

DARLINGTON SCHOOLS FORUM

16th January 2018

ITEM NO 9

BUDGET SETTING 2018/19

Purpose of Report

1. To agree the use of the Dedicated Schools Grant (DSG) in 2018/19.

Background

2. DSG is paid in four funding blocks from April 2018, following the introduction of the National Funding Formula (NFF).
3. The schools block is ring fenced to the school budget share from April 2018, with the exception of the ability to transfer 0.5% of the total value to another funding block. School Forum agreed at their special meeting on 21st November 2018 to transfer 0.5% of the 2018/19 schools block to the high needs block.

Funding for 2018/19

4. Darlington received the following DSG allocation on the 19th December as follows,

Block	Amount £'000's	Note
School Block	£65,102	This is the 2018/19 allocation is before recoupment to pay academy schools direct.
Central Schools Block	£1,454	
Early Years Block	£7,098	This allocation is provisional and will be updated throughout 2018/19 for actual census numbers
High Needs	£12,086	This figure is provisional and will be updated for the 2018/19 place change notifications and final import/export allocations. This figure is before recoupment to pay academy schools direct.
TOTAL	£85,740	

5. All the above blocks are allocated based on the national funding formula. For the schools block this uses the October 2017 census data. In line with School Forums decision on 21st November £325,508 has been moved to the high needs block. The remaining schools block (£64,776,041) has been allocated to the school budget share calculation and the growth fund. Details of the school budget share calculation and the proposed growth fund are included in agenda item 7.
6. The central schools block allocation is split into two areas by ESFA. The first element is the amount of central funding that is allocated to Darlington through the per pupil funding formula. When the NFF came into being and the central schools block was

created, ESFA recognised that in most local authority areas the additional central expenditure was made on behalf of all schools through a central top slice of the DSG. In order to protect these services, ESFA fund local authorities additional funding through the central schools block under the heading of “historic commitments”. ESFA expect that these commitments will reduce over time and hence future years allocations are expected to decrease.

7. For 2018/19 the central schools block allocation is made up of £482,390 formula based and £972,000 historic commitments. The total allocation of £1,454,390 is £6,018 more than was received by equivalent in the DSG allocation for 2017/18. Details of the proposals for this funding block are included in paragraphs 10 to 12 below.
8. The high needs block has increased by £170,270 more than the 2017/18 allocation. This is £56,000 more than reported to Forum in October and reflects additional children within special school placements. Details regarding the proposals for this allocation are detailed in paragraphs 14 to 19 below.
9. The early years block has been allocated to early year’s provision as per agenda item 9.

Central School Block Budgets for 2018/19

10. As Forum members will recall from their October meeting there is a requirement to consult with School Forum on the proposed use of the central schools block. Attached at appendix 1A are the proposed budgets allocated under the central schools block for 2018/19.
11. The areas of expenditure proposed to be funded under the formula based element of the central school block are the same in 2018/19 as in 2017/18. The amounts of budget allocated to the expenditure type are at the same value as in 2017/18 with the exception of the copyright license fee and admissions team.
12. The copyright license fee budget has increased by £2,505 in line with a notified increase in charge from ESFA. The increase in cost of the admissions team (£1,603) is as a result of the annual pay award. There remains £3,543 unallocated within this budget line, it is proposed that this budget be held to cover brought forward pressures in high needs from 2017/18.
13. In line with the rules concerning the use of historic commitments, no new areas of expenditure can be made, therefore all the expenditure is in line with previous years. The actual budgets allocated however are £50,000 less than in 2017/18 as the contribution towards school transport has now ceased. There remains therefore £49,717 unallocated against the budget provided. As the historic commitments budget is subject to review by ESFA, this saving is expected at best to only be available for one year, therefore it is proposed that this budget will be held to cover brought forward pressures in high needs from 2017/18.

High Needs Block Budgets 2018/19

14. The current budget allocation received from ESFA for high needs in 2018/19 is £12,085,565. This figure is before recoupment made from the budgets by ESFA to pay academy schools direct. The current estimated recoupment from ESFA is £3,700,000

leaving £8,385,565 to spend through the Local Authority. Both the budget allocation and recoupment values will be updated further from ESFA for the results of the import/export exercise and the actual place change notifications.

15. As Forum members will recall from the current year there are significant pressures accruing against the high needs budget allocation due to the demand for high needs support and services.
16. Attached at appendix 1B is a draft budget requirement for high needs based on the current provision and high needs payment system. Although some of the budget allocations are early estimates, it can be seen even with the transfer of £325,508 from the schools block there will be huge pressure (circa £800,000) in year under the current high needs system. In reality the pressure (using the current funding system) will be much larger as more children will be assessed for support during the remainder of this academic year and within the 2018/19 academic year who are not included within the figures as they are currently unknown. In addition as there is projected shortfall of circa. £1 million on the DSG from high needs demand in 2017/18 to roll forward the budget deficit is further increased.
17. As discussed at previous School Forum meetings the Authority has commenced a full review of high needs provision, in terms of how high needs is delivered in Darlington and to ensure expenditure remains within the budget allocation in future years. Forum are provided with an update on this review within agenda item 6.
18. As the high needs strategy is currently still being developed it is not possible to set individual budget lines for high needs services at this point. Therefore as a result, the budget shown at appendix 1B is not the budget for 2018/19 and will be revised once decisions have been made regarding future provisions. It is clear however that in 2018/19 the whole allocation of funds for high needs will be needed for high needs services, therefore at this stage the high needs budget for 2018/19 is set in total at £12,411,073 (including the transfer from the schools block).
19. School Forum will be presented with further information regarding high needs at their March meeting at which time a budget update will be provided.

Recommendations

20. That Forum note the budget allocations for 2018/19 from ESFA.
21. That Forum agrees to the allocation of budget for the central schools block in 2018/19.
22. The note the current position regarding high needs budgets for 2018/19.

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