

## DARLINGTON SCHOOLS FORUM

11<sup>th</sup> October 2022

ITEM NO 3

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### BUDGET UPDATE 2022/23

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#### Purpose of Report

1. To update Forum regarding the 2022/23 budget position.

#### Background

2. Schools Forum was notified at the January 2022 meeting of a Dedicated Schools Grant budget (DSG) allocation of £101,715,481 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 in the following paragraphs.
4. The revised budget is detailed in appendix 1.

#### Budget Changes

5. The Education & Skills Funding Agency (ESFA) recouped £70,518,654 for the school budget share of mainstream academy schools as well as £529,610 for non-domestic rates which are now being paid centrally. The high needs block had recoupment of £4,284,835 for high needs place funding for resource base unit, special schools and post 16 settings, from the DSF allocation, in order to pay the establishments directly.
6. Schools Forum were notified in the May 2022 Forum meeting paper of the year end budget position for 2021/22 and agreed the carry forwards in the reserves as follows:
  - Early Years – There was an in- year underspend of £33,280 bringing the reserve after clawback of £377,583 to £78,885. This is ringfenced for early year purposes, to offset any clawback in future years early years budgets.
  - High Needs – The year end position was an overspend of £624,228 which increased the deficit to £6,622,116, to be recovered in future years.
  - Central Schools block – An in-year underspend of £71,987 with a brought forward reserve of £307,639. Forum will recall that this reserve was to be used to smooth the 20% reduction each year of the historic element of the Central Block.
  - Central Schools block – There was an in- year underspend on the PFI contract of £89,585 and this has increased the reserve to £189,046, the reserve is ringfenced for PFI and other central costs.
  - Schools. There was an in-year underspend of £134,296 increasing the reserve to £150,966, to be held for future years for the school budget share.

7. As Forum members will recall the initial high needs block allocations include an estimate for the place funding , which is update annually based on the number of places occupied by Darlington pupils from outside of Darlington and Darlington pupils in other local authority areas. This is known as the “import/export” adjustment. When the ESFA have updated the high needs allocation for this indicator the block has increased by £54,000. This has been assigned to the “unallocated high needs” rather than increasing one of the high needs budget lines.
8. We have had an increase to the high needs block of £648,933 for supplementary grant funding and overall, this has increased the high needs block to £18,238,426 prior to recoupment.
9. We have also had an increase in the early years block following the census information of £519,976 which has increased to £7,424,823. There may be a clawback in June/July time when the January census information is completed for 2021/22 relating to this financial year.
10. The above adjustments have been made to the budget (see appendix 1) and the revised budget now totals £22,224,621, including reserves and carry forward deficits.

### **Budget Position – Appendix 1**

#### Schools Block

11. The in-year schools block is estimated to be underspent by £81,491 at the end of the financial year. This includes a projected underspend in growth funding; however this projection will be subject to change dependent on growth payments in the autumn and spring terms. Forum may also recall that the remaining £16,491 is being held in the school’s block pending the School Budget share tool which will be available from the DFE in December.

#### Central Schools Block

12. The in-year central schools block is estimated to be underspent by £159,124. As Forum members will recall when budgets were set for 2022/23 the whole of the historic element of the central school block was not allocated as new commitments are not allowed. It was agreed to commit this (£109,297) funding into reserves to cover the costs of ongoing central commitments within future years budget setting. The remainder of the projected underspend is within newly qualified teachers and is based on the spending levels of the prior year.

#### High Needs Block

13. The High Needs block is currently projected to be overspent by approximately £107,000 in-year, this is before adding to any brought forward deficit. This overspend is described within the following paragraphs.

- a. Post 16 placements are projected to be overspent by £17,823 this is after the budget has been increased by 78% from last year's allocation and is due to ongoing independent placements. However, 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 £173,000 based on summer term payments and the projected growth in EHCP's. 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 underspend by £59,399 as the take up of places is staggered through the year,
- d. Spent to save initiatives have been assumed to be on target.
- e. Specialist equipment is projected to overspend by approx.. £15,000 based on the increased use we had seen last year and alternative provision is projected to overspend by approx. £11,000.
- f. This growth is partly offset by the additional place funding of £54,000 identified in the import/export exercise.
- g. The PFI is expected to have a variance at year end but at this stage it is not known and is therefore shown to budget.

#### Early Years

14. The early years block is projected to be underspent by £7,459 based on the Disability Access payments and SEN inclusion payments made in the summer term. All other budgets are subject to 2021/22 and 2022/23 DSG allocation adjustments in November and therefore projection of the year end budget position is not realistic at this stage.

#### Reserves

15. The brought forward deficit now stands at £5,895,580.

#### Overall

16. The in-year budget for 2022/23 is currently projected to be underspent by £141,041, however as outlined above there are pressures within high needs and these are subject to potential further demands in the remaining two terms of the financial year. Therefore, all projections should be treated as indicative at this stage.
17. The overall estimated budget position for 2022/23 is a deficit of £5,754,539 once the brought forward deficit from 2021/22 has been included.

#### **Recommendations**

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

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