

DARLINGTON SCHOOLS FORUM

12th January 2021

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 October 2020 meeting of a revised Dedicated Schools Grant budget (DSG) allocation of £19,184,641.
3. One adjustment has been made to the allocation since the October, with an increase of £228,000 to the high needs block. As Forum members will recall the Local Authority had contacted the Education Skills Funding Agency (ESFA), as it was believed the high needs export/import deduction had been incorrectly calculated meaning an additional £228,000 of deduction from the high needs block. ESFA agreed this and returned the funding to Darlington's allocation.
4. The revised budget is detailed at appendix 1.

Budget Position

Schools Block

5. The in-year schools block is estimated to be underspent by £81,372 at the end of the financial year. This is an increase in underspend of £23,808, which arises from lower growth funding payments during the autumn term.

Central Schools Block

6. The in-year central schools block is estimated to be underspent by £22,845 at the end of the financial year, an increase in underspend of £19,495.
7. The increased underspend results mainly from the PFI contract where a rebate on insurance costs has produced a saving of £18,800. In addition to this there is an estimated saving within the union cover budget of £5,904 based upon claims made to date. These savings have been offset by a charging the true cost of the admissions service to this block.

High Needs Block

8. The High Needs block is currently projected to be overspent by approximately £795,000 in-year during 2020/21, this is before adding to any brought forward deficit. This is an increase in projected overspend of approximately £500,000 on the figure reported in October. As Forum members will recall, the October projections were reported with

some caution as at that time the projections had been made using pupil data from the summer term alone. The projections were anticipated to change as additional placements were expected during the autumn and spring terms. In addition, the impact of COVID 19 upon high needs demand during the autumn and spring terms was unknown at the time of writing.

9. There are still estimations within the high needs budget projections, as the actual spend in many of the budgets is demand led and hence are subject to change dependent on new placements during the spring term. Those budgets shaded within appendix 1 are demand led and hence are subject to further change.
10. The main changes in the variances within high needs budgets are as follows,
 - a. Pupil Referral Unit placements. This budget is projected to be overspent at the end of the financial year by £170,503, however this is a reduction of £62,040 on the previous report. Although there are more pupils in Rise Carr than budgeted the numbers during the autumn term were lower than the autumn 2019 term, upon which the previous projection had been based.
 - b. The four resource bases have a combined underspend of £55,008 which is an increase in underspend of £36,941 on that previously reported. This decrease in spend has arisen from several places within the units being vacant. However, if pupils are placed within these vacant places during the remainder of the financial year, then this underspend will decrease.
 - c. The top up budget for Marchbank is projected to be underspent by £50,579 based on payments made to date. This arises as Darlington has had less pupils within the school than budgeted. Again, this underspend is subject to change dependent on further placements being made.
 - d. Placements at Independent and Out of Area schools are projected to be overspent by £415,349 based upon current pupils. This overspend has increased by £284,024 as new placements have been made during the autumn term. To date 104 pupils have been supported in placements in the 2020/21 financial year (not all pupils are still in placement). This budget includes children in state provision outside of Darlington and pupils within independent provision.
 - e. The post 16 budget has a projected overspend of £220,890, which is an increase of £175,611 on previous projections. This increase has arisen as several independent and out of area pre 16 placements have remained in education and hence have transferred to the post 16 budget.
 - f. Mainstream school top ups are estimated to be overspent by £74,393 an increase of £241,878 on the previous projection. There has been a net increase of 28 individual pupil top ups made during the autumn term which along with band changes, has led to the increase in expenditure.
 - g. Vulnerable Pupil Panel, this budget is projected to be underspent by £72,490 based on spend made in the summer and autumn terms.

Early Years

11. The early years block is projected to be underspent by approximately £100,000 at the year end. This is an increase in underspend of approximately £33,000 on that previously reported. Although there is a projected underspend this must be treated with caution as the ongoing COVID situation is likely to have a significant impact on the final year end position.

12. The additional underspend arises from an estimated saving within the early years inclusion fund and the 3 & 4 year old entitlement budget, based on spend made to date. These savings are offset by additional expenditure on two year old placements again based on spend to date. As 100% of the two year old funding rate that is received from Government is passed on within the hourly rate, then this budget is more susceptible to overspend (as in 2019/20) if there are more children in placement in the terms that are not included within the early years DSG allocation.
13. As Forum members will recall the early years budget allocation is amended after the year end following the January 2021 census. If there are less children in the January 2021 census than in January 2020 then a reduction will be made in the early years allocation and vice-versa. At the time of writing it is understood that the January 2021 census will be used to calculate the final early years allocation for 2020/21 in the usual way (although some protection to 85% of the previous year can be applied for if attendance is rising), however further guidance regarding the spring term is due to be issued by DfE in January.
14. As early years funding is based upon the number of children within the census, if there are underspends on the hourly rate budgets, it is likely that a reduction will be made to the final early years allocation. The current projected underspend should therefore be treated with some caution pending the January census.

Reserves

15. Reserves are the budget positions brought forward from 2019/20 plus/less any transfer of DSG movements. No changes have been made to the reserves since the last Forum report and therefore the balance remains at £4,794,408 of deficit.

Overall

16. Overall, the in-year budget for 2020/21 is currently projected to be overspent by £589,809 which although significantly increased, is below last two financial years outturn positions. As outlined above the budget pressures are within high needs, which are subject to potential further demands in the remaining term of the financial year.
17. Although an initial balanced budget was set for high needs in 2020/21, continuing increases in demand and the delay in implementing planned actions through the recovery plan (due to COVID 19), have resulted in the high needs block overspending again during 2020/21 adding to the accumulated deficit.
18. The overall estimated budget position for 2020/21 is a deficit of £5,384,217 once the brought forward deficit from 2019/20 has been included.

Recommendations

19. That Forum notes the current budget position.
20. That Forum notes the ongoing pressures within high needs budgets.

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