolled forward in the individual DSG blocks as follows.

Early Years

8. Overall the early years budget position for 2019/20 was an underspend of £76,602. This figure was made up from under and overspends across the various early years budgets. As in previous years this underspend is proposed to be rolled forward and added to the early years reserve for use in future years.
9. Forum will recall that the early years DSG allocation is updated each year following the ending of the financial year in line with the previous January census. ESFA will therefore provide additional funding in the event that the January 2020 census had more children than the January 2019 census or claw back funding if the numbers of children had decreased. Any clawback or additional resources will be added to/taken away from the early years reserve in 2019/20.
10. The overall reserve for early years will total £314,663 at the start of 2020/21, though this value is provisional based upon the final DSG allocation for 2019/20 early years to be updated in July 2020. Forum members will recall that £50,000 of this reserve was approved to increase the SEN Inclusion budget in 2020/21 and also funding was agreed to increase the 3 & 4 year old rate by 10p (the Government provided 8p) therefore part of the reserve has already been used up. There has been budget pressures on the 2 year old funding, therefore if these persist, any remaining reserve will be held to fund any 2020/21 funding shortfall in the 2 year old budget.
11. The amount of funding for early years has remained the same for 2020/21 at present despite the COVID-19 outbreak. However due to the outbreak, there has been additional funding requirements, the advice received from the DfE is that any additional costs will need to be funded from reserves or in exceptional circumstances from recovery of funding from providers. This therefore is a potential requirement on the reserve. Any remaining reserve will be used in future early years funding formula calculations.

Schools Block

12. The overall schools block position for 2019/20 was an underspend of £95,125. It is proposed that this funding be rolled forward and added to the schools block reserve for future years.
13. The overall reserve for the schools block is £223,676 at the start of 2020/21. Forum will recall that in setting the schools funding formula for 2020/21, that it was agreed that £95,576 of the schools block reserve would be used within the 2020/21 formula, therefore a call has already been made upon this reserve. The balance will be used within setting future years school funding formulas.

Central Schools Block

14. The central schools block position for 2019/20 was a underspend of £47,251, of which £40,291 was from the PFI budget. It is proposed that this funding be rolled forward and added to the central schools block reserve for future years. The overall central schools block reserve therefore sits at £122,703, once the PFI brought forward figure is added.
15. As Forum members will recall in budget setting there was a shortfall of £973 within the central services block and a requirement to use £56,575 of the PFI reserve in order to balance the historic commitments which Forum agreed would be the first call upon the reserve. The balance is proposed to be held to assist with central budgets in the 2021/22 budget setting.

High Needs

16. The high needs budget overspent by £1,953,094 in 2019/20, which when added to the brought forward deficit from 2018/19 provides an overall high needs deficit of £5,185,764. This deficit is slightly larger than projected within the high needs recovery plan (approx. £180k).
17. This overspend is required by the DfE to be recovered through future years DSG in line with the high needs recovery plan. Forum will be provided with regular updates regarding high needs at each meeting.

Recommendations

18. That Forum notes the year end budget position.
19. That Forum approves the carry forward budgets from 2019/20 to 2020/21 as detailed in paragraphs 8 to 16.

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