

**DARLINGTON SCHOOLS FORUM
16 JANUARY 2024**

ITEM NO 4

BUDGET UPDATE 2023/24

Purpose of Report

1. To update Forum regarding the 2023/24 budget position. The report is for information and therefore no decisions are required.

Background

2. Schools Forum was notified at the January 2023 meeting of a Dedicated Schools Grant budget (DSG) allocation of £109,699,424, (after the recoupment of Non Domestic rates) and a budget was agreed accordingly.
3. Block transfers were agreed to move £169,323 from the Schools Block and £65,000 from the Central Block to the High Needs Block, as part of the Safety Valve plan.
4. Several adjustments have been made to the DSG allocation and therefore the budget since the January meeting has altered. These changes are described in the following paragraphs.
5. The revised budget is detailed in appendix 1.

Budget Changes

6. As Forum members will recall the initial high needs block allocations include an estimate for the place funding, which is updated 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. The ESFA made a further update to the high needs allocation for this indicator in November 2023, increasing the block by £24,000 giving a total in year increase of £54,000 when added to the element announced in the October forum. This has been assigned to the “unallocated high needs line” rather than increasing one of the high needs budget lines.
7. The ESFA have clawed back £326,454 from the Early Years block reserve, this is because the actual numbers from the Census data were lower than the original DSG allocation for 2023/24.

Budget Position – Appendix 1

Schools Block

8. The in-year schools block is estimated to be underspent by £50,000 at the end of the financial year as it is still expected the growth fund will not be used. Members may recall at the last forum it was noted there would be a further recoupment to the block due to the academisation of Whinfield Primary School. It is uncertain at this stage whether the academisation will take place before 1st April 2024. In that event there would no longer be the need for a recoupment.

Central Schools Block

9. The in-year central schools block is estimated to be underspent by £44,979. This is due to lower costs of school appeals of £2,420, and a projected underspend in the Early Career Teachers budget of £42,559 based on current commitments.

High Needs Block

10. The High Needs block is currently projecting an underspend of £782,196. This is a significant favourable movement of £631,208 compared to the expected outturn presented to members at the October Forum. The main movements from the budgeted figures are:
 - a. The top up payments for Beaumont Hill are now projected to be overspent by £98,248 due to introduction of an additional class to accommodate increased demand.
 - b. The place funding for the PRU is expected to underspend by £82,989 due to fluctuations in pupil numbers.
 - c. The place funding for the Red Hall SEN Unit is now expected to overspend by £12,000 based on actual places.
 - d. Whilst there have been variances across each of the individual SEN Units and resource bases, overall, we are anticipating an underspend of £3,864. This projection has been based on the Autumn top ups, so whilst this is subject to change it is not expected to vary significantly at this point in the year.
 - e. The Post 16 provision is now projected to be underspent by approx. £342,000 based on current placements. We have seen a number of placements that were extended due to covid that have come to a natural end. These significant savings form a part of the safety valve plan. However, we have a number of post 19 tribunal cases where the parents are seeking high cost ISP provision (including residential settings), after leaving Beaumont Hill Academy at 19. We have also seen significant reduced costs by working with Adults Social care to joint fund placements for young people with complex needs.
 - f. The independent provision position remains relatively static at an underspend of approx. £244,564. The projected costs include a prorated provision for three growth placements where the EHCP is underway. However, the independent provision is facing pressures from anticipated inflationary uplifts in the coming financial year 2024/25 as well as a number of children and young people who are looked after by the Local Authority who are being placed into independent residential settings with educational provision attached.
 - g. The Low Incidence Needs Service has seen a pressure in year of £38,733 due to a deficit in operating this statutory service. This change in additional funding has been backdated to the beginning of this financial year.
 - h. Vulnerable Pupil Panel is expected to overspend in year by £50,391. To date we have seen spend of £118k due to several permanent exclusions. The remaining projection is to allow for any further exclusions in the Spring Term.
 - i. Mainstream school top ups continue to be overspent by £223,192 based on Autumn term payments made. These are subject to change, for example there has been a rise in EHCP requests to assess.
 - j. These projections include a provision for growth of £68,145, for 30 places at an average cost, where the EHCP is in progress.
 - k. Specialist equipment is still expected to be underspent by £20,000 based on the in-year equipment requests.
 - l. 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, but there is likely to be a pressure due to the affordability gap.
 - m. The two invest to save models for 14-16 AP & Inclusion support have not been progressed this year and there will be full slippage for both projects.
 - n. The block transfer funding is shown as an underspend against the reserve deficit in the "unallocated" line.

Early Years

11. The early years block is projected to be overspent by £189,649. SEN inclusion has seen some significant pressures due to an increase in referrals for early intervention following the SEN review and is the majority of the projected overspend at £170,246. There are no indications that this is going to slow down and is therefore projected accordingly. All other budgets have moved slightly but are subject to 2022/23 and 2023/24 DSG allocation adjustments in June/July 2024 and therefore may be subject to clawback or adjustment to reserve.

Overall DSG in Year Position

12. The in-year budget for 2023/24 is currently projected to be underspent by £687,526. This is a significant overall improvement from the October Forum report and is a positive position for the first year of the Safety Valve programme. However, there are ongoing challenges that are likely to have a negative impact on next year's budget and the savings plans, including the impact of demand and increasing parental tribunal requests, and the delay to the opening of the Tees Valley Free school which means that more expensive placements may need to be made. As well as increased demand in the Early Years Inclusion funding which is anticipated to continue next year.

Reserves

13. The DSG brought forward deficit into 2023/24 was £5,176,898 across the four blocks. After the clawback from the Early Years block the deficit reserve level increased to £5,503,352. We have received two Safety Valve payments from the DFE totalling £427,334 in year and with the funding from last year, the total payments to date are £2,907,334 towards the high need's deficit.
14. The estimated year end reserve position for 2023/24 is a deficit of £4,815,826, with the brought forward deficit from 2022/23 included, excluding the Safety Valve payments.

Recommendations

15. That Forum notes the current budget position.
16. That Forum notes the current high needs block position and the fluidity of this area.
17. That Forum notes the ongoing pressures within the SEN Inclusion service.
18. That Forum notes the split of funding across the Education Sector within the high needs block.

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