

DARLINGTON SCHOOLS FORUM

10th October 2017

ITEM NO 5

BUDGET UPDATE 2017/18

Purpose of Report

1. To update Forum regarding the 2017/18 budget position.

Background

2. School Forum was presented with an expenditure budget of £22,832,277 at their May 2017 meeting. The budget has since reduced by £184,427 to £22,647,850 in line with the revised Dedicated Schools Grant (DSG) allocation from the Education & Skills Funding Agency (ESFA) for 2017/18.
3. The following paragraphs explain the changes within the budget.

Budget Updates

4. Forum agreed at their May meeting to use £237,850 of brought forward resources from 2017/18 in the following budget lines,
 - a. £55,119 to fund the shortfall between budget and resources received,
 - b. £25,000 to fund additional SCOS worker during 17/18 academic year
 - c. £157,731 as a contingency
5. Since the last Forum meeting ESFA have issued an updated DSG allocation for Darlington making the following adjustments,
 - a. £230,158 reduction in the early years block for 3 & 4 year old nursery entitlement following updated data from the January 2017 early years census.
 - b. £15,000 reduction in the early years block for 2 year old nursery entitlement following updated data from the January 2017 early years census.
 - c. £122,000 reduction in the early years block to update the final 2016/17 early years block.
6. As Forum members will recall ESFA update the early year's block each year after the financial year end to take account of the actual pupil numbers in the preceding January census. Any change is added or deducted from the next year's DSG payments. The deduction of £122,000 is in effect a reduction in the brought forward balance from 2016/17 and therefore the contingency agreed at the last meeting has been reduced to reflect this reduction in resources.
7. Appendix one shows the effect of the changes highlight in paragraphs 4 to 6 on the current year budget.

Budget Position

8. As Forum members will recall from their May meeting the budget position at the end of 2016/17 was an overall underspend, however within that figure the high needs elements of the budget had overspent by a combined amount of over £500,000. It was highlighted that high needs pressures would be expected to continue within 2017/18 and that a future review of all high needs expenditure/services was required to bring the budget back into line in future years.
9. Members will also recall that when setting the budget for 2017/18 there was a shortfall between the resources available and the proposed budget, whilst this has been bridged by brought forward underspend it was noted that the budget had not been updated to reflect all the ongoing pressures in high needs.
10. Appendix 1 shows the predicted year end position regarding the 2017/18 budget. The following paragraphs highlight the variances expected in this year.
11. As in previous years many of the budgets expenditure is based on the demand for places or top ups requirements each term. At the time of writing most payments made have only been for the summer term and final information is not available regarding the intake for the 2017/18 academic year, therefore many projections are based on limited pupil data and hence are subject to change dependent on pupil numbers in the autumn and spring terms.
12. School Transport. As members will recall this budget was set only for the summer term as the previous arrangement ceased as at the end of August 2017. Based on actual pupil numbers it is expected that this budget will underspend by £22,000.
13. Pupil Referral Unit top ups. This budget is projected to be overspent by £30,000 as a result of additional placements over the 40 budgeted places during the summer 2017 term. This projected overspend will increase further if more than 40 pupils are within the unit in the autumn and spring terms. This budget overspent in 2016/17 and was not increased for the current financial year.
14. Specialist Placements BHA top ups/Place funding. This budget is projected to be underspent by £114,000 based on current pupil numbers. As members will recall this budget was increased to provide for 280 places, however the current maximum occupancy is 268.
15. Specialist Placements Marchbank top ups. This budget is projected to be overspent by £24,000 based on current pupil numbers. As members will recall this budget was reduced in the 2017/18 budget setting to reflect a reduction in required places (mirroring the 2106/17 underspend), however more places have been needed currently than was estimated.
16. Resource Base top ups. These budgets combined are projected to underspend by £40,000 based on current placements. Again this will be subject to change dependent on actual children numbers.

17. Post 16 Placements top ups. This budget is projected to be overspent by £240,000 based on current data. The final position will be influenced by the number of children taking positions at post 16 providers last September. This budget overspent in 2016/17 and no additional resources were added for the current year. The budget is facing additional pressures as a number of children in expensive pre 16 places have now transferred to the post 16 budget.
18. SEN Out of Area Placements. This budget is projected to be overspent by £360,000 which is likely to increase as a number of children are to be placed out of area due to a lack of local places. This budget continues to be overspent as it was in 2016/17, no additional resources were added for 2017/18 to this budget.
19. Mainstream top ups. This budget line is expected to be overspent by £255,000, this results from additional assessed top up requirements in mainstream settings during the spring and summer 2017 terms over previous levels. As Forum members will recall it has been highlighted that there has been growing demand for tops ups in mainstream schools for a number of years, with an overspend of over £40,000 in 2016/17. As many of these children are in the early years of primary schooling it can mean that top ups are required for up to seven years which compounds the pressure each year. No additional resources were added into this budget for 2017/18.
20. High Needs Contingency. This budget is expected to be overspent by £208,000. When the high needs budget was set there was no spare resource hence many budgets were not increased and the initial overall budget was in an unbalanced position. As a result no funding was available for contingencies. The small current contingency budget was created after budget setting from carry forward. Spend on this budget line pulls together high needs spend that does not fit into any of the above lines. The current spend of £244,000 is expected to be close to the year end spend position, as most of the children funded in this budget line are now in placements in budget other lines.

Early Years

21. SEN inclusion (EY). This budget is expected to be overspent by £66,000 based on the large demand for support during the summer term. As the 30 hour entitlement has just started it is unknown at this point what effect this will have on the inclusion budget, therefore this pressure will be subject to change dependent on how many families take up the increase entitlement.
22. Overall the early year's budget (shaded) have been combined to show a budget variance of nil. It is expected that from the payments made for 2 year old placements and 3 & 4 year old placements to date, that there will be underspend on the early years budgets that were set. This underspend will though be subject to change dependent on pupil numbers in the following terms and the take up of the new 30 hours entitlement (which is unknown until after the October census).
23. As Forum members will recall the vast majority of early years funding is placed into the various rates in the EY funding formula for 2017/18, therefore any underspend on the whole will only result from lower numbers of children. As in 2016/17 if the final census data (January 2018) shows a lower number of children in 2017/18 than was included within the EY DSG allocation, then ESFA will adjust the DSG allocation downwards in

2018/19. As a result any EY underspend in 2017/18 needs to be carried forward to 2018/19 to cover any potential claw back.

24. The early years block is now mostly ring fenced (through national guidance) to providers, which is reflected in Darlington's local formula in that all of the early years block was allocated to early years purposes. As a result any under or overspend that does accrue is allocated against future years early budgets.

Overall

25. As can be seen from appendix 1, the projected overall overspend for 2017/18 is £920,000, the majority of which is from high years budgets. Unlike previous years there is no significant underspend brought forward or savings in other blocks to offset this pressure. Therefore any overspend that occurs will need to be rolled forward to 2018/19 and set against the 2018/19 DSG allocations. This will hit upon the budget allocations for 2018/19.
26. Work is ongoing within the Department to create a high needs strategy for the future delivery of SEN services. As part of this strategy there will be a financial plan to recover the current overspend and ensure future year's budgets are brought into line. Considering the current budget position, it is clear that there will need to be some significant changes to the way in which services are currently delivered.

Recommendations

27. That Forum notes the current budget position.
28. That Forum notes the pressures in high needs budgets and the need for changes in high needs provision.

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