

DARLINGTON SCHOOLS FORUM

13th October 2020

ITEM NO 3

BUDGET UPDATE 2020/21

Purpose of Report

1. To update Forum regarding the 2020/21 budget position.

Background

2. Schools Forum was notified at their January 2020 meeting of a Dedicated Schools Grant budget (DSG) allocation of £91,758,793 and a budget was agreed accordingly.
3. Several adjustments have been made to the DSG allocation and hence the budget since the January meeting. These changes are described within the following paragraphs.
4. The revised budget is detailed at appendix A.

Budget Changes

5. The Education & Skills Funding Agency (ESFA) recouped £63,339,812 for the school budget shares of mainstream academy schools and £4,114,667 of high needs place funding for resource base units, special schools and post 16 settings, from the DSG allocation in order to pay those establishments direct.
6. Schools Forum were notified in the May 2020 Forum meeting paper of the year end budget position for 2019/20 and agreed carry forwards in the reserves as follows,
 - Early Years. An in-year underspend of £76,602. This is ring fenced for early years purposes, increasing the early years reserve to £314,663.
 - High Needs. An in-year overspend of £1,953,094, increasing the deficit to £5,185,763, to be recovered over future years.
 - Central Schools. An in-year underspend of £47,25. This is ring fenced for PFI costs and other central purposes, increasing the central reserve to £122,703.
 - Schools. An in-year underspend of £95,125 to be allocated to future years schools funding formulas, increasing the schools block reserve to £223,676.
7. Within budget setting Schools Forum agreed at their January 2020 meeting to use reserves to fund shortfalls within the budget as follows,
 - a. £95,577 from the school block reserve to allow all NFF values to be implemented in the 2020/21 school budget share calculation.
 - b. £972 from the central schools block reserve to balance the budget in 2020/21.
 - c. £56,575 from the central schools block reserve (PFI element) to fund the shortfall in PFI funding following the reduction in the historic element of the schools block by ESFA.

- d. £50,000 from the early years reserve to cover pressures in the early years inclusion budget for 2020/21
8. In 2019/20 the two year old element of the early years budget overspent by £28,485, which was rolled forward as a negative within the early years reserve. Funding has therefore been transferred from the 2020/21 allocation for 2 year olds to cover this negative reserve.
 9. As School Forum have been notified previously, the early years DSG allocation is adjusted each year in the June following the year end. Forum were notified that any adjustment for 2019/20 would be allocated against the early years brought forward figure in 2020/21. In June 2020, ESFA updated the Darlington early years DSG allocation for 2019/20, by a reduction of £95,048. The brought forward reserve has therefore been adjusted.
 10. In line with the adjustment to the 2019/20 early years allocation, the 2020/21 allocation was also updated in June 2020. The early years DSG allocation for 2020/21 has decreased by £165,572, the in year early years budgets have therefore been updated accordingly.
 11. As Forum members will recall the initial high needs block allocations include an estimate for the place funding, which is updated in year based on the number of places occupied in Darlington by pupils from outside of Darlington and Darlington pupils in other local authority areas. This is known as the “import/export” adjustment. When ESFA have updated the high needs allocations (including import/export) the high needs block has decreased by £334,332. This reduction has been assigned to the “unallocated high needs” budget rather than reducing one of the high needs budget lines. This adjustment means the unallocated budget is now in deficit.
 12. This decrease in the high needs block for imports and exports is more than was expected and on closer examination there is an error in the data used to make this adjustment. This has been taken up with ESFA and evidence provided, as it is the Local Authority’s view that this deduction is £228,000 too much. A response is awaited from ESFA and it expected that this funding will be returned in the next high needs block update in November.
 13. As Forum members will be aware, ESFA recoup place funding for high needs based upon the number of commissioned places at £10,000 per place or £6,000 for places within resource bases if the place is occupied. When ESFA have recouped for 2020/21 the DSG has reduced by more than budgeted for the resource bases, and for Post 16. The additional recoupment being due to high numbers of pupils. To balance the budget lines for those service areas, a £40,667 adjustment has been made to the “unallocated high needs” budget line, increasing the deficit within this budget line.
 14. Forum were notified in budget setting, that the £432,269 of funding from within the central schools block (historic element) for PFI costs had been delegated to schools in the 2020/21 school funding formula, in line with ESFA guidance. Funding has therefore transferred from the central schools block to the schools block. However the amount transferred from the central schools block is £124,943 less as the DSG works on a financial year rather than academic year so ESFA have only recouped from September 2020 for academy schools. This has no impact upon the budget as the academy schools

concerned will only commence payment of this PFI charge from their budget share from September.

15. On recouping budget shares ESFA have not recouped £59,895 of growth from schools that attract funding through the growth fund. This funding has therefore been moved to the growth fund budget line to contribute towards growth fund payments in year.
16. The above adjustments have been made to the budget (see appendix A) and the revised budget now totals £19,184,641, including reserves and carry forward deficits.

Budget Position

Schools Block

17. The in-year schools block is estimated to be underspent by £57,564 at the end of the financial year. This is mainly made up from growth funding that has not been recouped.

Central Schools Block

18. The in-year central schools block is estimated to be underspent by £3,350 at the end of the financial year. This projected underspend arises from the admissions appeals budget, based upon calls on the budget to date.
19. Most of the other budgets within the central block are likely to be on budget at the year end as the budgets are not demand led. However it is expected that the PFI budget will have a variance at the year end. At this stage of the year, a fully accurate projection of the position of the PFI budget is not possible, therefore this budget is shown as being on target.

High Needs Block

20. The High Needs block is currently projected to be overspent by approximately £294,000 in-year in 2020/21, this is before adding to any brought forward deficit. This overspend is described within the following paragraphs.
21. Forum members should treat this projection with some caution at this time of the year as the projections have been made using pupil data from the summer term, along with initial data from the autumn term. Those projections shaded are expected to change as additional placements are made during the autumn and spring terms. In addition, the impact of COVID 19 upon high needs demand during the autumn and spring terms is unknown at the time of writing. Therefore, there is likely to be significant changes within the projections.
22. The main variances within high needs are as follows,
 - a. Pupil Referral Unit. This budget is projected to be overspent at the end of the financial year by £232,543. This overspend results from the summer term actual pupil numbers and expected place requirements in the autumn and spring terms. These terms projections are based on previous years where the numbers of placements have been in excess of the commissioned 40 places.
 - b. In budget setting funding was set aside for the two new resource bases at Redhall Primary and Rise Carr College. This funding was to cover place and top up

funding during the 2020/21 academic year. As these bases are now planned to be opened later, these budgets are showing as unspent. There may however be some expenditure this year for set up costs associated with the two units.

- c. Pre 16 placements at Beaumont Hill Academy is projected to be overspent by £199,528 based upon current pupils. This increased expenditure reflects banding changes in the last academic year.
- d. Placements at Independent and Out of Area schools are projected to be overspent by £131,325, based upon current pupils. This overspend is likely to increase during the year as new placements will be made.
- e. Mainstream school top ups are estimated to be underspent by £167,535 based on current pupils, however this underspend is likely to reduce considerably as assessments are made in the autumn and spring terms.
- f. Other SEN/Alternative provision. This budget is projected to be overspent by £148,000 which is in line with 2019/20 expenditure. Several specialist packages were required during the summer term to support pupils during the COVID pandemic adding to the costs under this budget line.
- g. Unallocated high needs, is projected to be overspent by £84,778 based upon ESFA changes to the high needs block in-year. This assumes that the £228,000 import/export adjustment is returned by ESFA. If this does not materialise then there will be a significant increase in pressure.

Early Years

23. The early years block is projected to be underspent by £67,899 at the year end. The expenditure projections for early years are calculated using only one terms school census data (the summer term 2020) and are therefore subject to change once the autumn and spring term pupil numbers are known. This projection is based on expenditure in those two terms in 2019/20 however this budget will also be impacted by the ongoing COVID situation and therefore is subject to considerable change.

Reserves

24. Reserves are the budget positions brought forward from 2019/20 plus/less any transfer of DSG movements as outlined within paragraphs 4 to 15 above. At the start of 2020/21 £4,524,721 of deficit on the DSG was brought forward, following adjustments, the reserve figure now stands at £4,794,408 of deficit.

Overall

25. Overall the in-year budget for 2020/21 is currently projected to be overspent by £165,174 which is considerably less than in the last two financial years. As outlined above the pressures are within high needs, which are subject to potential further demands in the remaining two terms of the financial year.
26. This financial year (2020/21) the resources for high needs were increased by a large increase to the high needs block and it was planned that the high needs budget would balance in year. However early projections suggest the high needs block will overspend again during 2020/21 adding to the accumulated deficit.

27. Although the projections made at this stage are indicative, it is expected that the pressure will increase as more children will be placed in special provision and there will be additional demand requirements from COVID that are not included within the current projections.
28. The overall estimated budget position for 2020/21 is a deficit of £4,959,582 once the brought forward deficit from 2019/20 has been included.

Recommendations

29. That Forum notes the current budget position.
30. That Forum notes the ongoing pressures within high needs budgets.

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