

## DARLINGTON SCHOOLS FORUM

12<sup>th</sup> October 2021

ITEM NO 3

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### BUDGET UPDATE 2021/22

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#### Purpose of Report

1. To update Forum regarding the 2021/22 budget position.

#### Background

2. Schools Forum was notified at their January 2021 meeting of a Dedicated Schools Grant budget (DSG) allocation of £99,273,794 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 1.

#### Budget Changes

5. The Education & Skills Funding Agency (ESFA) recouped £68,974,395 for the school budget shares of mainstream academy schools and £4,145,334 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 2021 Forum meeting paper of the year end budget position for 2020/21 and agreed carry forwards in the reserves as follows,
  - Early Years. An in year underspend of £225,089 (subject to the final 2020/21 early years adjustment), increasing the overall reserve to £423,188. This is ring fenced for early years purposes, to offset any clawback and use in future years early years budgets.
  - High Needs. An in-year overspend of £812,125, increasing the deficit to £5,997,888, to be recovered over future years.
  - Central Schools. An in-year underspend of £50,131. This is ring fenced for PFI costs and other central purposes, the central reserve held is £115,286.
  - Schools. An in-year underspend of £98,042, increasing the reserve to £226,141. As Forum will recall £209,471 of this reserve was allocated in the 2021/22 school budget share calculation, leaving £16,670 in the reserve.

7. As part of the early years reserve, the two year old element brought forward from 2020/21 was overspent by £18,175. Funding has therefore been transferred from the 2020/21 allocation for 2 year olds to cover this negative reserve.
8. 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 due to COVID 19 the adjustment for the 2020/21 year will not be informed until November, therefore the early years reserve is subject to change once the final 2020/21 allocation is confirmed. As previously notified to Forum it is expected that the final allocation for 2020/21 will be less than received and therefore there will be clawback of funds. It is expected that this clawback will be accommodated within the reserve.
9. 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 increased by £66,000. This increase has been assigned to the “unallocated high needs” budget rather than increasing one of the high needs budget lines
10. 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 2021/22 the DSG has reduced by more than budgeted for the resource bases. The additional recoupment being due to higher numbers of pupils. To balance the budget lines for those service areas, a £9,334 adjustment has been made to the “unallocated high needs” budget line.
11. The above adjustments have been made to the budget (see appendix 1) and the revised budget now totals £20,986,792 including reserves and carry forward deficits.

## **Budget Position**

### Schools Block

12. The in-year schools block is estimated to be underspent by £74,296 at the end of the financial year. This is mainly made up from growth funding that has not been recouped (£46,347) but also includes an underspend from in-year growth based on the summer 2021 payment. This projection will be subject to change dependent on growth payments in the autumn and spring terms.

### Central Schools Block

13. The in-year central schools block is estimated to be underspent by £231,987 at the end of the financial year. As Forum members will recall when budgets were set for 2021/22 the whole of the historic element of the central schools block was not allocated as new commitments are not allowed. It was agreed to commit this (£219,827) funding into reserves to cover the costs of ongoing central commitments within future years budget setting.

14. The admissions appeals budget is expected to be underspent by £12,160 based on spend to date, this is subject to change dependent on any further appeals. The majority 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

15. The High Needs block is currently projected to be overspent by approximately £350,000 in-year in 2021/22, this is before adding to any brought forward deficit. This overspend is described within the following paragraphs.
16. 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.
17. The main variances within high needs are as follows,
  - a. Post 16 placements are projected to be overspent by £360,000, due to a number of ongoing independent placements. This overspend is a continuation of the overspend in 2020/21. This projection is subject to change as many autumn term payments have not been paid at the time of writing.
  - b. Mainstream school top ups are estimated to be underspent by £120,000 based on summer term payments. This overspend will be subject to further change as assessments are made during the autumn and spring terms
  - c. Budgets for the new SEN units have been projected to be on target. At the time of writing pupil numbers have not been finalised for the autumn and spring terms hence again this projection is subject to change.
  - d. Spent to save initiatives have been assumed to be on target.

#### Early Years

18. The early years block is projected to be underspent by £5,322 based on the inclusion payments in the summer term alone. All other budgets are subject to 2020/21 and 2021/22 DSG allocation adjustments in November and therefore projection of the year end budget position is not realistic at this stage.

#### Reserves

19. Reserves are the budget positions brought forward from 2020/21 plus/less any transfer of DSG movements as outlined within paragraphs 5 to 11 above. At the start of 2020/21

£5,233,273 of deficit on the DSG was brought forward, following adjustments, the reserve figure now stands at £5,424,569 of deficit.

### Overall

20. Overall, the in-year budget for 2021/22 is currently projected to be overspent by £39,176 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 so all projections should be treated as indicative at this stage.
21. The overall estimated budget position for 2021/22 is a deficit of £5,463,745 once the brought forward deficit from 2020/21 has been included.

### **Recommendations**

22. That Forum notes the current budget position.
23. That Forum notes the ongoing pressures within high needs budgets.

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